

**17th
ANNUAL REPORT
2009 - 2010**



6/3, Manoramaganj, Indore - 452 001 (M. P.)

CHOKSI LABORATORIES LIMITED

BRANCHES

1. 829, GIDC Makarpura,
Vadodara – 390 010 (Gujrat)
2. Gokul Chambers, IInd Floor,
101/8 GIDC Vapi – 396195 (Gujrat)
L.B.S. Marg, Bhandup (W),
3. Plot No. 362, Industrial Area
Phase II, Panchkula
Hariyana - 134 113
4. Plot No. C-18 & 20, Phace 1-A,
Verna Industrial Estate. GOA

SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mill Compound,
L.B.S. Marg, Bhandup (W),
Mumbai -400 078
Tel. No. 25963838 Ext. : 2303
Fax : No. 25946969

BOARD OF DIRECTORS :

Mr. Sunil Choksi - Managing Director
Mrs.Himika Choksi Varma - Jt. Managing Director
Mrs.Stela Choksi - Wholetime Director
Mr.Vyangesh Choksi - Wholetime Director
Mr.Sudarshan Shastri - Director
Mr.Kiranbhai Desai - Director Upto : 30.10.2009
Mr.Pradip Karmakar - Director
Mr. Satish Joshi - Director
Mr. N. K. Mani - Director w.e.f. 30.10.2009

AUDITORS :

PRATEEK JAIN & CO.
Chartered Accountants
212, Shalimar Corporate Centre,
8-B, South Tukoganj, Indore – 452 001 (M.P.)

BANKERS :

UCO Bank, Jawahar Marg, Indore
HDFC Bank
Union Bank of India, Geeta Bhawan, Indore

REGISTERED OFFICE & LABORATORY :

6/3, Manoramaganj,
INDORE- 452 001 (M.P.)

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of the Company will be held on Monday 6th September, 2010 at 11.00 a.m. at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss account of the Company for the year ended on 31st March 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vyangesh Choksi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification the following resolution Ordinary Resolution.
RESOLVED THAT Mr. N. K. Mani who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his Candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation.

5. Issue and allot Equity Warrants on preferential basis :-

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution;

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the appropriate authorities, (hereinafter collectively referred to as “the appropriate authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as “the requisite approvals”), and which may be agreed to by the Board of Directors of the Company (hereinafter called ‘the Board’ which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to create, offer, issue and allot, from time to time in one or more tranches, 8,00,000 (Eight Lacs Only) convertible Equity Warrants each carrying right to subscribe equal numbers of equity shares of the Company by domestic / foreign institutions, institutional investors, banks, mutual funds, insurance companies, bodies corporate, individuals or other entities, whether or not such investors are Members of the Company, under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents / writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the nominal value of the warrants is Rs. 10/- (Rupees ten) each at a price of Rs.21.50/- (Twenty one Rupees and Fifty Paise only) with respect to the Relevant Date i.e. 7th August 2010, as prescribed under the Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 including any statutory modification or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the equity shares allotted in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors, or Executive Director or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

By order of the Board of Directors
For CHOKSI LABORATORIES LIMITED

Place : Indore
Date : 07.08.2010

VYANGESH CHOKSI
Whole time Director

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

FOR ITEM 4 :

Mr. N. K. Mani was appointed by the Board of Directors in the meeting held on 30th October, 2009 as an Additional Director of the Company, he holds office upto the date of forthcoming Annual General Meeting.

The Company has received a notice in writing from a share holder under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri N. K. Mani for the office of Director, liable to retire by rotation. The Board of Directors recommends his appointment as a Director.

Name of Director	Date of Birth	Date of Appointment	Qualification and expertise in specific area	Details of other directorship/ chairman/member of the committee
Shri. N.K. Mani	12.03.1939	30.10.2009	Graduate	Nil

FOR ITEM No. 5 :

The Company is pursuing several growth opportunities in its existing scale of business. Your company is trying to maximize the shareholders value by accelerating the growth in pace with the opportunities. To augment the long term resources of the company and in order to meet the growth opportunities and general corporate purposes, your board intends to mobilize funds through issue of warrants by way of preferential allotment of warrants for cash, in terms of Regulations issued by the Securities And Exchange Board of India, as in force on the date of this notice. The number of warrants entitled to convert into equity shares to such persons and on such terms and conditions including as to dividend, premium, conversion etc. are detailed in the draft resolution set out in the Notice and Explanatory Statement. The proposed issue of the members by a special resolution pursuant to the provision of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the Listing Agreement entered into by the Company with the Stock Exchange. The 8,00,000 (Eight Lacs Only) Equity Warrants proposed to be issued to persons other than promoter of the company will carry an option to acquire equivalent numbers of shares of Rs. 10/- (Rupees Ten only) each, on the terms and conditions mentioned in the aforesaid special resolution' Disclosure required to be given in the explanatory statement to the Notice of the General Meeting, in terms of provisions of Chapter VII of the SEBI (Issue of Capital And Disclosure Requirement) Guidelines, 2009 as in force on the date of notice, are as under.

The details of the issue and other particulars as required in terms of the Preferential Issue Guidelines are given as under :

- Securities to be issued :** The resolution set out in the accompanying Notice is an enabling resolution, entitling the Board to issue equity shares or warrants entitling to apply for equity shares as may be deemed appropriate in the best interest of the Company.
- Object of the Issue :** Object of this issue is to raise fund for working capital requirement, expenditure for purchase of testing instruments and to fulfill other capital expenditure requirements.

3. **Pricing of the Equity Shares / Warrants** : Each equity share/warrants of face value of Rs. 10, including the equity shares arising out of the exercise of option attached to warrants, shall be issued at a price not being less than Rs.21.50/- per equity share.
4. **Terms of Warrants** : The Board may allot convertible warrants at a price not being less than Rs. 21.50/- per warrant, which will entitle the holder to subscribe for one equity share of the face value of Rs.10/-, at a price not being less than Rs. 21.50/- per equity share of the Company against each warrant. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable upon subscription of the warrants. The warrants would be allotted on the following terms:
- The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. In this connection, either the Company or the warrant holder will give an advance notice of at least fifteen days calling upon the other party to exercise / avail the aforesaid option specifying the number of warrants. The warrant holders will be liable to make the payment of balance sum per warrant for such number of warrants within 15 days of the service of the notice.
 - Upon receipt of the payment as above, the Board (or a Committee thereof) shall allot one equity share per warrant by appropriating Rs.10 towards equity share capital.
 - If the entitlement against the warrants to apply for the equity shares is not exercised within the period specified in the notice referred hereinabove, the entitlement of warrant holders to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
 - The warrant by itself does not give to the holder(s) thereof any rights of the shareholders of the Company.
 - The equity shares issued as above shall rank pari passu in all respects with the then existing equity shares of the Company. The warrants and equity shares shall be subject to the Memorandum and Articles of Association of the Company.
5. **Lock-in**: The shares resultant from the conversion of warrants issued under the above Preferential Issue shall be locked-in for a period of three years for promoter and one year for other allottees from the date of allotment.
6. **Particulars of Subscribers and Intention proposal of Promoters / directors / Key Managerial Persons to Subscribe the Offer**: None of the promoters or promoters group or Key Managerial persons shown their interest to subscribe any warrant arising out of this issue. M/s Sitashree Food Products Limited (other than promoters) a body corporate shown interest to subscribe all 800000 warrants of this preferential offer (details are given below). The Details of subscribers of the said preferential issue are given as below:

Particulars of subscribers (excluding the warrants issued on 10.04.2010)

Sr. No.	Name of Proposed Subscriber/ allottees	Category	Present Shareholding of Allottees (pre-issue of)	Number of warrants proposed to be allotted	Post issue shareholding of Allottees after	Post issue shareholding of Allottees after
1.	Sitashree Food Products Limited	Body Corporate Investor (Non-Promoter)	NIL	800000	800000	13.96%
			NIL	800000	800000	

Particulars of subscribers (including the warrants issued on 10.04.2010) **

Sr. No.	Name of Proposed Subscriber/ allottees	Category	Present Shareholding of Allottees (pre-issue of)	Number of warrants proposed to be allotted	Post issue shareholding of Allottees after	
1.	Sitashree Food Products Limited	Body Corporate Investor (Non-Promoter)	NIL	800000	800000	11.48%
	TOTAL		NIL	800000	800000	

** Company has issued 12,35,663 Convertible Warrants pursuant to special resolution passed in the Extra Ordinary General Meeting held on 10.04.2010 and which were duly allotted on 24.04.2010 after obtaining in-principal approval of BSE. These warrants still to be converted into equity share of the Company.

No, change in control, in the company will occur due this preferential allotment. Any of the equity shares issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any other person/entity/ investor within the same category/class, on the same terms and conditions.

7. Shareholding Pattern: The Shareholding pattern giving present position as also considering full allotment of equity shares arising out of securities issued as above is given as below.

Shareholding Pattern (excluding the warrants issued on 10.04.2010)

Sr. No	Category	Post Issue		Pre - issue	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
1.	Promoters Holding	1579550	32.04	1579550	27.57
2.	Institutional Investors a) Mutual Funds & UTI b) Banks, FI, FIIs,	---	---	---	---
3.	Private Corporate Bodies	347715	7.05	1147715	20.03
4.	Indian Public	2849111	57.80	2849111	49.73
5.	NRI'S and OCB's and Clearing Members	153224	3.11	153224	2.67
	TOTAL	4929600	100.00	5729600	100.00

Shareholding Pattern (including the warrants issued on 10.04.2010) **

Sr. No	Category	Pre - issue		Post Issue	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
1	Promoters Holding	1880813	30.50	1880813	27.00
2	Institutional Investors a) Mutual Funds & UTI b) Banks, FI, FIIs,	---	---	---	---
3	Private Corporate Bodies	1282115	20.80	2082115	29.90
4	Indian Public	2849111	46.21	2849111	40.90
5	NRI'S and OCB's and Clearing Members	153224	2.49	153224	2.20
	TOTAL	6165263	100.00	6965263	100.00

** Company has issued 12,35,663 Convertible Warrants pursuant to special resolution passed in the Extra Ordinary General Meeting held on 10.04.2010 and which were duly allotted on 24.04.2010 after obtaining in-principal approval of BSE. These warrants still to be converted into equity share of the Company.

8. Completion of Allotment: The allotment of the Equity Shares being issued on preferential basis is proposed to be made within 15 days from the date of passing of the resolution by the Members, provided that where the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed with in 15 days from the date of receipt of such approval.
9. Undertaking: Company shall undertake that re-compute the price of specified securities in terms of the provision of these regulations where it is required to do so and if any amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.
10. Auditors Certificate: Auditors certificate as required in terms of Guidelines for preferential issues under SEBI (Issue of Capital And Disclosure Requirement) Regulations, 2009 will be available for inspection 21 days prior to the date of this meeting at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day excluding Saturday, Sunday and Public Holiday and shall be placed at the meeting.

Your Directors recommend the above Resolution for your approval.

None of the directors are interested or concerned, either directly or indirectly, in the proposed resolution.

Place : **Indore**
Date : **07.08.2010**

By order of the Board of Directors
For CHOKSI LABORATORIES LIMITED

VYANGESH CHOKSI
Whole time Director

Notes :-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The register of members and transfer books of the closed from 04/09/2010 to 06/09/2010 (both days inclusive) for the purpose of annual General Meeting.
3. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring copies to the meeting.
4. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
5. Members / Proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to inform company of any change in their address immediately so as to enable the company to dispatch any further communication at their correct address.
6. Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at 6/3, ManormaGanj, Indore-452001 (M.P.) at least seven days before the date of the Meeting.

Place : Indore
Date : 07.08.2010

By order of the Board of Directors
For CHOKSI LABORATORIES LIMITED

VYANGESH CHOKSI
Whole time Director

Registration No.10-07471

Authorised Capital Rs.1000.00 Lacs

SECRETARIAL COMPLIANCE CERTIFICATE

To

The Members

Choksi Laboratories Limited,

6/3, Manoramaganj

Indore - 452001(M.P.)

We have examined the registers, records and books and papers of **Choksi Laboratories Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there-under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (01.04.2009 to 31.03.2010). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there-under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies/ Regional Director/Central Government/ Company Law Board or other authorities within the time prescribed under the act and the rules made there under.
3. The Company being a Public Limited Company comments are not required in respect maximum number of members during the said financial year.
4. The Board of Directors duly met 12 times on 30th April 2009, 5th June 2009, 30th July 2009, 22nd August 2009, 30th October 2009, 31st October 2009, 29th January 2010, 20th February 2010, 22nd February 2010, 2nd March 2010, 5th March 2010 and 16th March 2010. Signatures of Directors have been obtained in the attendance register of Directors of the Board Meeting and the proceedings were properly recorded in the Minutes Book maintained for the purpose. No resolution by circulation has been passed by the Company.
5. The Company closed its Register of Members from 30th July 2009 to 1st August, 2009 (both days inclusive).
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 1st August, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose. Signatures of Members have been obtained in the attendance register of Shareholders.
7. The Extra Ordinary General Meeting was held on 28th September 2009 during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose. Signatures of Members have been obtained in the attendance register of Shareholders.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not required obtaining any approval from the Board of Directors, Members and Central Government
12. The Company has issued duplicate share certificates during the financial year as per information given by Registrar and Transfer Agent.
13. The Company has
 - (i) delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provision of the Act.
 - (ii) not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund (applicable when Rules are notified) as no dividend was declared during any financial year.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointed of Directors were made during the financial year and have complied with the provision of the act. However, there was no appointed of alternate Director and Director to fill casual vacancy during the financial year.
15. The Company has re-appointed Whole time Director in compliance with the provisions of Section 269 read with Schedule XIII of the Act.
16. The Company has not appointed any sole- selling agent during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional director, registrar or such other authorities prescribed under the provisions of the act.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there-under.
19. The Company has re-issued 78600 Forfeited Equity share during the financial Year.
20. The Company has not bought back any shares during the financial Year.

21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with provisions of the Act.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the Company from Financial Institutions, Banks, Directors, Members and others during the financial year ending 2010 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been earlier passed is duly convened the General Meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act.
26. The Company has not altered the provisions of Memorandum with respect to the situation of the Company' registered office from one state to another during the financial year.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has altered the provisions of Memorandum with respect to the share capital of the Company during the financial year.
30. The Company has altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the year.
33. The Company has deposited both the employees and employers contribution towards Provident Fund with the prescribed authorities during the financial year.

For M Maheshwari & Associates
Company Secretaries

Date : 7th August, 2010
Place : Indore

MANISH MAHESHWARI
FCS 5174
C.P. No.3860

Annexure A

Registers as maintained by CHOKSI LABORATORIES LIMITED

Statutory Registers

Sl. No.	Particulars	Section
1.	Register of Charges	143
2.	Register of Members	150
3.	Copies of Annual Return	163
4.	Minute Book containing minutes of Board Meeting	
	General Meeting	193
5.	Books of Accounts	209
6.	Register of Directors, Managing Director	303
7.	Register of Director's Shareholding	307

Annexure B

Forms and returns as filed by the Company with the Registrar of Companies. Regional Director, Central government or other authorities during the financial year ending on 31st March, 2010.

1. Balance Sheet filed under Section 220 for the year-ended 31.03.2009 vide SRN P34358556 dated 07.09.2009 with additional fee.
2. Annual Return filed under Section 160 as on 01.08.2009 vide SRN P34628479 dated 16.09.2009.
3. Compliance Certificate under Section 383A for the year ended 31.03.2009 vide SRN P34358473 dated 07.09.2009 with additional fee.
4. Form 23 dated 01.08.2009 under Section 192 vide SRN A68256940 dated 29.08.2009.
5. Form 23 dated 28.09.2009 under Section 192 vide SRN A71480677 dated 26.10.2009.
6. Form 5 dated 28.09.2009 under Section 97 vide SRN A71481972 dated 26.10.2009.
7. Form 25C under Schedule XIII dated 01.08.2009 vide SRN A68256916 dated 29.08.2009.
8. Form 17 dated 21.04.2009 under Section 138 vide SRN A61916334 dated 18.05.2009.
9. Form 17 dated 15.09.2009 under Section 138 vide SRN A70669429 dated 10.10.2009.
10. Form 17 dated 15.09.2009 under Section 138 vide SRN A70668363 dated 10.10.2009.
11. Form 8 dated 02.03.2010 under Section 135 vide SRN A83947457 dated 29.04.2010 with additional fee.
12. Form 8 dated 02.03.2010 under Section 130 vide SRN A83947861 dated 29.04.2010 with additional fee.
13. Form 32 dated 01.11.2009 under Section 303 vide SRN A72861719 dated 17.11.2009.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure presenting the 17th Annual Report alongwith Audited Accounts for the year ended 31st March, 2010.

Financial Results

	(Rs. In lacs)	
	(31.03.2010)	(31.03.2009)
Operational Receipts	1105	956.18
Other Income	12.05	8.88
Profit/(Loss) on Sale of Fixed Assets	(6.05)	59.31
Profit before Depreciation, Interest & Tax	303.57	359.77
Depreciation	107.30	111.64
Interest	48.18	94.24
Provision for tax	48.18	36.21
Income Tax Earlier year	0.93	(0.96)
Deferred Tax Liability for Current Year	3.70	(20.97)
Fringe Benefit Tax	0.00	2.70
Prior Period Adjustments	0.14	0.25
Net Profit	95.14	136.66
Balance brought forward	651.73	515.07
Balance carried to Balance Sheet	746.87	651.73

OPERATIONS :

During the period under review company has increased its Authorized Capital from Rs. 5 Crores to Rs. 10 Crores.

During the fiscal year under review the Indian Economy started showing signs of growth, admits the global slowdown that is still prevailing, your Company took various strategic initiatives to improve its volumes, which helped the Company to post an impressive performance for the year, and Directors are hopeful to give better results in the current year.

REISSUE OF FORFEITED SHARES :

During the period under review Company has reissued 78600 Equity Shares of Rs. 10/- each at a premium of Rs. 2.50 per share total Rs. 12.50 per share and the Company has received consent of Bombay Stock Exchange (BSE) for listing of the above shares.

ISSUE OF EQUITY WARRANTS ON PREFERENTIAL BASIS :

During the period under review Company has issued 12,35,663 Convertible Warrants pursuant to special resolution passed in the Extra Ordinary General Meeting held on 10.04.2010 and which were duly allotted on 24.04.2010 after obtaining in-principal approval of BSE. These warrants still to be converted into equity share of the Company.

No change in control, in the company will occur due to this preferential allotment.

DIVIDEND :

The Board of Directors, in order to conserve the resources of the Company and to maintain the liquidity have decided not to declare dividend for the year ended 31st March, 2010.

PUBLIC DEPOSITS

The Company has not invited/accepted public deposit within the meaning of section 58A of the Companies Act, 1956 and rules made thereunder, during the year under review.

DIRECTORS

Shri Vyangesh Choksi, Director of the Company retires by rotation and being eligible offer him for re-appointment.

During the period under review Shri Krian Bhai Desai has resigned as a Director of the Company.

Shri N. K. Mani was appointed as an Additional Director of the Company and being eligible offers himself for appointment as Director of the Company.

CORPORATE GOVERNANCE REPORT

The philosophy of Corporate Governance is to enhance the long term economic value of the company. Its stakeholders and the society at large by adopting practices in fair and transparent manner by aligning interests of the company with shareholders and other key stakeholders.

Board of Directors

Composition of the Board

Board comprises of 4 independent and 4 Executive Promoter Director (including Executive Chairman)

Director	Executive/Non-executive/Independent	No. of outside Directorship(s) held		
		Public Companies	Pvt. Companies	Section 25 Companies
Mr. Sunil Choksi	Executive/Promoter	---	---	---
Mrs. Stela Choksi	Executive/Promoter	---	---	---
Mr. Sudarshan Shastri	Independent	2	3	---
Mr. Kiran Bhai Desai (Up to 30.10.2009)	Independent	---	---	---
Mrs. Himika Choksi Varma	Executive/Promoter	---	---	---
Mr. Vyangesh Choksi	Executive/Promoter	---	1	---
Mr. Pradip Karmakar	Independent	---	---	---
Mr. Satish Joshi	Independent	---	---	---
Mr. N. K. Mani (w.e.f. 30.10.09)	Independent	---	---	---

Director's Interests in the Company and Attendance Record

Particulars of relationship between Directors inter-se, sitting fees paid to them and details of meetings attended by them are as under :

Director	Category	Sitting Fees paid during the year	No. of Board Meeting during the year		Attended Last AGM held on 01-08-2009
			Held	Attended	
1. Mr. Sunil Choksi	Promoter	NIL	9	5	Yes
2. Mrs. Stela Choksi	Promoter	NIL	9	5	Yes
3. Mr. Sudarshan Shastri	Independent	NIL	9	9	Yes
4. Mr. Kiran Bhai Desai (Up to 30.10.2009)	Independent	NIL	9	-	No
5. Mrs. Himika Choksi Varma	Promoter	NIL	9	-	No
6. Mr. Vyangesh Choksi	Promoter	NIL	9	9	Yes
7. Mr. Pradip Karmakar	Independent	NIL	9	-	No
8. Mr. Satish Joshi	Independent	NIL	9	5	No
9. Mr. N. K. Mani (w.e.f. 30.10.09)	Independent	NIL	9	5	No

Remuneration of Directors for the financial year :

	2009-2010
1. Shri Sunil Choksi : Managing Director	Rs. 10,72,500/-
2. Smt. Stela Choksi : Whole time Director	Rs. 6,95,000/-
3. Smt. Himika Choksi Varma	Rs. 1,50,000/-
4. Shri Vyangesh Choksi Whole time Director	Rs. 6,20,000/-

Audit Committee

The composition of the Committee is as follows :

Shri Sudarshan Shastri	- Chairman
Shri Satish Joshi	- Member
Shri N. K. Mani	- Member

The audit committee comprises of 3 independent Non - executive Directors. The audit committee meet 5 times during the year.

Remuneration Committee

The Remuneration Committee has been formed to review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of the following non executive and independent Directors. The remuneration committee meet one time during the year;

Shri Sudarshan Shastri	- Chairman
Shri Satish Joshi	- Member
Shri N. K. Mani	- Member

Shareholders Committee

The Company has set up a "Shareholders Committee" to look into various issues relating to investors Grievances. The composition of committee is as follows :

Shri Sudarshan Shastri	- Chairman
Shri Satish Joshi	- Member
Shri N. K. Mani	- Member

Disclosures

There are some transactions entered into by the Company as disclosed in schedule - 14 Notes of Accounts.

GENERAL SHAREHOLDERS INFORMATION

(1) Address for Investor's Correspondence :

Mr. Kishore Bhawsar, Compliance Officer 6/3, Manoramaganj, Indore - 452 001
Or

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (W), Mumbai -400 078

Tel. No. 25963838 Ext. : 2303 Fax : No. 25946969

(2) Listing on Stock Exchanges

The Equity Shares of the Company are presently listed with

The Bombay Stock Exchange Ltd., Mumbai

M. P. Stock Exchange, Indore

(3) Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mill Compound,

L.B.S. Marg, Bhandup (W), Mumbai -400 078

Tel. No. 25963838 Ext. : 2303 Fax : No. 25946969

(4) Share Transfer System

The shares are held both in Physical & demat Form :

The share transfer in physical form are processed and the Demat option letter is dispatched to shareholders. If the Demat option letter is not received from DP for dematerialization the share certificates are returned within stipulated time. Demat requests are normally confirmed within 15 days from date of receipt.

(5) Share price

Month	Year	High (Rs.)	Low (Rs.)
April	2009	7.30	5.88
May	2009	9.29	5.98
June	2009	11.62	9.45
July	2009	9.75	7.03
August	2009	10.35	8.62
September	2009	14.20	9.27
October	2009	22.09	12.93
November	2009	16.00	13.60
December	2009	17.10	14.34
January	2010	18.00	13.25
February	2010	17.72	13.36
March	2010	19.64	14.05

(6) Distribution of shareholding as on 31.03.2010

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share Holding
1 to 500	3171	77.0970	777537	15.77%
501 – 1000	514	12.4970	451441	9.16%
1001 – 2000	225	5.4700	357468	7.25%
2001 – 3000	65	1.5800	170164	3.45%
3001 – 4000	27	0.6560	96922	1.97%
4001 – 5000	33	0.8020	157484	3.20%
5001 – 10000	40	0.9730	305707	6.20%
10001 – 9999999999	38	0.9240	2612877	53.00%
Total	4113	100.0000	4929600	100%

- **Dematerialization of shares** : As on 31March 2010 except, 1377515 shares, all the shares of the company or in dematerialized form.

(7) Categories of Shareholding as on 31.03.2010

S.No.	Category	No. of Shares	%
1.	Promoters & Directors	1579550	32.04%
2.	Individuals / Others	2911119	59.05%
3.	Body Corporate	410596	8.33%
4.	Mutual Funds & Nationalized Banks	---	--
5.	NRI's, OCB's	28335	0.58%
	TOTAL	4929600	100%

(8) Annual General Meetings

The Annual General Meetings of the Company for the last three years were held at Registered Office. On the following dates :

Year	Date	No. of Special Resolutions
31.03.2009	01.08.2009	NIL
33.03.2008	19.09.2008	NIL
31.03.2007	26.09.2007	NIL

In the above meetings, no postal ballots were used/invited.

(9) Financial Calendar F.Y. 2010-11 (Tentative)

Board meeting for first three quarters ending on 30 th June'10, 30 th Sept.'10 and 31 st Dec.'10	On or before 45 th day from the end of Quarter
Board Meeting for Last quarter ending on 31 st Mar.'11	Before 31 st May'2011
Annual General Meeting for FY 2010-11	On or before 30 th Sept.'2011
Book Closure dates	04.09.2010 to 06.09.2010 (both day inclusive)
Date time & Venue of the Annual General Meeting for the Company for FY 2009-10- At the Registered office on 06.09.2010 at 11:00 a.m.	

(10) Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company does not have any outstanding instruments GDRs/ADRs/Warrants or any convertible instruments as on 31.03.2010, but after balance sheet date Company has issued and allotted 12,35,663 Convertible Warrants on preferential basis which are due for conversion within 18 months from the date of issue. If these warrants will get converted into equity shares of the Company then total paid capital of the Company will get increased to Rs. 6,16,52630/-.

(11) Means of Communication

- The Company generally publishes quarterly unaudited and annual audited results in two news papers i.e. (1) Free Press (2) Choutha Sansar and same has been intimated to both Stock Exchanges immediately after approval of the Board.
- The Company also informs by way of a press release, all matters, which in its opinion are material and of relevance, to the shareholders of the Company.
- Management discussion and analysis report is forming part of this report.

(12) Compliance

Mandatory Requirements:

The Company is fully complied with the applicable mandatory requirements of clause 49 of the Listing Agreement.

Adoption of Non-Mandatory Requirements:

A Remuneration committee has been constituted in accordance with the requirements of the Listing Agreement. The committee decided/recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders)

(13) Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total numbers of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL

(14) Disclosures

- Details of transactions of a material nature of the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in note 9 of Schedule "14" attached to the accounts. There is no transaction of a material nature with any of the related parties, which was in conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets or imposition of penalties or strictures by SEBI or the Stock Exchanges or any other Statutory Authority during last three years.
- None of the employee of the Company was denied access to the Audit Committee during the year.
- Company has complied with all mandatory requirements of the Listing Agreement and also adopted the non-mandatory requirements wherever required.

AUDITORS' REPORT

TO THE MEMBERS OF CHOKSI LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of **Choksi Laboratories Limited**, as at **31st March 2010**, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. 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.
2. 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.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) 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.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purpose 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 the Cash Flow Statement dealt with by this report are in agreement with the books of accounts ;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account, and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ;
 - (v) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 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, read together with the Significant accounting Policies and notes thereon, 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of Profit and Loss Account, of the "Profit" of the Company for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For PRATEEK JAIN & CO.
Chartered Accountants
(Registration No. 009494C)

Prateek Jain
Proprietor
M.No. 79214

Place : **Indore**
Date : **29.05.2010**

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 thereof)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification have been properly dealt with in the books of accounts.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
2. This being a service rendering Company, there are no Manufacturing Activities in the Company, the only inventory for the Company is Chemicals which are used & consumed for testing purposes. Since its inception, the Company follows the practice of charging to revenue, the purchases of chemicals in the year of purchase itself. Due to this reason, and considering the nature of volatility of the item, as per the explanations given to us, no inventory register is maintained for the same. Hence we are unable to express our opinion on Clause 2 of the CARO, 2003.
3. The Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, but during the year, the Company has taken loan from 1 such party. The maximum amount involved during the year was Rs.14.50 Lacs and the year end balance of loans taken from such party was Rs.3 Lacs. The rate of interest and other terms and conditions of the above loans taken by the Company are not prima facie prejudicial to the interest of the Company. However, the Company has given a deposit of Rs.20 Lacs to a party listed in the register maintained under Section 301 of the Companies Act as deposit for office building on rent, which is interest free.
4. 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 purchases of inventory, fixed assets and with regard to the rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 5 Lacs or more in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for this Company.
9. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs duty, service tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanation given to us, there are no arrears of outstanding statutory dues as mentioned above as at 31st March, 2010 for a period of more than six months from the date they become payable.

- b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or to debenture holders during the year.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute as specified under paragraph 13 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities .
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us , the term loans were applied for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us , there are no funds raised on a short-term basis which have been used for long term investment, and vice-versa.
18. The Company has reissued forfeited 78600 equity shares to Mr. Vyangesh Choksi, Whole time director of the Company at price ascertained in accordance with guidelines issued by SEBI which is not prejudicial to the interest of the Company. Further, according to the information & explanations given to us, the company is in the process of making preferential allotment of convertible warrants shares to one party covered in the register maintained under section 301 of the Act. During the year the Company has received Application money amounting to Rs.1205052/- towards the same. In our opinion, the price at which shares will be issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For PRATEEK JAIN & CO.
Chartered Accountants
(Registration No. 009494C)

Prateek Jain
Proprietor
M.No. 79214

Place : **Indore**
Date : **29.05.2010**

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCH. NO.	AS AT 31.03.2010		AS AT 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	49,296,000		48,510,000	
Share Application Money(Pending Allotment)		4,573,852		-	
Reserves & Surplus	2	75,276,523	129,146,375	65,566,386	114,076,386
LOAN FUNDS					
Secured Loans	3	35,615,114		43,471,227	
Unsecured Loans	4	2,880,000	38,495,114	1,623,381	45,094,608
DEFERRED TAX LIABILITY (NET)			16,869,900		16,499,662
TOTAL			184,511,389		175,670,656
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	196,881,991		186,466,058	
Less:- Depreciation		64,248,833		53,802,813	
Net Block		132,633,158		132,663,245	
Capital Work in Progress	6	17,968,309	150,601,467	1,409,720	134,072,965
Current Assets, Loans & Advances					
Sundry Debtors	7	33,125,505		36,509,033	
Cash & Bank Balances	8	12,973,297		12,227,097	
Loans & Advances	9	18,082,096		15,031,631	
		64,180,898		63,817,761	
Less:- Current Liabilities & Provision					
Current Liabilities	10	30,270,976		22,220,069	
		30,270,976		22,220,069	
Net Current Assets			33,909,922		41,597,691
TOTAL			184,511,389		175,670,656
Accounting Policies & Notes	13 & 14				

Schedules 1 to 14 form an integral part of these accounts

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

For and on behalf of the Board

Vyangesh Choksi
Whole - Time Director

Stela Choksi
Whole - Time Director

Place : Indore
Date : 29.05.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCH. No.	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
Income from Operations		110,497,200	95,618,162
Interest & Other Income		1,204,978	887,888
Profit/(Loss) on Sale of Fixed Assets		(604,951)	5,931,361
Total		111,097,227	102,437,411
EXPENDITURE			
Operating Expenditure	11	45,009,710	39,884,055
Administrative & Other Expenses	12	35,730,863	26,576,411
Interest Expenses		4,817,855	9,424,366
Depreciation		10,729,604	11,163,659
Total		96,288,031	87,048,492
Profit Before Tax		14,809,195	15,388,919
Provision for Taxation			
-Income Tax Earlier Years		93,320	(96,115)
-Current Tax		4,818,000	3,620,500
-Deferred Tax		370,238	(2,096,892)
-Fringe Benefits Tax		-	270,470
Profit After Tax		9,527,637	13,690,956
Less : Prior Period Adjustments		14,000	24,626
Net Profit		9,513,637	13,666,330
Previous Year Balance Brought Forward		65,173,386	51,507,056
Balance Carried to Balance Sheet		74,687,023	65,173,386
Significant Accounting Policies	13		
Notes on Accounts	14		
Earnings Per Share-basic and diluted (Rs.) (Note 14)		1.93	2.82

Schedules 1 to 14 from integral part of these accounts

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

For and on behalf of the Board

Place : Indore
Date : 29.05.2010

Vyangesh Choksi
Whole - Time Director

Stela Choksi
Whole - Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

A. CASH FLOW FROM OPERATING ACTIVITIES	This Year	Previous Year
Profit / (Loss) before Income Tax & Extraordinary Items	14809	15389
Add : Adjustment for		
a) Depreciation	10730	11164
b) Interest Paid	4818	9424
c) Loss on Sale of Fixed assets	605	(5931)
Operational Profit before working capital changes	30962	30046
Adjustments for :		
a) Trade and other receivables	3384	(3520)
b) Trade and other payables	7124	1314
c) Other current assets	(1393)	1988
Cash generated from Operations	40076	29828
Direct Taxes Paid (Net)	(5642)	(6023)
Prior Period Adjustment	(14)	(25)
Net Cash from Operating Activities	34420	23780
B. CASH FLOW FROM INVESTING ACTIVITIES		
a) Acquisition of Fixed Assets	(10601)	(13833)
b) Sale of Fixed Assets	646	28606
c) Capital Work in Progress	(17909)	(710)
Net cash used in investing activities	(27863)	14063
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Proceeds from Re-issue of 78600 Forfeited Equity Shares	983	0
b) Proceeds from Shares Application Money Pending Allotment	4574	0
c) Proceeds from Borrowing (Net)	(6599)	(27479)
d) Interest Paid	(4818)	(9424)
Net cash (Used in)/generated from financing activities	(5861)	(36903)
Net Increase (Decrease) in cash and cash equivalents (A+B+C)	(90)	939
Cash and cash equivalents at the commencement of the year	12277	11338
Cash and cash equivalents at the close of the year	12973	12277

Note : (1) Figure in brackets represent outflows
(2) Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

For and on behalf of the Board

Place : **Indore**
Date : **29.05.2010**

Vyangesh Choksi
Whole Time Director

Stela Choksi
Whole Time Director

**SCHEDULES 1 TO 14 FORMING PART OF THE ACCOUNTS AS AT AND FOR THE YEAR ENDED
31ST MARCH 2010**

PARTICULARS	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
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SCHEDULE 1 : SHARE CAPITAL

AUTHORISED

100 Lacs Equity Share of Rs. 10/- Each (Previous Year 50 lacs Equity Shares of Rs. 10/- each)	100,000,000	50,000,000
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ISSUED

4999100 Equity share of Rs. 10/- Each (Previous Year same)	49,991,000	49,991,000
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SUBSCRIBED, CALLED UP AND PAID UP

4929600 Equity Shares of Rs.10/- each including Re-issue of 78600 Forfeited Shares (Previous Year 4851000 Equity Shares of Rs. 10/- Each)	49,296,000	48,510,000
	49,296,000	48,510,000

SCHEDULE 2 : RESERVE & SURPLUS

Profit & Loss Account	74,687,023	65,173,386
Capital Reserve	393,000	393,000
Securities Premium	196,500	-
	75,276,523	65,566,386

SCHEDULE 3 : SECURED LOANS

* Term Loan From UCO Bank	20,273,949	31,166,947
* Cash Credit From UCO Bank	14,958,854	11,537,434
** Others	382,311	766,846
	35,615,114	43,471,227

* The Term Loan from UCO Bank is secured by hypothecation of all fixed assets and movables, Both present and future. Cash Credit from UCO Bank is secured by joint hypothecation of running stocks of Consumables and all Book debts, both present and future.

The above loans are also personally guaranteed by the directors Mr. Sunil Choksi, and Mrs. Stela Choksi.

** These loans have been obtained from Financial Institutions for purchase of vehicles.

SCHEDULE 4 : UNSECURED LOANS

Deposit from Franchisees	580,000	673,381
Unsecured Loan from Directors	300,000	950,000
Unsecured loans from other Corporate	2,000,000	-
	2,880,000	1,623,381

SCHEDULE 5 : FIXED ASSETS

Name of the Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Total As on 01.04.2009	Additions during the Year	Deductions during the Year	Total As on 31.03.2010	Up to 31.03.2009	For the Year	Deductions during the Year	Total As on 31.03.2010	As on 31.03.2009	As on 31.03.2010
Land (Freehold) Indore	1,000,000	2,318,989	-	3,318,989	-	-	-	-	3,318,989	1,000,000
Land (Leasehold) Goa	5,330,200	-	-	5,330,200	-	-	-	-	5,330,200	5,330,200
Instruments	117,687,234	6,056,308	1,528,563	122214979	30,773,612	5,594,268	280,064	36,087,816	86,127,163	86,913,623
Computers	12,442,975	2,009,125	-	14452100	8,447,299	2,293,170	-	10,740,469	3,711,631	3,995,676
Air Conditioners	1,411,384	115,010	-	1526394	282,111	93,404	-	375,515	1,150,879	1,129,273
Electrical Installation	6,567,148	372,471	-	6939619	1,792,408	485,506	-	2,277,914	4,661,705	4,774,740
Furniture & Fixtures	16,262,336	760,831	-	17023167	4,037,339	1,030,066	-	5,067,405	11,955,762	12,224,998
Buildings	16,135,357	-	-	16135357	5,315,400	538,921	-	5,854,321	10,281,036	10,819,957
Office at Vapi	1,949,479	-	-	1949479	415,745	65,113	-	480,858	1,468,621	1,533,734
Office Equipment	2,256,464	157,298	-	2413762	574,197	110,907	-	685,104	1,728,658	1,682,267
Cycle	6,035	-	6,035	0	3,271	249	3,520	0	0	2,764
Motor Car	4,876,549	-	-	4876549	1,945,146	463,272	-	2,408,418	2,468,131	2,931,403
Motor Cycle	540,896	160,501	-	701397	216,287	54,728	-	271,015	430,382	324,609
Total	186,466,056	11,950,533	1,534,598	196,881,991	53,802,815	10,729,604	283,584	64,248,833	132,633,157	132,663,244
Previous Year	189,880,630	26,147,663	29,562,235	186,466,058	49,527,152	11,163,659	6,887,998	802,813	132,663,245	140,353,478

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<u>SCHEDULE 6 : CAPITAL WORK IN PROGRESS (AT COST)</u>		
Building	12,887,999	59,720
Furniture & Fixtures	261,870	-
Instruments	4,818,440	-
Computer Software	-	1,350,000
	<u>17,968,309</u>	<u>1,409,720</u>
<u>SECHDULE 7 : SUNDRY DEBTORS</u>		
(Unsecured Considered good)		
Debts Outstanding for a period exceeding six months	9,937,652	16,458,272
Other Debts	23,187,854	20,050,761
	<u>33,125,505</u>	<u>36,509,033</u>
<u>SECHDULE 8 : CASH & BANK BALANCES</u>		
Cash in Hand	475,236	356,121
Balance with Scheduled Banks :		
In Current Accounts	1,626,230	1,690,034
In Deposit Accounts	10,871,831	10,230,942
	<u>12,973,297</u>	<u>12,277,097</u>
<u>SECHDULE 9 : LOANS AND ADVANCES</u>		
(Unsecured considered good)		
Recoverable in cash or in kind or for value to be received		
Deposits	4,165,598	4,049,728
Loans & Advances	2,061,044	808,644
Advance Income Tax & Fringe Benefit Tax	-	550,000
Tax Deducted at Source	6,761,136	5,581,442
Income Tax Refundable	3,959,463	2,931,520
Prepaid Expenses	1,134,854	1,110,297
	<u>18,082,096</u>	<u>15,031,631</u>
<u>SCHEDULE 10 : CURRENT LIABILITIES</u>		
Sundry Creditors	15,461,857	7,657,344
Advance payments from Customers	3,234,050	2,329,710
Provision for Income Tax & FBT	4,818,000	3,890,970
Others Liabilities & Provision for Expenses	5,101,440	4,430,414
Statutory Liabilities	1,655,629	3,911,631
	<u>30,270,976</u>	<u>22,220,069</u>
<u>SCHEDULE 11 : OPERATING EXPENDITURE</u>		
Purchases :-		
Glassware	598,639	321,133
Chemicals	8,979,061	7,736,545
Total Purchases Rs.	<u>9,577,700</u>	<u>8,057,678</u>

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
Direct Expenses:-		
Wages & Other Benefits	17,206,618	14,473,614
Laboratory / Consumable Expenses	7,438,590	7,391,439
Power & Fuel Charges	3,606,414	3,476,113
Insurance: Instruments & Building	134,586	156,248
Freight / Transportation Charges	171,500	151,891
Testing Charges (Calibration/Building /Soil)	628,411	608,736
NABL/BIS/NPL - Asstt. Charges	453,402	242,056
Repair & Maintenance – Instruments	4,578,802	3,738,681
Repair & Maintenance – Buildings	991,282	1,503,599
Training & Certification Charges	222,405	84,000
Total	35,432,010	31,826,377
Grand Total Rs.	45,009,710	39,884,055
<u>SCHEDULE 12 : ADMINISTRATIVE AND OTHER EXPENSES</u>		
Salaries to Staff and Allowances	7,539,065	5,676,852
Bonus to Staff & Workers	1,191,500	751,148
Exgratia	283,500	694,736
Group Gratuity Payment of LIC	270,000	227,311
Staff Welfare	208,706	145,943
Director Remuneration & Sitting Fees	2,546,500	2,884,500
Security Service Charges	325,455	328,748
Telephone & Mobile Expenses	772,392	556,188
Internet Expenses	729,322	420,388
Postage & Courier Charges	508,414	457,721
Conveyance Expenses	287,711	332,593
Vehicle Running & Maintenance	554,262	390,403
Computer Expenses	973,107	671,554
Guest House Expenses	91,656	104,520
Printing & Stationery Expenses	1,127,326	931,152
Books & Periodicals	98,825	39,023
Rent	3,781,425	2,955,395
Insurance on Vehicle	49,843	74,986
Insurance on Others	414,602	507,966
Office Expenses / Repair & Maintenance Charges	636,105	647,912
Legal Expenses	118,230	58,499
Professional Expenses	707,671	582,892
Auditor's Remuneration	100,000	100,000
Tender Expenses	15,600	9,400
Rates & Taxes	290,974	250,637
Membership Fees & Subscriptions	20,000	5,985
Placement Expenses	476,550	5,300
Licence Renewal / Registration & Filling	433,527	62,323
Listing Fees	22,500	22,500
Bank Charges & Processing Charges	368,799	304,420
Advertisement Expenses	160,671	160,920
Business Promotion Expenses	1,038,184	601,938
Commission & Brokerages	2,008,267	1,273,003
Discount Allowed	1,504,360	532,108
Penalty Charges	3,147	4,800
Donation	13,000	7,500
Bad Debts Written Off	2,576,905	1,049,481
Travelling Expenses	3,482,761	2,745,666
Total	35,730,863	26,576,411

SCHEDULE 13 : SIGNIFICANT ACCOUNTING POLICIES

- A) Basis of Preparation of Financial Statements :
- i) The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
 - ii) Financial statements are based on historical cost and are prepared on accrual basis.
 - iii) Accounting policies have been consistently applied by the Company and are in consistent with those used in the previous year.
 - iv) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- B) Fixed Assets :
- i) Fixed assets are stated at historical cost of acquisition / construction, net of cenvat less accumulated depreciation and impairment loss, if any. All costs including financial costs and revenue expenditure till commencement of services, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.
Grants/ subsidies received, if any, from Government and others towards cost/ part of the cost fixed asset(s) are reduced from the cost of the respective asset(s) and the net cost incurred by the Company only is carried to the fixed assets block.
 - ii) Capital Work-in-Progress: Amounts spent on expansion project are carried at cost under the head Capital Works in Progress. As and when the assets are put to commercial use, cost of the respective asset is capitalized. Besides the direct cost, indirect costs relating to the acquisition and installation of assets incurred till the assets are put to use are capitalized in the proportionate value of assets.
 - iii) Depreciation on fixed assets is provided under straight line method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletions to assets during the year is provided on pro-rata basis.
 - iv) Impairment of Assets : An asset is treated as impaired when the carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in a prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- C) Revenue Recognition :
- Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Income from operations include Income from services rendered, adjusted for discounts and excludes service tax and other applicable taxes collected.
- D) Retirement Benefits :
- Provident fund cost is accounted as per provisions of the said Act. Provision for value of unutilised leave due to employees is made on accrual basis. For provision of gratuity liability, the Company has adopted Actuarial Valuation.
- E) Prior Period Expense/ Income :
- The Company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.
- F) Foreign Currency Transactions :
- Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.
- G) Borrowing Costs :
- Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

- H) Provision for Current and Deferred Tax :
 Provision for Current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.
- I) Provisions, Contingent Liabilities and Contingent Assets :
 Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.
- J) General :
 Accounting policies not specifically referred to above are consistent with the generally accepted accounting principles followed in India.

SCHEDULE 14: NOTES ON ACCOUNTS

01. Contingent liability for Bank Guarantee issued by Bank on behalf of the Company Rs.8433912/- (Previous year - 8459212/-)
02. In the opinion of the Board of Directors of the Company, the Current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and the provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.
03. The balances appearing under the heads Debtors, Loans and Advances and Current Liabilities are subject to confirmation from respective parties and reconciliation, if any.
04. The Company has purchased Land for its building which is yet to be registered in the name of the Company.
05. The Company has received application money of Rs.45,73,852/- for issue of Convertible equity Warrants during the financial year. These Warrants are being issued subject to confirmation of shareholders of the Company and in-principal approval from Bombay Stock Exchange in terms of "Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009". Both the approvals i.e. shareholders and Bombay Stock Exchange, have been received by Company after current balance sheet date (31.03.2010) and accordingly allotment of 12,35,663 Convertible Warrants (partly paid) has been made in the month of April' 2010.
06. Since its inception, the Company follows the practice of charging to revenue the purchase of chemicals and glassware during the year of purchase itself.
07. As per the accounting standard 22 issued by the ICAI, the Deferred Tax Liability is accounted for in respect of timing differences. The accumulated Deferred Tax Liability comprise of the following:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Timing difference in Tax effect of depreciation on fixed assets as per Income Tax & Financial books	16869900	16499662

08. Segmental Reporting : The Company treats Analytical Charges & Consultancy Receipts as a single segment and therefore details of segments are not separately shown. The Company is a Commercial Testing House engaged in testing of various products and also offers services in the field of pollution control as allied activity. The company is managed organisationally as a unified entity with various functional heads reporting to the top management and is not organised along segments. There are, therefore, no separate segments within the Company as defined by AS-17 (Segmental Reporting) issued by the ICAI.

09. Related Party Disclosures :

Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

I. Related Parties

Individual having control & Key Management Personnel

- | | |
|---------------------|-----------------------|
| Mr. Sunil Choksi | Managing Director |
| Mrs. Himika Varma | Jt. Managing Director |
| Mrs. Stela Choksi | Whole Time Director |
| Mr. Vyangesh Choksi | Whole Time Director |

Relatives of KMP
Mrs. Neeta Shah
D. G Choksi HUF
Mrs. Khyati Choksi

- II. Disclosure of transactions between the Company and Related Parties and the Status of outstanding balances as on March 31, 2010 :

Nature of Transactions	Individual having Control and KMP	Relatives of KMP	Outstanding balance as on 31-03-2010
Remuneration	2537500	Nil	1046727
Commission	---	701904	---
Salary	---	164515	---
Rent	432000	1136820	210150
Deposit Given	---	Op.Bal. 20 Lacs	2000000
Warrant Application Money Received	1200000	1205052	1205052
Reissue of Forfeited Shares	982500	---	---
Loan Taken	500000	---	300000

10. There are no amounts payable to any Small Scale Industrial Undertaking in excess of Rs. One lakh which is outstanding for more than thirty days.

11. Details of Statutory Liabilities in Schedule 10 :

Particulars	31/3/2010	31/3/2009
Service Tax	761,394	3,400,365
Tax Deducted at Source	573,778	216,737
Provident Fund	248,623	228,969
Employees State Insurance	54,858	54,496
Labour Welfare	1,905	1,800
Professional Tax	15,071	9,264
Total	1,655,629	3,911,631

12. Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company): The management is continuously in the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of Micro, Small & Medium enterprise, as defined under Micro, Small & Medium Enterprises Development Act, 2006. Based on information received and available with the Company, no amount is payable to such enterprises as at 31st March 2010. The Company has not received any claim for interest from any supplier under the said Act.

13. Disclosure in terms of Accounting Standard "Impairment Losses":

	As on 31-3-2010	As on 31-3-2009
i) Amount of impairment Losses recognized in the Profit & Loss A/c	Nil	Nil
ii) Amount of reversal of impairment losses recognized in the Profit & Loss A/c	Nil	Nil
iii) Amount of impairment losses recognized directly against revaluation surplus	Nil	Nil
iv) Amount of reversals of impairment losses recognized directly in revaluation surplus	Nil	Nil

14. Prior Period Expenses include Rent for Rs. 4000/- for FY 08-09 & Membership & Subscription Fees Rs. 10000 for FY 07-08 & 08-09 not provided for earlier. (Previous Year Rs.24626/-).

15. Remuneration to Auditors

	For the year ended March 31, 2010	For the year ended March 31, 2009
	Rupees	Rupees
As Audit Fees	100000/-	100000/-
For Certification & other services	14500/-	2250/-

16. Earnings Per Share:

Earnings per share has been computed as under:

Profit after taxation(Rs.)	(a)	9513637	13666330
Number of Equity Shares outstanding	(b)	4929600	4851000
Earnings per share	(a)/(b)	1.93	2.82

(Face value Rs.10 per Share)

17. Capacities and Production

a. Licensed Capacity	:	Not Applicable
b. Installed Capacity	:	Not Applicable
c. Actual Production	:	Not Applicable

18. The Company is not carrying out any manufacturing activities but engaged in the business of testing of various products. The Company's business requires variety of chemicals and consumables in small quantities and does not require any raw materials. It is not practicable to furnish the quantitative details of these chemicals & consumables as number of small quantities are consumed. Hence, aggregate value of all imported & indigenous chemicals & consumables and spares & components consumed and the percentage of each to total consumption are furnished below:

(Rs.in Lakhs)

Particulars	Current Year		Previous Year	
	Consumption	% to total	Consumption	% to total
a) Chemicals & consumables				
- Indegenous	95.78	100.00	80.58	100.00
- Imported	0.00	0.00	0.00	0.00
Total	95.78	100.00	80.58	100.00
b) Spares & Components				
- Indegenous	59.48	93.30	49.70	82.96
- Imported	04.27	6.70	10.21	17.04
Total	63.75	100.00	59.91	100.00

19. Expenditure in foreign Currency Rs. 1398909/-

(includes Travelling Expenses Rs. 971391/- & Spare Parts of Instruments Purchased Rs. 427518/-) (Previous Year Rs. 1802921/-)

Income in foreign Currency	Rs. 175650/-	(Previous Year Rs.109444/-)
C.I.F Value of Imports	Rs. 14211531/-	(Previous Year Rs.3857908/-)

20. Computation of net profit in accordance with section 349 of the Companies Act, 1956 has not been given, as commission by way of percentage of profit is not payable for the year to any of the director of the Company.

21. Figures have been rounded off to the nearest Rupee.

22. Figures of previous year have been regrouped / rearranged / recast wherever necessary to confirm to this year's classification.

Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

ATTENDANCE SLIP

17th ANNUAL GENERAL MEETING, 6th September, 2010

*DPID _____

Reg. Folio No. _____

No. of Shares Held _____

I Certify that I am a registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 17th, Annual General Meeting of the Company at 6/3, Manoramaganj, INDORE (M.P.) on Monday the 6th September, 2010 at 11.00 A. M.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

----- Tear Here -----

Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

PROXY FORM

*DPID _____

Folio No _____

No. of Shares Held _____

I/We _____
of _____

Being a member(s) **CHOKSI LABORATORIES LIMITED** hereby appoint _____ of _____

_____ of failing him _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the 17th, Annual General Meeting of the Company to be held on 6th September, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010

Note : The proxy from should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The proxy need not be a member of the Company :

*Applicable to the members whose shares are held in Demat form.

Affix
1 Rs.
Revenue
Stamp

Signature _____

Book - Post

To,

If undelivered, Please return to :
Choksi Laboratories Limited
6/3, Manoramaganj, INDORE - 452 001 (M. P.)

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