

**20th
ANNUAL REPORT
2012 - 2013**



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

CHOKSI LABORATORIES LIMITED

BRANCHES/LAB

1. 829, GIDC Makarpura,
Vadodara – 390 010 (Gujrat)
2. Gokul Complex, IInd & IIrd Floor,
101/8 GIDC Char Rasta Vapi
(Gujrat) - 396 195
3. Plot No. 362, Industrial Area
Phase II, Panchkula
(Hariyana) - 134 113
4. Plot No. C-18 & 20, Phace 1-A,
Verna Industrial Estate.
Verna - 403 722 (GOA)
5. Plot No. 8, 2nd Floor, Siddhivinayak
Complex, Phase - II, Near BDA Complex,
80, Feet Ring Road, Nagarbhavi
Bangalore - 560072, (Karnataka)

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. : 2297
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 - Independent Non Executive
Mr.Pradip Karmakar - Independent Non Executive
Mr. Satish Joshi - Independent Non Executive
Mr. N. K. Mani - Independent Non Executive

AUDITORS :

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

BANKERS :

Axis Bank
UCO Bank
HDFC Bank
Union Bank of India

REGISTERED OFFICE & LABORATORY :

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

Item No. 5:

Shri Sunil Choksi was appointed as Managing Director for a period of 5 years up to 31st August, 2013, the Board of Directors of the Company has considered it desirable to reappoint him as Managing Director for a period of 3 (Three) years from 1st September, 2013 on the terms and conditions mentioned hereunder:

- | | | |
|----|---------------------|-------------------------------------|
| 1. | Period of Agreement | 3 (Three) years w .e. f. 01.09.2013 |
| 2. | Salary | ₹ 2,00,000 - 2,50,000 pm |

Perquisites and Allowances:

In addition to the salary payable to the Managing Director, he shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for himself and his family, Club fees, Medical Insurance, and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

Minimum Remuneration:

Where in any financial year during the tenure of the Managing Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Managing Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Shri Sunil Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.

Item No. 6:

Smt. Stela Choksi was appointed as Whole Time Director for a period of 5 years up to 31st August, 2013, the Board of Directors of the Company has considered it desirable to reappoint her as Whole Time Director for a period of 3 (Three) years from 1st September, 2013 on the terms and conditions mentioned hereunder:

- | | | |
|----|---------------------|-------------------------------------|
| 1. | Period of Agreement | 3 (Three) years w .e. f. 01.09.2013 |
| 2. | Salary | ₹ 1,50,000 - 2,00,000 pm |

Perquisites and Allowances:

In addition to the salary payable to the Whole Time Director, she shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for herself and his family, Club fees, Medical Insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

A . INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Economy – 10th largest in the world by nominal GDP, slowed to around 5% in 2012-13 compared to 6.2 in previous fiscal year. (Figures from Wikipedia & IMF). This was coupled with high inflation and high but stable bank lending interest rates.

Amid these circumstances CLL has witnessed 12% growth in direct receipts. Sectors like Agro and Agro Chemicals, Packed Food Industry has grown in the last financial year. Mining, Environment & Infrastructure segments due to prevailing industrial sentiments have taken a dip.

B. OPPORTUNITIES AND THREATS

The world Gross Domestic product (GDP), as reported by the International Monetary Fund witnessed a moderate growth of 3.2% as compared to a growth of 4.0% in 2012. Slowing industry and overall Indian economy coupled with fear of few of EU countries defaulting has overshadowed the overall outlook.

Health budget cuts have impacted the pharmaceutical and food exports from India which make an impact on the company's performance.

Company focuses on both export market as well domestic for agro commodities and pharmaceutical. Mega capacity building project is to be initiated in FY 13-14 for almost all centers. This would result in high credit exposure but improving the top lines and bottom lines of individual branch laboratories and overall financial growth of the company.

C. OUTLOOK

The outlook for the Company stands promising. CLL now has six centers across India. The new facilities are expected to improve considerable in the coming years. Company is poised to continue an upward trend.

D. SEGEMENT-WISE PERFORMACE:

The Company is engaged in the sole segment of analysis. Company is not involved in manufacturing, exports or trading of any commodity.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, which provides adequate safeguards and effective monitoring of the transactions and ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition. The Company has an internal audit system, which ensures that the Company's control mechanism is properly followed and all statutory requirements are duly complied with. An audit committee of the Board of Directors comprising of non-executive directors regularly reviews the audit plans, adequacy of internal control as well as compliance of accounting standards.

F. FINANCIAL AND OPERATIONAL PERFORMANCE

High lending rates and high credit exposure coupled with recurring nature expense outflow for new branches resulted in lower profit margins. This is expected to improve in forthcoming year with better top lines and bottom lines for the newly added branches.

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

We have ensured safe and healthy working conditions in all of the Laboratory Set-ups and have continued with our policy to ensure safe and healthy working conditions taking into account of health and safety of all concerned, besides conservation of natural resources and protection of the environment.

A major factor the continued growth of your organization is the constructive support of Banks, Institutions, Suppliers, Executives, employees, creditors and the confidence shown by them in the Company. Employer-Employee relations in all the offices of the Company were cordial throughout the year under review. As at March 31, 2013, the Company had workforce of approximately 250 plus persons, including managers, scientist and support staff members.

H. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward Looking Statements". Actual results may differ materially from those expressed or implies. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand / supply, effect of political situations, change in the Government regulations, tax laws and other statutes and incidental factors over which the Company does not have any control.

On behalf of the Board

Place : Indore
Date : 31/07/2013

SUNIL CHOKSI
Managing Director

VYANGESH CHOKSI
Whole-time Director

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	---	1	---
Mrs. Stela Choksi	Executive/Promoter	---	---	---
Mr. Sudarshan Shastri	Independent	2	3	---
Mrs. Himika Choksi Varma	Executive/Promoter	---	---	---
Mr. Vyangesh Choksi	Executive/Promoter	---	4	---
Mr. Pradip Karmakar	Independent	---	---	---
Mr. Satish Joshi	Independent	---	---	---
Mr. N. K. Mani	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 27-09-2012
			Held	Attended	
1. Mr. Sunil Choksi	Promoter	NIL	7	3	Yes
2. Mrs. Stela Choksi	Promoter	NIL	7	-	No
3. Mr. Sudarshan Shastri	Independent	9000	7	6	Yes
4. Mrs. Himika Choksi Varma	Promoter	NIL	7	-	No
5. Mr. Vyangesh Choksi	Promoter	NIL	7	7	Yes
6. Mr. Pradip Karmakar	Independent	1500	7	1	No
7. Mr. Satish Joshi	Independent	6000	7	4	No
8. Mr. N. K. Mani	Independent	1500	7	1	No

During the financial year 2012-13 Seven (7) Board Meeting were held on the following dates:

- 1) 30.05.2012 2) 04.07.2012 3) 30.07.2012 4) 03.09.2012
5) 27.09.2012 6) 31.10.2012 7) 30/01/2013

Note on Directors re-appointment

Mr. Sudarshan Shastri and Mr. Vyangesh Choksi, the Directors of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

Information placed before the Board

Information placed before the Board of Directors broadly covers the items specified in clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information of the Company, as and when necessary.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management personnel of the Company. A Certificate from the Compliance Officer for the same has been placed before the Board.

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 met under the Chairmanship of Shri Sudarshan Shastri. During the financial year 2012-2013 Four (4) meetings were held on the following dates:

- 1) 30.05.2012
- 2) 30.07.2012
- 3) 31.10.2012
- 4) 30.01.2013

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Sudashan Shastri	Chairman	4
Mr. Satish Joshi	Member	4
Mr. N.K. Mani	Member	1

The terms of reference of the Audit Committee inter-alia include the following:

- a) To overview the Companies financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) To hold periodic discussions with the Statutory auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- c) To recommend the re-appointment of statutory auditors and fixation of audit fees.
- d) To review performance of statutory and internal auditors and adequacy of internal control systems;
- e) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- f) To discuss any significant findings made by internal auditors and follow-up thereon;
- g) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matter to the Board;
- h) To look into substantial defaults, if any in payments to depositors, debenture-holders, creditors & shareholders.
- i) Any related party transactions that may have the potential conflict with the interest of the Company.

In addition to the above, the committee shall have such functions / role / powers as may be specified in the Companies Act, 1956, Listing Agreement with Stock exchanges or any other applicable law.

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 non executive and independent Directors.

During the financial year 2012-2013 one (1) meeting were held on 31/07/2013 to review remuneration relative of whole time Directors of the Company.

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Sudarshan Shastri	Chairman	1
Mr. Pradip Karmakar	Member	1
Mr. N.K. Mani	Member	1

Details of remuneration paid/payable to directors for the year ended March, 2013 are as follows:
(Amount in Rupees)

Name of the Director	Designation	Business relationship with Company	Sitting Fees	Salary and Perquisites	Commis-sion	Total
Mr. Sunil Choksi	Chairman-cum- Managing Director	Promoter	-	19,20,000	-	19,20,000
Mrs.Stela Choksi	Whole time Director	Promoter	-	15,00,000	-	15,00,000
Mrs.Himika Choksi Varma	Joint Managing Director	Promoter	-	-	-	-
Mr. Vyangesh choksi	Whole time Director	Promoter	-	14,40,000	-	14,40,000
Mr. N.K. Mani	Non Executive / Independent	Independent	1500	-	-	1500
Mr. Sudarshan Shastri	Non Executive / Independent	Independent	9000	-	-	9,000
Mr. Pradip Karmakar	Non Executive / Independent	Independent	1500	-	-	1500
Mr. Satish Joshi	Non Executive / Independent	Independent	6000	-	-	6,000

The remuneration to the executive directors is being paid as per the recommendation of Remuneration Committee and approval of the shareholders at the general body meeting.

Salary and perquisites includes provident Fund and Gratuity etc.

Shareholders Grievance Committee

The Company has set up a "Shareholders Grievance Committee" to look into various issues relating to investors Grievances.

During the financial year 2012-2013 Four (4) meetings were held on the following dates:

- 1) 30.05.2012
- 2) 30.07.2012
- 3) 31.10.2012
- 4) 30.01.2013

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Sudashan Shastri	Chairman	4
Mr. Satish Joshi	Member	1
Mr. N.K. Mani	Member	4

Name, Designation & Address of Compliance Office:

Mr. Kishore Bhawsar, Dy. General Manager
6/3, Manoramaganj, Indore - 452 001, Tel. : 4243888
Email at compliance_officer@choksilab.com

During the year the Company received 0 (Nil) complaints from its shareholders and resolved all of them within 30 days and as on 31.03.2013 no complaint is pending beyond 30 days.

GENERAL SHAREHOLDERS INFORMATION

(1) Address for Investor's Correspondence :

Mr. Kishore Bhawsar, Compliance Officer,
6/3, Manoramaganj, Indore - 452 001 Email at compliance_officer@choksilab.com
Or

Link Intime India Pvt. Ltd.

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

Email at rnt.helpdesk@linkintime.co.in Tel. No. 25963838 Ext. : 2297 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

Vadodara Stock Exchange, Vadodara

(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. : 2293 Fax : No. 25946969

(4) Share Transfer System

The shares are held both in Physical & demat Form :

The share transfers 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 at BSE for the FY 2012-13: -

Month	Year	High (₹)	Low (₹)
April	2012	12.63	9.86
May	2012	14.00	9.14
June	2012	10.50	8.66
July	2012	9.99	8.01
August	2012	9.89	8.31
September	2012	9.41	8.01
October	2012	10.03	8.25
November	2012	9.98	9.00
December	2012	9.84	8.32
January	2013	12.51	8.61
February	2013	12.96	9.65
March	2013	10.60	8.25

(6) Distribution of shareholding as on 31.03.2013

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share Holding
1 to 500	3164	75.7663%	758969	11.3869%
501 – 1000	546	13.0747%	478918	7.1853%
1001 – 2000	220	5.2682%	351036	5.2666%
2001 – 3000	80	1.9157%	203731	3.0566%
3001 – 4000	39	0.9339%	139000	2.0854%
4001 – 5000	31	0.7423%	148351	2.2257%
5001 – 10000	46	1.1973%	350809	5.2632%
10001 – 999999	50	1.1973%	4234449	63.5300%
Total	4176	100.0000%	6665263	100.0000%

- **Dematerialization of shares :** As on 31st March, 2013 all the shares of the company are in dematerialized form except 1594115 shares.

(7) Categories of Shareholding as on 31.03.2013

S.No.	Category	No. of Shares	%
1.	Promoters & Directors	1891754	28.3823%
2.	Individuals / Others	3388328	50.8356%
3.	Body Corporate	1360700	20.4148%
4.	Mutual Funds & Nationalized Banks	---	--
5.	NRI's, OCB's	24481	0.3673%
	TOTAL	6665263	100.0000%

(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
31.03.2012	27.09.2012	1
31.03.2011	30.07.2011	NIL
31.03.2010	06.09.2010	1

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

(9) Financial Calendar F.Y. 2013-14 (Tentative)

Board meeting for first three quarters ending on 30 th June'13, 30 th Sept.'2013 and 31 st Dec.'2013	On or before 45 th day from the end of Quarter
Board Meeting for Last quarter ending on 31 st March 2014	On or before 31 st May' 2014
Annual General Meeting for FY 2013-14	On or before 30 th Sept.' 2014
Book Closure dates	28/09/13 to 30/09/13 (both day inclusive)
Date time & Venue of the Annual General Meeting of the Company for FY 2012-13 At the Registered office on 30th September, 2013 at 11:00 a.m.	

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

The Company does not have any outstanding instruments GDRs/ADRs or any convertible instruments as on 31.03.2013.

(11) Means of Communication

- The Company 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.
- The quarterly and half yearly results of the Company are made available at the web site of the Company.
- Management discussion and analysis report is forming part of this report.

9. According to the information and explanations given to us in respect of statutory dues:
- 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 to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Income Tax, Customs Duty, Service Tax and other material statutory dues in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.
 - Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty which have not been deposited as on 31st March 2013 on account of disputes are given below:

Name of Statute	Nature of dues	Amount involved	Period to which the amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Income Tax	576960/-	2008-2009	Commissioner of Income Tax (Appeals)

- The company has no accumulated losses as at March 31, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or to debenture holders during the year.
- In our opinion and according to the information and explanations given to us and based on the information available, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities .
- 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.
- 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.
- 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.
- According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- The Company has not issued any debentures.
- The Company has not raised any monies by way of public issue during the year.
- In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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

Prateek Jain
Proprietor
M.No. 79214

Place : Indore
Date : 27.05.2013

BALANCE SHEET AS AT 31ST MARCH 2013

Amount in ₹

PARTICULARS	Note	AS AT 31.03.2013	AS AT 31.03.2012
EQUITY & LIABILITIES			
Shareholder's funds			
Share Capital	1	66,652,630	66,652,630
Reserves and Surplus	2	<u>121,656,199</u>	<u>111,434,137</u>
		188,308,829	178,086,767
Non-Current Liabilities			
Long-term borrowings	3	36,266,558	32,073,460
Deferred tax Liability (Net)	4	<u>18,923,990</u>	<u>18,200,930</u>
		55,190,548	50,274,390
Current Liabilities			
Short-term Borrowings	5	35,306,150	27,731,480
Trade Payables	6	10,015,122	13,966,044
Other Current Liabilities	7	37,358,706	31,221,082
Short-term Provisions	8	16,739,689	12,884,271
		99,419,667	85,802,877
TOTAL		<u>342,919,044</u>	<u>314,164,034</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	9	192,474,415	191,071,758
Intangible Assets	9a	4,183,743	5,037,076
Capital Work-in-progress	10	<u>19,323,332</u>	<u>7,376,799</u>
		215,981,490	203,485,633
Long-term Loans and Advances	11	-	930,844
Other Non-current Assets	12	11,071,069	7,591,608
Current Assets			
Trade receivables	13	62,614,519	54,603,021
Cash and Cash Equivalents	14	16,291,492	16,414,036
Short-term Loans and advances	15	15,466,542	14,299,173
Other Current Assets	16	21,493,932	16,839,719
TOTAL		<u>342,919,044</u>	<u>314,164,034</u>
Significant Accounting Policies			
Notes on Financial Statements	1 to 30		

As per our report of even date

For PRATEEK JAIN & CO.
Chartered Accountants

Prateek Jain
Proprietor

For and on behalf of the Board

Sunil Choksi
Managing Director

Vyangesh Choksi
Whole - Time Director

Place : Indore
Date : 27.05.2013

SIGNIFICANT ACCOUNTING POLICIES:

A) Basis of Preparation of Financial Statements:

- i) The financial statements are prepared under the historical cost convention and are prepared on accrual basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

Use of Estimates

- ii) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

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 to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Revenue from Testing and Analysis Services is recognized as the service is performed in accordance with the methods prescribed in AS - 9, Revenue Recognition.
- ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

D) Employee Benefits:

- i) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

E) Prior Period Expenses/ 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) Earnings per Share :

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

I) 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.

J) 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.

K) General :

Accounting policies not specifically referred to above are consistent with the generally accepted accounting principles followed in India.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	AS AT 31st March, 2013	Amount in (₹) AS AT 31st March, 2012
1. SHARE CAPITAL		
Authorised Share Capital		
100 Lacs Equity Shares of ₹ 10/- each	100,000,000	100,000,000
Issued		
6665263 Equity Share of ₹ 10/- Each (Previous year 6665263 Equity share)	66,652,630	66,652,630
Subscribed, Called up and Paid up		
6665263 Equity Shares of ₹ 10/- each (Previous year 6665263 Equity Shares of ₹ 10/- each)	66,652,630	66,652,630

The details of shareholders holding more than 5% shares	AS AT 31st March, 2013	AS AT 31st March, 2012
Name of the Shareholder	No. of shares	% held
Sunil Choksi	518,292	7.78%
Sitashree Food Products Ltd.	500,000	7.50%
Quest Laboratories Pvt. Ltd.	142,200	2.13%
Unique Powergen Consultants Pvt. Ltd.	467,200	7.01%
Vyangesh Choksi	447,099	6.71%
Dhansukhbhai Choksi	404,900	6.07%

1.2 The reconciliation of the number of shares outstanding is set out below:

	No. of shares	No. of shares
Equity shares at the beginning of the year	6,665,263	5,864,000
Equity Warrants converted into Equity Shares	-	801,263
Equity shares at the end of the year	<u>6,665,263</u>	<u>6,665,263</u>

1.3 The Company has only one class of shares i.e. equity shares with equal rights for dividend and repayment. Each holder of the shares is entitled to one vote per share. Dividend on equity shares whenever proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

2. RESERVE AND SURPLUS

Capital Reserve

As per last Balance Sheet	2,005,500	393,000
Add: Money received against equity share warrants forfeited	-	161,250
	<u>2,005,500</u>	<u>2,005,500</u>

Securities Premium Reserve

As per last Balance Sheet	13,360,478	5,802,900
Add: Premium received on issue of equity shares warrants	-	7,557,578
	<u>13,360,478</u>	<u>13,360,478</u>

Profit and Loss Account

As per last Balance Sheet	96,068,159	85,963,130
Add: Profit for the year	10,222,062	101,050,29
	<u>106,290,221</u>	<u>96,068,159</u>
Total	<u>121,656,199</u>	<u>111,434,137</u>

	AS AT 31st March, 2013	AS AT 31st March, 2012
3. LONG-TERM BORROWINGS		
Secured		
From Banks :		
Term Loan From Axis Bank	31,135,231	29,185,805
Vehicle Loans From HDFC Bank Ltd.	23,892	513,095
Unsecured		
From Others :		
Term Loan From Magma Fincorp Ltd.	1,014,630	741,526
Term Loan From Religare Finvest Ltd.	1,864,045	1,018,033
Term Loan From Bajaj Finance Ltd.	1,017,660	-
Term Loan From Tata Capital Financial Services Ltd.	696,100	-
Deposits :		
Deposit From Franchisees	515,000	615,000
	36,266,558	32,073,460

	Rate of Interest	upto 1 year	1-2 years	2-3 years	3-4 years	Beyond 4 years
3.1 Maturity Profile of Term Loans are set out below :						
Secured : Term Loan from Axis Bank	13.75% p.a.	14,589,000	10,174,000	9,504,000	7,607,231	3,850,000
Secured : Vehicle Loans from HDFC Bank	12.00% p.a.	543,173	23,891	-	-	-
Unsecured: Term Loan from Magma Fincorp Ltd.	20.00% p.a.	1,469,593	656,752	357,879	-	-
Unsecured: Term Loan from Religare Finvest Ltd.	18.50% p.a.	1,736,649	1,342,363	521,682	-	-
Unsecured: Term Loan from Bajaj Finance Ltd.	20.00% p.a.	1,492,653	1,017,660	-	-	-
Unsecured: Term Tata Capital Fin Services Ltd.	19.50% p.a.	1,269,586	696,100	-	-	-

3.2 The Term Loan from Axis Bank is secured by hypothecation of Indore & Goa fixed assets The above loans are also personally guaranteed by the directors Mr. Sunil Choksi, Mr.Vyangesh Choksi

3.3 All unsecured Term Loans are also personally guaranteed by the director Mr. Vyangesh Choksi

3.4 There are no defaults as on the Balance Sheet date in repayment of the above loans and interest thereon

	AS AT 31st March, 2013	AS AT 31st March, 2012
4. DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
Related to fixed assets	21,311,387	20,919,328
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	1,025,579	868,178
Others	1,361,818	1,850,220
	2,387,397	2,718,398
TOTAL	18,923,990	18,200,930

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	AS AT 31st March, 2013	AS AT 31st March, 2012
5. SHORT-TERM BORROWINGS		
Secured		
Loan against FDR from UCO Bank	7,140,075	-
Working Capital Loans		
From Banks		
Rupee Loans		
* Cash Credit From Axis Bank	28,166,075	27,731,480
	35,306,150	27,731,480
5.1	Working Capital Loans are secured by joint hypothecation of running stocks of consumable And all Book debts both present and future alongwith Indore and Goa Fixed Assets	
	* The above loans are also personally guaranteed by the directors Mr. Sunil Choksi, Mr.Vyangesh Choksi	
6. TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Others	10,015,122	13,966,044
	10,015,122	13,966,044
6.1	The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:	
	Principal amount due and remaining unpaid	-
	Interest due on above and the unpaid interest	-
	Interest paid	-
	Payment made beyond the appointed day during the year	-
	Interest due and payable for the period of delay	-
	Interest accrued and remaining unpaid	-
	Amount of further interest remaining due and payable in succeeding years	-
7. OTHER CURRENT LIABILITIES		
Advance payments from Customers	3,741,868	3,044,977
Tax Liabilities: Service Tax Payable & TDS Payable	12,480,948	9,419,817
Current maturities of Long Term Debt (Note 3.1)	21,100,654	18,660,597
Credit Balances of Staff & Others	35,236	95,692
	37,358,706	31,221,082
8. SHORT-TERM PROVISIONS		
Provision for employee benefits	11,102,684	8,676,239
Provision for Income Tax	3,370,403	2,627,906
Provision for Expenses	2,266,602	1,580,126
	16,739,689	12,884,271

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

9 : TANGIBLE ASSETS :

Name of the Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Total As on 01.04.2012	Additions during the Year	Deductions during the Year	Total As on 31.03.2013	Up to 31.03.2012	For the Year	Deductions during the Year	Total As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Land (Freehold) Indore	7,452,689	-	-	7,452,689	-	-	-	-	7,452,689	7,452,689
Land (Leasehold) Goa	5,330,200	-	-	5,330,200	-	-	-	-	5,330,200	5,330,200
Instruments	154,981,482	9,588,318	-	164,569,800	45,293,389	7,518,906	-	52,812,295	111,757,505	109,688,093
Computers	10,522,389	1,484,707	4,460,551	75,465,454	8,399,559	792,719	4,438,623	4,753,655	2,792,890	2,122,830
Air Conditioners	2,157,996	135,099	418,527	187,456,8	602,110	133,560	418,513	317,157	1,557,411	1,555,886
Electrical Installation	8,319,881	682,958	-	900,283,9	3,329,369	600,214	-	3,929,583	5,073,256	4,990,511
Furniture & Fixtures	24,304,198	998,897	373,759	249,293,36	7,642,530	1,551,818	373,747	8,820,601	16,108,735	16,661,668
Buildings	42,392,798	1,728,417	-	441,212,15	8,375,703	1,423,439	-	9,799,142	34,322,073	34,017,095
Office Equipment	3,280,398	268,609	-	354,900,7	933,917	162,978	-	1,096,895	2,452,111	2,346,481
Motor Car	9,712,143	-	676,292	903,585,1	3,228,904	865,271	253,762	3,840,413	5,195,438	6,483,239
Motor Cycle	809,609	98,607	30,730	877,486	386,547	82,491	23,659	445,379	432,107	423,062
Total	269,263,782	14,985,612	5,959,859	278,289,535	78,192,024	13,131,396	5,508,304	85,815,120	192,474,415	191,071,758
Previous Year	260,126,572	16,827,346	1,182,349	275,771,569	66,626,261	14,157,023	1,120,549	79,662,735	196,108,834	193,500,310

9a : INTANGIBLE ASSETS :

Name of the Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Total As on 01.04.2012	Additions during the Year	Deductions during the Year	Total As on 31.03.2013	Up to 31.03.2012	For the Year	Deductions during the Year	Total As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Softwares	6,507,787	201,579	-	6,709,366	1,470,711	1,054,912	-	2,525,623	4,183,743	5,037,076
Total	6,507,787	201,579	0	6,709,366	1,470,711	1,054,912	0	2,525,623	4,183,743	5,037,076
Previous Year	5,002,475	1,505,312	-	6,507,787	558,491	912,220	-	1,470,711	5,037,076	4,443,984

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	AS AT 31st March, 2013	AS AT 31st March, 2012
10. CAPITAL WORK IN PROGRESS (AT COST)		
Building	915,157	869,897
Furniture & Fixtures	8,395,790	4,513,132
Instruments	7,794,513	861,875
Air Conditioner	113,202	102,620
Electrical Installation	853,238	740,890
Computers	1,202,717	288,385
Office Equipments	48,715	-
	<u>19,323,332</u>	<u>7,376,799</u>
11. LONG-TERM LOANS & ADVANCES (Unsecured considered good) Recoverable in cash or in kind or for value to be received		
(a) Capital Advances	-	-
(b) Other Loans and Advances	-	930,844
Note : Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member : NIL		
	<u>-</u>	<u>930,844</u>
12. OTHER NON CURRENT ASSETS		
Long Term Trade Receivables	-	-
Others	-	-
Prepayments & Others	2,163,780	2,341,358
Deposits	5,703,077	5,250,250
Commissioner of Customs (Export) EPCG	3,204,212	-
	<u>11,071,069</u>	<u>7,591,608</u>
13. TRADE RECEIVABLES (Unsecured Considered Good)		
:Outstanding for a period exceeding six months	13,578,900	11,677,786
:Others	49,035,619	42,925,235
Note : Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member : NIL		
	<u>62,614,519</u>	<u>54,603,021</u>
14. CASH & CASH EQUIVALENTS		
i) a) Balances with Banks	7,017,261	3,376,004
b) Cheques, Drafts in hand	588,933	-
c) Cash in hand	646,079	913,016
ii) Balances with bank to the extent held as margin money or security against the borrowings, guaranttes,other commitments		
* Bank deposits with less than 12 months maturity	7996064	-
* Bank deposits with more than 12 months maturity	43155	12,125,016
	<u>16,291,492</u>	<u>16,414,036</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

		AS AT 31st March, 2013	AS AT 31st March, 2012
15. SHORT TERM LOANS & ADVANCES			
(Unsecured Considered Good)			
Advances for Capital Assets		14,601,000	14,100,000
Loans to other body corporates other than related parties		267,105	-
Misc advances		-	80,472
Service Tax Credit Unutilised		598,437	118,701
Note : Due by Directors either severally or jointly with any other persons or due by Firms/private Companies in which any of the Director is a Partner or a Member : NIL			
		15,466,542	14,299,173
16. OTHER CURRENT ASSETS			
Income Tax Refundable		9,190,536	3,489,158
Minimum Alternative Tax Credit Entitlement		-	129,239
Tax Deducted at Source		9,600,745	9,563,792
Prepayments & Others		2,393,911	3,361,278
Advance to staff		50,029	55,555
Advance to suppliers		258,711	240,697
		21,493,932	16,839,719
17. REVENUE FROM OPERATIONS			
a) Sale of Services	191,481,109		167,044,406
Less: Service Tax	20,531,913	170,949,196	14,983,498
b) Other Operating Revenues:			
Net gain on foreign currency transactions	18,413		13,034
Profit on sale of Fixed Assets	-		10,035
Misc. Income	87,744	106,157	245,780
		171,055,353	152,329,757
18. OTHER INCOME			
Interest on FDR		458,558	749,159
Interest on IT Refund		268,915	289,211
Interest Received from Others		107,641	2,725,158
		835,114	3,763,528
19. COST OF MATERIALS CONSUMED			
	% of consumption		% of consumption
Imported	0.16	33,465	1.13
Indigenous	99.84	20,384,961	98.87
		20,418,426	100.00
			18,214,668
19.1 PARTICULARS OF MATERIALS CONSUMED			
Glassware		885,439	809,052
Chemicals		13,138,751	12,004,734
Consumable		6,394,236	5,400,882
		20,418,426	18,214,668

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	AS AT 31st March, 2013	AS AT 31st March, 2012
20. EMPLOYEE BENEFITS EXPENSES		
Salaries and allowances to staff	46,942,733	38,880,189
Contribution to provident fund	2,700,198	2,385,043
Contribution to ESIC	952,226	854,427
Bonus to Staff	2,187,500	2,032,100
Group Gratuity Premium of LIC	1,349,418	1,984,991
EDLI Premium to LIC	72,270	65,717
Staff Welfare	382,500	397,289
Directors Remuneration	4,860,000	4,860,000
	<u>59,446,845</u>	<u>51,459,756</u>

20.1 As per Accounting Standard 15 "Employee benefits", the disclosure as defined in the Accounting Standard are given below:

1) Defined Contribution Plans As at 31/03/2013 As at 31/03/2012

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's Contribution to Provident Fund	3,652,424	3,305,187
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2) Defined Benefit Plan

The employees' gratuity Fund Scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	AS AT 31/03/2013	AS AT 31/03/2012
i) Assumption As on Discount Rate	8.00%	8.00%

ii) Reconciliation of opening and closing balances of Defined Benefit Obligation

Present value of obligations as at beginning of year	4,080,117	2,593,542
Interest cost	326,409	207,483
Current Service Cost	681,336	568,095
Benefits Paid	(308,869)	(518,604)
Actuarial (gain)/ loss on obligations	343,187	1,229,601
Present value of obligations as at end of year	5,122,180	4,080,117

iii) Reconciliation of opening and closing balances of fair value of Plan Assets

Fair value of plan assets at beginning of year	904,272	985,928
Expected return on plan assets	86,751	79,334
Contributions	521,000	357,614
Benefits Paid	(308,869)	(518,604)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	1,203,154	904,272

iv) Table showing fair value of plan assets

Fair value of plan assets at beginning of year	904,272	985,928
Actual return on plan assets	86,751	79,334
Contributions	521,000	357,614
Benefits Paid	(308,869)	(518,604)
Fair value of plan assets at the end of year	1,203,154	904,272
Funded status	(3,919,026)	(3,175,845)
Excess of Actual over estimated return on plan assets	NIL	NIL

(Actual rate of return = Estimated rate of return as ARD falls on 31st March)

v) Actuarial Gain/Loss recognized

Actuarial (gain)/ loss on obligations	(343,187)	(1,229,601)
Actuarial (gain)/ loss for the year - plan assets	NIL	NIL

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	AS AT 31st March, 2013	AS AT 31st March, 2012
Actuarial (gain)/ loss on obligations	343,187	1,229,601
Actuarial (gain)/ loss recognized in the year	343,187	1,229,601
vi) The amounts to be recognized in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	5,122,180	4,080,117
Fair value of plan assets as at the end of the year	1,203,154	904,272
Funded status	(3,919,026)	(3,175,845)
Net asset/(liability) recognized in the balance sheet	(3,919,026)	(3,175,845)
vii) Expenses Recongnised in statement of profit and loss		
Current Service cost	681,336	568,095
Interest Cost	326,409	207,483
Expected return on plan assets	(86,751)	(79,334)
Net Actuarial (gain)/ loss recognized in the year	343,187	1,229,601
Expenses recognised in statement of Profit and loss	1,264,181	1,925,845
21. FINANCE COSTS	AS AT 31st March, 2013	AS AT 31st March, 2012
Interest to Bank		
(a) on Term Loans	4,601,929	6,991,303
(b) on Working Capital Loans	3,744,776	4,874,820
Interest to Others	2,418,313	1,552,657
Bank charges	563,610	1,018,882
	11,328,628	14,437,662
22. OTHER EXPENSES		
22.1 Direct Expenses		
Laboratory Expenses	5,742,412	5,905,174
Power & Fuel Charges	5,334,463	4,834,357
Insurance: Instruments & Building	144,750	131,014
Freight / Transportation Charges	186,555	169,315
Testing Charges	1,182,051	803,227
NABL/BIS/NPL - Asstt. Charges	512,435	172,070
Repair & Maintenance – Instruments	5,313,991	3,979,271
Repair & Maintenance – Building	1,462,982	714,322
Training & Certification Charges	256,846	277,000
	20,136,485	16,985,750
22.2 Selling and Distribution Expenses		
Advertisement Expenses	153,875	104,334
Business Promotion Expenses	2,129,265	2,285,716
Commission & Brokerages	2,718,302	2,951,568
Discount Allowed	943,621	435,784
Bad Debts Written Off	695,056	621,558
	6,640,119	6,398,960
22.3 Establishment Expenses		
Security Service Charges	921,543	981,819
Housekeeping Charges	402,755	244,056
Telephone & Mobile Expenses	814,043	710,878
Internet Expenses	1,046,965	1,225,216
Postage & Courier Charges	838,229	744,569
Conveyance Expenses	484,746	378,864
Vehicle Running & Maintenance	1,206,426	990,035
Computer Expenses	2,400,522	1,332,383
Guest House Expenses	79,265	79,758
Printing & Stationery Expenses	2,106,871	1,812,390
Books & Periodicals	137,495	47,270
Directors' Sitting Fees	18,000	18,000
Rent Charges	5,127,915	5,032,223

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	AS AT 31st March, 2013	AS AT 31st March, 2012
Insurance on Vehicle	93,526	95,643
Insurance on Others	302,013	326,565
Garden Maintenance Charges	62,333	114,239
Office Expenses / Maintenance charges	499,255	384,519
Repair & Maintenance Charges	209,096	215,934
Membership Fees & Subscriptions	52,439	53,641
Placement Expenses	190,625	26,299
Legal Expenses	298,883	251,236
Professional Charges	2,454,897	1,284,071
Auditor's Remuneration	175,000	150,000
Rates & Taxes	510,153	305,801
Registration / Filing / Licence Renewal Fees	41,251	59,597
Listing Fees	74,512	193,924
Penalty Charges	13,800	25,200
Donation	50,101	24,000
Travelling Expenses	4,443,678	4,174,071
Loss on Sale of Fixed Assets	232,555	-
	25,288,892	21,282,202
Total	52,065,496	44,666,911
23.1 PRIOR PERIOD EXPENSES		
Repairs & Maintenance- AMC Charges	-	23,957
	-	23,957
23.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
Capital Goods	2,239,192	1,510,521
Consumables	796,708	206,123
	3,035,900	1,716,644
23.3 PAYMENT TO AUDITORS AS :		
Statutory Audit Fees	175,000	150,000
Certification & Other Services	42,840	-
	217,840	150,000
23.4 EXPNDITURE IN FOREIGN CURRENCY		
Travelling Expenses	617,606	669,143
Membership Fees	-	52,010
	617,606	721,153
24. EARNINGS IN FOREIGN EXCHANGE		
FOB Value of Exports	670,540	434,734
	670,540	434,734
25. EARNINGS PER SHARE (EPS)		
i) Net Profit for the year attributable to equity shareholders	10,222,062	10,105,029
ii) Weighted Average number of Equity Shares for Basic EPS	6,665,263	6,041,932
iii) Weighted Average number of Equity Shares for Diluted EPS	6,665,263	6,041,932
iv) Face Value per equity share Amount in (₹)	10.00	10.00
v) Earnings per Share (Basic)	1.53	1.67
vi) Earnings per Share (Diluted)	1.53	1.67
26. Segmental Reporting : The Company is engaged in the sole segment of Analysis and Testing, There are, therefore, no separate segments within the Company as defined by AS-17 (Segmental Reporting) issued by the ICAI.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

27. Related Party Disclosures :

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

1. Related Parties

(a) 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

(b) Relatives of KMP

Mrs.Neeta Shah
D. G Choksi HUF
Mrs. Khyati Choksi

2. Disclosure of transactions between the Company and Related Parties and the Status of outstanding balances as at March 31, 2013 :

Nature of Transactions	Individual having Control and KMP	Relatives of KMP	Outstanding balance as on 31-03-2013
Remuneration	4,860,000	Nil	904,797
Commission	---	956,972	283,877
Salary	---	480,000	34,594
Rent	300,000	1,136,820	993,132
Deposit Given	---	Op.Bal. 20 Lacs	2,000,000
Loan Taken	1,700,000	---	---
Loan Repaid	1,700,000	---	---

28. Operating Leases :

i)	Obligation on Non-cancelable operating leases :	
	a) not later than one year	5,55,305
	b) later than one year and not later than five years	1,31,280
	c) later than five years	6,56,400
ii)	Total of minimum sub-lease payments expected	NIL
iii)	Lease payments recognized in the statement of Profit & Loss for the Period	5,127,915
iv)	Sub lease payments received or receivable recognized in P&L A/c during the period	NIL
v)	General description of significant leasing arrangements	Various Properties for Commercial use
	a) Description of the assets taken on operating lease	
	b) Basis on which contingent rent payments are determined	Basis taken as per the lease agreements with the lessor
	c) Terms of renewal or purchase options and escalation clauses of lease arrangements	All lease agreements are general and can be renewed after expiry of the lease period. No purchase options specifically mentioned in the agreement.
	d) Restrictions imposed by lease agreements, if any	Not to sub-lease

29. Contingent liabilities not provided for in respect of:

- a) Guarantees issued by Bank on behalf of the Company Rs.3,68,396/-(Previous year ₹.8,772,608)
- b) Income Tax Demand AY 2009-10 Rs.576960/- (the Company has undergone for Appeal before CIT (Appeals)) (Previous Year- ₹ 576,960/-)
- c) During the year, a Bank Guarantee of ₹ 32,04,212/- has been encashed by Commissioner of Customs (EPCG) towards their charge against non-fulfillment of EPCG Commitments which were supposed to be fulfilled upto 27-4-2014. The Company is under the process of recovering the same amount from this department and is sure regarding the recovery of ₹ 32,04,212/-.The same amount is therefore, shown as recoverable from the said authority in the financial statements.
- d) During the year the company has discharged two other EPCG licences after fulfilment of export obligation worth rupees 3.84 crores during the period 2005 to 2012 resulting into release of Bank Guaranty worth ₹ 52,20,000/- from customs.

30. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 1.96 Crores (Previous year ₹ 4.21 Crores)

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

	31-3-2013	31-3-2012
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

32. The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

Choksi Laboratories Limited

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

ATTENDANCE SLIP

20th ANNUAL GENERAL MEETING, 30th SEPTEMBER, 2013

*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 20th, Annual General Meeting of the Company at 6/3, Manoramaganj, INDORE (M.P.) on Monday, the 30th September, 2013 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 _____

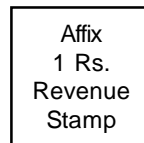
of _____

as my/our proxy to vote for me/us on my/our behalf at the 20th, Annual General Meeting of the Company to be held on 30th September, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013

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.



Signature _____

Book - Post

To,

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

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Corporate Office & Central Laboratory :
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 Tel : +91 731 4243888 (30 Lines)
 Fax : +91 731 2490 593
 Email : indore@choksilab.com
 Website : www.choksilab.com

FORM -A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Choksi Laboratories Limited
2	Annual Financial Statements for year ended	31st March 2013
3	Type of observation	Un-qualified
4	Frequency of observation	Repetitive
5	Signed by	For Choksi Laboratories Ltd. Authorized Signatory
	Managing Director	 Sunil Choksi Managing Director QAIS 20/2006-01
	Auditor of the Company	For: Prateek Jain & Co Chartered Accountants  (Prateek Jain) Proprietor M No.79214 For CHOKSI LABORATORIES LTD.,
	Chairman of Audit Committee	 Director.

Encl.:- Annual Report for the FY 2012-13

Baroda Laboratory :

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 Baroda - 390 010 (Guj.) INDIA
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 3935121-3935125
 Fax : +91-265-3935123
 E-mail : baroda@choksilab.com

Bengaluru Laboratory :

Siddhi Vinayaka Complex,
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 80 feet Ring Road, Nagarabhavi
 BENGALURE 560 079 (Karnataka)
 E-mail : bangalore@choksilab.com
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Goa Laboratory :

C-18,C-20 Verna Industrial Estate
 Phase - 1 A, Verna - 403722
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 E-mail : goa@choksilab.com

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 GIDC-Char Rasta Behind GIDC Office,
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