

ANNUAL REPORT 2007-2008

We believe in excellence



Bodal Chemicals Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Suresh J. Patel
Chairman & Managing Director

Bhavin S. Patel
Whole Time Director

Ankit S. Patel
Executive Director

Ramesh P. Patel
Whole Time Director

Surendra N. Shah
Independent Director

Sunil K. Mehta
Independent Director

Hardik M. Shah
Independent Director

Bipin R. Patel
Independent Director

COMPANY SECRETARY

Chirag G. Shah

REGISTERED OFFICE

Plot No.123 & 124, Phase-I, G.I.D.C. Estate,
Vatva, Ahmedabad-382 445.

AUDITORS

Mayank Shah & Associates.,
Chartered Accountants,
706-708-A, Mahakant, Opp. V.S. Hospital,
Ellisbridge, Ahmedabad-380 009

BANKER

Union Bank of India

REGISTRAR & TRANSFER AGENTS

Pinnacle Shares Registry Pvt. Ltd.
Nr. Ashok Mills, Naroda Road,
Ahmedabad-380 025

AUDIT COMMITTEE

Surendra N. Shah *Chairman*

Hardik M. Shah *Member*

Bipin R. Patel *Member*

REMUNERATION COMMITTEE

Surendra N. Shah *Chairman*

Hardik M. Shah *Member*

Bipin R. Patel *Member*

SHAREHOLDER GRIEVANCES COMMITTEE

Surendra N. Shah *Chairman*

Hardik M. Shah *Member*

Bipin R. Patel *Member*

SHAREHOLDER GRIEVANCES COMMITTEE

Surendra N. Shah *Chairman*

Hardik M. Shah *Member*

Bipin R. Patel *Member*



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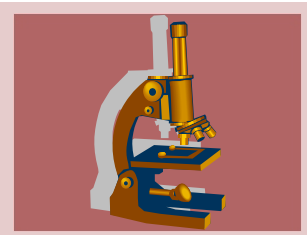
VISION

We have a vision...



...of becoming a global influence in world Dyes & Dyes Intermediates markets.

...of creating values for our Stakeholders.



...of commitment to Quality of Services & Quality of Products for our customers.

...of promoting Green Earth, by endeavoring to develop lesser and lesser polluting products.



MESSAGE FROM THE CHAIR



“The Wings Are Opening”

Dear Shareholders,

Yet again we meet to rejoice the year bygone and to take stock of the current year. There has happened a lot in the last year to rejoice and a lot is happening which makes us continue our buoyant outlook for the current year. Some highlights may give you an overall perspective :

- An all around growth year 2007-08 yet again.
- An equally promising start of the current year.
- Another Amalgamation concluded.
- The Rights Issue completed successfully
- H Acid Plant expanded. Capacity increased by 60% (1800 TPA).
- 3 Projects with Rs. 130 crore CAPEX under implementation and 2 of them will be commissioned in current year and 3rd in early next year. Total additional sales from these will be around Rs. 300 crores.(excluding captive consumption)
- On implementation of on going projects, the company will become the largest integrated chemical company manufacturing entire range from Basic Chemicals to Dyes.
- The quantum jump phase begins.

The Year Bygone :

The year 2007-08 has been a hat-trick year. Yet again, since amalgamation of Bodal Chemicals Pvt. Ltd. with the company, for third time it has surpassed previous year's performance on all fronts. Turnover and other Receipt at Rs. 416.04 crore registered a growth of 61.16% over the previous year. Earning Before Interest, Depreciation & Taxes (EBIDTA) touched Rs. 42.00 crore, a whopping 107.40% increase over the previous year. And finally the bottom line, Net Profit rose by 56.22% over previous year to Rs. 17.45 crore. Exports grew by 53.42% to Rs. 200.81 crore and constitute 49.59% of the total sales. The company, today exports to over 25 countries in almost all continents of the world.

The company once again paid an interim dividend of 20% and a final one at 5% has been proposed for your approval. Resultant 25% dividend for two consecutive years.

The Year anon :

The current year has started equally promisingly and barring unforeseen circumstances, seems to be going to start a run for and become 1st year of the 2nd hat trick. The financial results declared for the first quarter 2008-09 on 30-7-2008, shows that the growth has been continued. Turnover and other Receipt at Rs. 134.80 crore for the 1st quarter of 2008-09 gives a 67.33 % increase compare to same period last year. Operating Profit at Rs. 12.92 crore is 107.52 % higher than for the corresponding quarter last year and Net Profit at Rs. 3.72 crore is 50.36 % higher than for the corresponding quarter last year.

The Company expects to book a turnover for the entire 2008-09 in range of Rs. 550 to 600 crore and net profit in the range of Rs. 20 to 22 crore. This is in line with the company's declared goal of achieving Rs.1000 crore Turnover and Rs.100 crore Net Profit in next three years.

Events Completed In Current Year

The Hon'ble High Court of Gujarat has passed order for amalgamation of Milestone Organic Ltd. (Milestone) with our company, which has become effective from 1.1.2007 on it having been filed with the Register of Companies, Gujarat on 1st August, 2008 as provided in the Scheme.

Milestone is also manufacturing dyes and dyes intermediates. Its expansion was undertaken and is completed. Milestone plants are now running at full capacity. Milestone is expected to add Rs. 45 crore in Turnover of the Company in current year i.e. 2008-09.

The company also completed successfully, its Rights Issue which opened on 27th March, 2008 and closed on 25th April, 2008. It was oversubscribed to 1.19 times without any efforts by the management/company or promotional advertisement. I thank you all for your response and for reiterating your faith in the company.

The 52,01,352 Equity Shares out of the Rights Issue are already allotted and listed on BSE. The warrants, issued with the equity shares will be exchangeable into equity share during 1st February, 2009 to 28th February, 2009 in terms of the Rights Offer. The Warrants are also listed on BSE and are tradable. I hope that warrant holders will take advantage of exchange of warrants into equity shares.

The Wings are Opening

With the year 2007-08, the post amalgamation phase and platform making phase is successfully completed. The wings are opening now, for a quantum jump. I recall an analysis given with the last year's Directors' Report. The 3rd phase mentioned therein of a 3 year block has started with the current year and is expected to culminate in the corporate targets declared of crossing Rs. 1000 crore in sales and Rs. 100 crores in net profits. This gives a 10% profitability margin – a tough call but the team at Bodal has taken up the challenge, spurred by the pace and achievements so far.

The call taken by the team at Bodal is not wishful thinking. In pipeline, under physical impletion, are the following CAPEX which will put Bodal as **the only** fully integrated company in India, manufacturing entire range from Basic Chemicals to Dyes with the widest range in Dyes Intermediates.

- The H Acid Plant at Padra, Baroda was commissioned last year. The capacity thereof has been expanded from 3000 MTPA to 4800 MTPA at a cost of Rs. 13 Crores. The additional capacity has already commenced manufacturing from June, 2008. This added capacity will generate additional sale of Rs. 45 crore every year.
- A 12000 MTPA Dyes manufacturing plant is coming up at Bodal's Padra Complex adjacent to Dye Intermediates plant with a CAPEX of Rs. 45 crore. The Company has already started construction work on it. The Unit is expected to be commissioned in 4 months, say by December, 2008 This together with existing 6000 MTPA of Dyes manufacturing capacity will make Bodal, *the largest dyes manufacturing company in India*. This unit will add about Rs. 175 crore in Turnover every year.
- A 3600 MTPA Beta Nephthol plant at a CAPEX of Rs. 20 crores is also under implementation and is expected to be commissioned by December 2008. This is a backward integration and about 80% will for Bodal's captive use. The balance 20% will add about Rs. 40 crore in turnover every year. This will improve profitability by supplying lower cost inputs captively.
- A 400 MTPD Sulphuric Acid and its derivatives are also under implementation at a cost of Rs. 65 Crores. Another backward integration plant & effluent recycling plant. This is in line with our vision of supporting green earth and of producing with lesser pollution. The non captive production will add about Rs.85 crores in turnover annually. This will also improve profitability by supplying lower cost inputs captively.

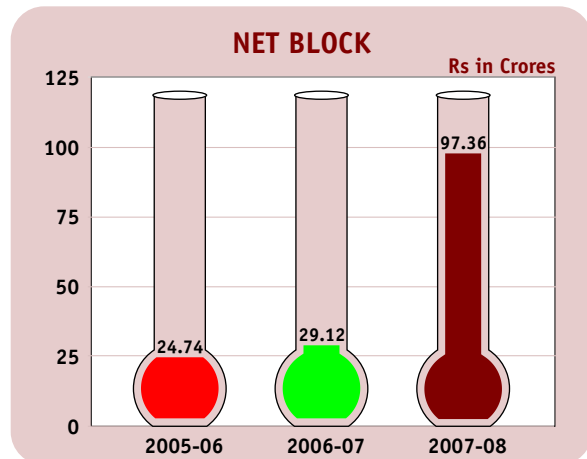
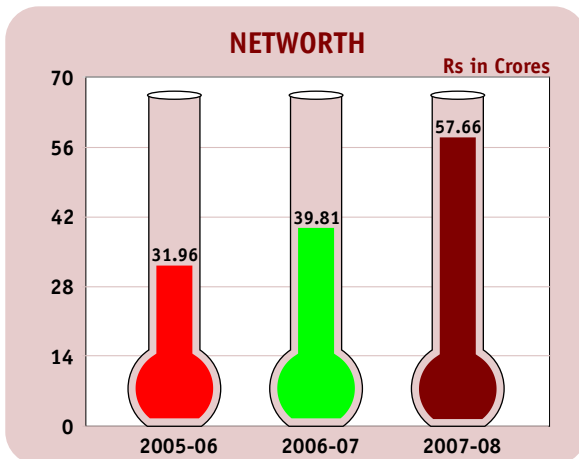
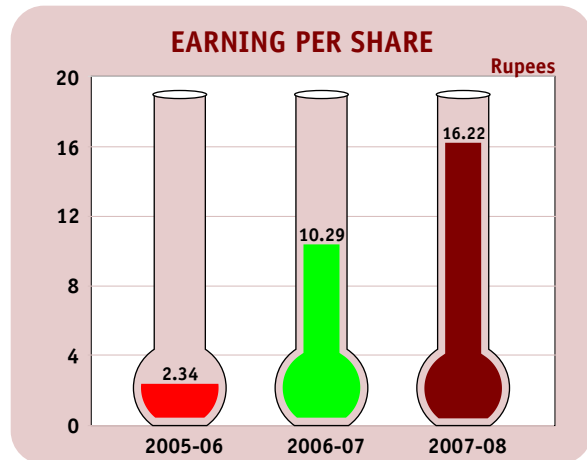
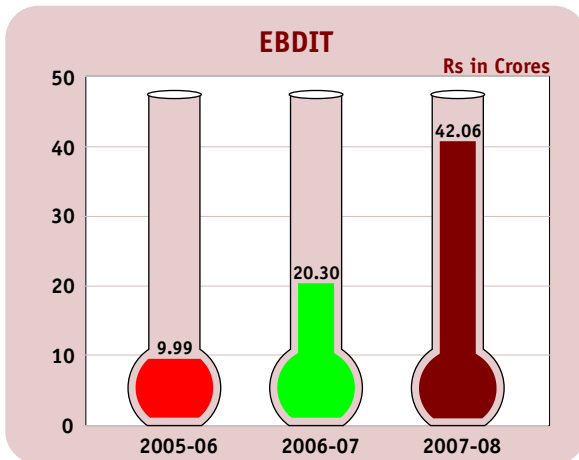
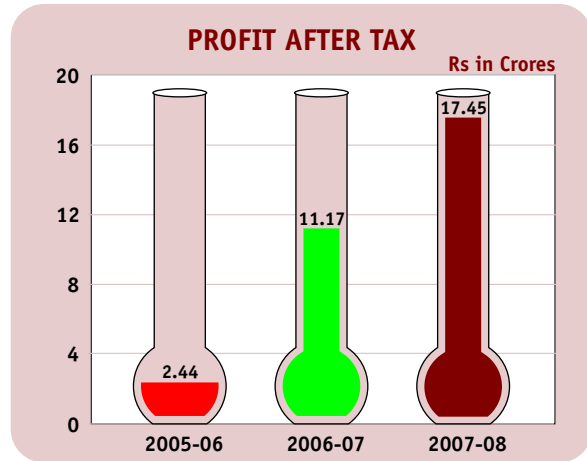
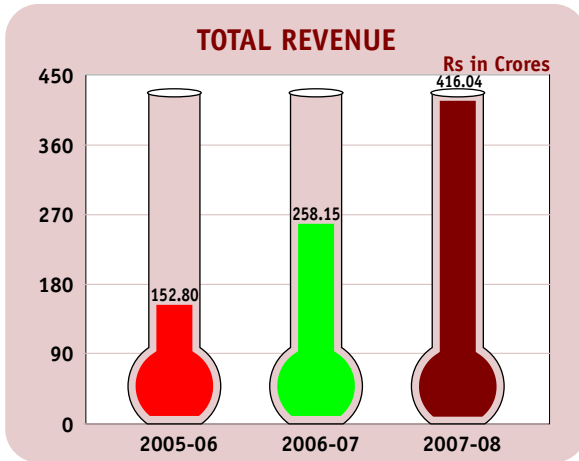
I thank you all for your continuous support and stay with the company.



Suresh Patel
Chairman

(This does not purport to be part of the proceedings at the meeting)

FINANCIAL HIGHLIGHTS



DIRECTORS' REPORT

To
The Members

The Directors have pleasure in presenting their 22nd ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULT

Particulars	(Rs. In Lacs)	
	31-3-2008	31-3-2007
Turnover and other Receipt	41603.73	25814.86
Profit before depreciation and taxation	3303.00	1688.08
Less : Depreciation / Amortisation of Goodwill	632.02	387.21
Profit before Taxation	2670.98	1300.87
Less : Provision for Taxation	925.97	183.86
Profit after Taxation	1745.01	1117.01
Balance available for appropriation	2371.35	1291.88
Dividend on Equity Shares & Preference Shares (Including Tax)	381.51	350.68
Balance Transferred to Balance Sheet	1814.84	829.20
EPS (Rs.)	16.22	10.29

DIVIDEND

Your's Directors are pleased to recommend final dividend of Rs. 0.50/- per equity share (@ 5% on par value of Rs. 10/- each) subject to the approval of shareholders, which along with the interim dividend of Rs. 2.00 per equity share adds upto a total dividend of Rs. 2.50 per equity share i.e. 25%. The fixed dividend of 10% has already been paid as Interim and hence no further dividend is payable on preference shares.

The final dividend on equity shares, if approved, will be paid to the members whose name appears on the Register of Members at the time of Book closure date.

Total dividend payout works out to Rs. 381.51 lacs including Rs.39.67 lacs dividend on Preference Shares and tax on dividends for the financial year 2007-08. The payout is 21.86 % of Profit after Tax for the year. It is thought prudent to retain most of the profits by its plough back in the business itself for CAPEX programmes for expansion projects already under implementation.

PERFORMANCE OF THE COMPANY

SOME HIGHLIGHTS :

Some highlights may give you an overall perspective :

- An all around growth year 2007-08 yet again.
- An equally promising start of the current year.
- Another Amalgamation concluded.
- The Right Issue completed successfully.
- H Acid Plant expanded. Capacity increased by 60% (1800 MTPA).
- 3 Projects with Rs. 130 crore CAPEX under implementation and out of that 2 projects will be commissioned in current year and 3rd will be commissioned in early next year. Total additional sales from these will be around Rs. 300 crores (excluding captive consumption).
- On implementation of on going projects, the company will become the largest integrated chemical company manufacturing entire range from Basic Chemicals to Dyes with widest range of Dye Intermediates.
- The quantum jump phase begins.

(1) The Year Under Review :

The year under review was a momentous year for your Company. The year 2007-08 has been a hat-trick year. Yet again, since amalgamation of Bodal Chemicals Pvt. Ltd. with the company, for third time, it has surpassed previous year's performance on all fronts. Your Directors are proud to present excellent and outstanding performance for the year under review by your company. Turnover and other Receipt at Rs. 416.04 crore registered a growth of 61.16% over the previous year. Earning Before Interest, Depreciation & Taxes (EBIDTA) touched Rs. 42.00 crore, a whopping 107.40% increase over the previous year. And finally the bottom line, Net Profit rose by 56.22% over previous year to Rs. 17.45 crore. Exports grew by 53.42% to Rs. 200.81 crore and constitute 49.59% of the total sales. The company, today exports to over 25 countries in almost all continents of the world. Once again, your company has successfully & effectively leveraged its assets, infrastructure and investments resulting in improved productivity and performance for the year under review.

The business has performed well, with productivity gains, growth in volumes and improved margin notwithstanding rise in input cost. The Company's ability to neutralize cost increase and improve margin together with purchasing efficiencies, improvement in manufacturing yield and expenses control helped in increasing profitability. This performance is another milestone for the Company.

(2) Current Year :

As you must have seen from the quarterly result of the performance disclosed for 1st quarter of current year i.e. 2008-09, the growth has continued. Turnover at Rs. 135.08 crore for the 1st quarter of 2008-09 gives a 67.35% increase over the corresponding quarter last year. Operating Profit at Rs. 12.92 crore is 107.52 % more than for the corresponding quarter last year and Net Profit at Rs. 3.72 crore is 50.36 % more than for the corresponding quarter last year.

The Company expects to book a turnover for the entire 2008-09 in range of Rs. 550 to 600 crore and net profit in the range of Rs. 20 to 22 crore. This is in line with the company's declared goal of achieving Rs.1000 crore Turnover and Rs. 100 crore Net Profit in next three years.

Events Completed In Current Year

(1) Amalgamation of Milestone Organic Ltd :

The Hon'ble High Court of Gujarat has passed order for amalgamation of Milestone Organic Ltd (Milestone) with our company, which has become effective from 1.1.2007 on it having been filed with the Register of Companies, Gujarat on 1st August, 2008 as provided in the Scheme.

Milestone is also manufacturing dyes and dyes intermediates. Its expansion was undertaken and is completed. Milestone plants are now running at full capacity. Milestone is expected to add Rs. 45 crore in Turnover of the Company in current year i.e. 2008-09.

(2) Rights Issue :

The company also completed successfully, its Rights Issue which opened on 27th March, 2008 and closed on 25th April, 2008. It was oversubscribed to 1.19 times without any efforts by the management/company or promotional advertisement. I thank you all for your response and for reiterating your faith in the company.

The 52,01,352 Equity Shares at Rs. 20/- each including Rs. 10/- premium per share with Detachable Warrants have been allotted on 24th May, 2008. The warrants, issued with the equity shares will be exchangeable into equity share during February, 2009. One Warrant will be exchangeable into one equity share at Rs. 20/- including Rs. 10/- premium per share.

The Company has fully utilised Rights Issue proceeds i.e. Rs. 10.40 crore in accordance with the objects of Rights Issue.

LISTING OF SECURITIES

Both, the new equity shares and the warrants have been listed at BSE on 29th May, 2008 and have been permitted for trading at BSE on 5th June, 2008. BSE script codes for equity shares and warrants are mentioned in Corporate Governance Report.

Hence, paid up equity share capital of the Company has been increased from Rs. 10.40 crores (1,04,02,704 equity shares of Rs. 10/- each) to Rs. 15.60 crore (1,56,04,056 equity shares of Rs. 10/- each). Because of the share premium collected, the total Reserves of the Company have increased by Rs. 5.20 crore.

CAPACITY EXPANSION FOR H ACID PLANT

Further, the Company has successfully expanded H-Acid plant capacity from 3000 MTPA to 4800 MTPA by addition of 1800 MTPA at Padra unit Nr. Vadodara, Gujarat. Commercial production at additional capacity has already commenced during June, 2008. This added capacity will generate additional sale of Rs. 45 crore every year.

CAPEX UNDER IMPLEMENTATION :

- Large projects are under implementation which have multiple benefits for the company.
- A 12000 MTPA Dyes manufacturing plant is coming up at Bodal's Padra Complex adjacent to Dye Intermediates plant with a CAPEX of Rs. 45 crore. The Company has already started construction work on it. The Unit is expected to be commissioned by December, 2008. This together with existing 6000 MTPA of Dyes manufacturing capacity will make Bodal, the largest dyes manufacturing company in India. This unit will add about Rs. 175 crore in Turnover every year.
- A 4800 MTPA Beta Nephthol plant at a CAPEX of Rs. 20 crores is also under implementation and is also expected to be commissioned by December 2008. This is a backward integration and about 60% will for Bodal's captive use. The balance 40% will add about Rs. 40 crore in turnover every year. This will improve profitability by supplying lower cost inputs captively.
- A 400 MTPD Sulphuric Acid and its derivatives plant is also under implementation at a cost of Rs. 65 crore. Another backward integration plant & effluent recycling plant. This is in line with our vision of supporting green earth and of producing with lesser pollution. The non captive production will add about Rs.85 crores in turnover annually. This will also improve profitability by supplying lower cost inputs captively.

PUBLIC DEPOSITS

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31st March, 2008.

DIRECTORS

Mr. Ankit S. Patel was appointed as an Additional Director designated as an Executive Director of the Company on 24th May, 2008. As per the provisions of section 260 of the Companies Act, 1956, this Additional Director will hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices under section 257 of the Act along with requisite deposit, in respect of him, proposing his appointment as a Director of the Company. Resolution seeking approval of members for the appointment of Mr. Ankit S. Patel, as an Executive Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting.

Mr. Hardik M. Shah and Mr. Bipin R. Patel, retires by rotation at the Annual General Meeting. They are being eligible, offers themselves for re-appointment.

For the perusal of shareholders, a brief resume of the above said directors, nature of their expertise, their shareholding in the company and other required details are given in the section of Corporate Governance Report elsewhere in the Annual Report.

During the year, Mr. Hemil M. Shah has resigned as a Director as well as a member of all three committees i.e. Audit Committee, Remuneration committee and Shareholders Grievances Committee on 30th January, 2008 and Mr. Ramesh D. Patel has resigned as a Director of the Company w.e.f. 24th May, 2008. The Board of Directors records its appreciation for contribution made by both the Directors, during their tenure.

INSURANCE

The Company's assets are adequately insured.

AUDITORS & AUDITORS REPORT

Your Directors propose to reappoint the Auditor M/S. Mayank Shah & Associates. Chartered Accountants, Ahmedabad for the financial year 2008-09. The Company has received a certificate from the auditor stating that their appointment, if made, will be within the limit specified under section 224 (1B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

Industrial relations at all divisions of your Company have always been cordial and continue to be so, your Directors wish to place on record their appreciation for the co-operation received from employees at all levels.

ENVIRONMENT PROTECTION

Your Company has undertaken various environment friendly measures in its different units for promoting better environment. The Company has in place adequate pollution control equipments and all the equipments are in operation.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your attention is drawn to the perception and business outlook of your management for your company in current year and the industry in which it operates including perceived trends in near future. The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange has been attached and forms part of this Directors' Report.

CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements as specified under clause 49 of the Listing Agreement by SEBI. As required therein, a separate Report on Corporate Governance forms part of this Annual Report. The certificate from statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is part of this report and is annexed.

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and forms part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, the directors hereby confirm;

1. That in the preparation of the accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures have been made from the same;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31st March, 2008. on a 'going concern' basis.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT (R&D), TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information pursuant to section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure-A forming part of this report.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration of Rs. 24,00,000 or more employed throughout the year or Rs. 2,00,000 or more per month employed for a part of the year.

ACKNOWLEDGEMENT

The outstanding overall performance of the company reflects the dedication, commitment and enthusiasm of the people at all levels at Bodal. Your Directors place on record its gratitude to the shareholders, Banks, valuable customers, suppliers and business associates for their continued support and confidence.

The directors gratefully appreciate the co-operation and assistance extended by the various Central and State Government agencies.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date : 28-8-2008

SURESH J. PATEL
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE-'A' TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008

CONSERVATION OF ENERGY

Energy Conservation measures taken:

Reducing the HP of Motors wherever possible

Improvement in low insulation.

Periodic desertion of Boiler

Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy : Nil

Impact of (a) & (b) above :

The adoption of energy conservation measures indicated above have consequent impact on cost of production of goods.

Total Energy consumption per unit of production

	2007-08	2006-07
(i) Total consumption of Electric (Units)	215.76 lacs	121.52 lacs
Total Amount (Rs.)	982.76 lacs	519.70 lacs
Unit/Average Rate	Unit/Rs. 4.55	Unit/Rs. 4.28
(ii) Fuel		
Quantity	Kgs. 272.07 lacs	Kgs. 94.85 lacs
	Ltr. 0.66 lacs	Ltr. 0.76 lacs
	Scm 14.85 lacs	Scm 11.37 lacs
Total Amount (Rs.)	982.84 lacs	458.60 lacs
Unit /Average Rate	Kgs./Rs. 2.59	Kgs./Rs. 2.22
	Ltr/Rs. 35.29	Ltr/Rs. 22.08
	Scm/Rs. 17.12	Scm/Rs. 20.31

RESEARCH & DEVELOPMENT (R & D)

The company has not incurred any expenditure related to Research & Development during the year.

Future Plans of Action:

The company will try its best to carry activities in the field of R & D of development of new product and its improvements in the existing product efficiencies.

Expenditure on R & D : (Rs. In Lacs)

	2007-08	2006-07
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
	Nil	Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(a) Efforts in brief:

I. Company in order to fully utilize its multidimensional manufacturing capacity is always on forefront to mass the best use of its technical capability for better success.

II. Continuous endeavor to improve Product Quality & Process Yields.

(b) Benefit derived as a result of the above effort:

The Company is able to market its value added products in Domestic as well as International Market.

(c) Details relating to imported technology: Nil

FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In lacs)

	2007-08	2006-07
(a) Total Foreign Exchange Earning F.O.B. Value of Export	19963.75	12931.78
(b) Foreign Exchange outgo		
(i) Value of imported Raw materials calculated on CIF basis.	4140.65	785.95
(ii) Foreign Traveling Expenditure	7.19	4.94
(iii) Export Sales Commission	580.95	332.73
(iv) Business Development Expenses	Nil	2.25
(v) Membership Fees	0.04	Nil
(vi) Advertisement	5.56	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

The Industry Overview :

The dyestuff sector is one of the most important segments of the chemical industry in India, having forward and backward linkages with a variety of sectors like textiles, leather, paper, polymers, printing ink, medical use, electronics and foodstuffs.

The world market size of dyes, pigments and intermediates is estimated at approximately US\$ 23 billion. The industry is expected to grow at approximately 5-7% per annum in the next decade. Dyestuff and intermediates industry in India grew initially as import substitution. The quality of Dyes made in India meets the exacting standards set by International customers.

The Dyestuff industry constitutes three sub-divisions namely dyes, pigments and intermediates. Dyes are soluble and essentially used in textile products. Pigments, on the other hand, are insoluble and are important inputs to products such as paints.

The major users of dyes in India are Textile, paper and leather industries. Pigments are used mostly by the paint, printing ink, plastic and polymer industries as colouring agents or in manufacturing of colouring dyes.

DYES & DYE INTERMEDIATES:

Dyes are classified according to various systems. The most commonly used one is the one used by the US International Trade Commission. According to this system, there are following types of dyes, as detailed in the table below:

Group	Application
Acid	Wool, silk, paper, synthetic fibers, leather
Azoic	Printing Inks and Pigments
Basic	Silk, wool, cotton
Direct	Cotton, cellulosic and blended fibers
Disperse dyes	Synthetic fibers
Reactive	Cellulosic fiber and fabric
Organic pigments	Cotton, cellulosic, blended fabric, paper
Sulphur	Cotton, cellulosic fiber
Vat dyes	Cotton, cellulosic and blended fiber

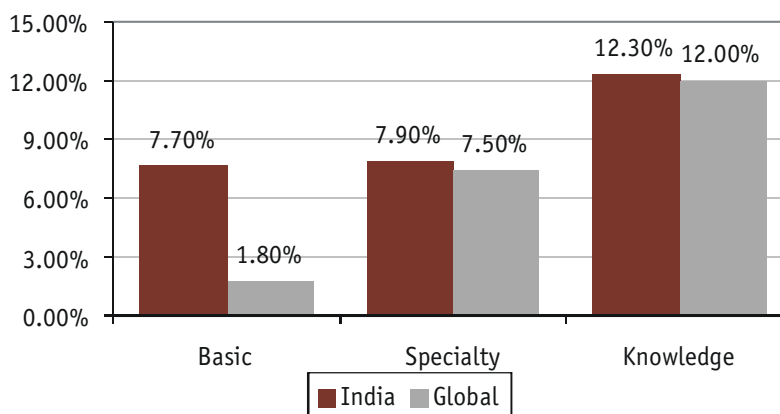
With the change in the product profile of the textile industry from the high-cost cotton textiles to the highly durable and versatile synthetic fibers, the consumption pattern of dyes has also been changing. Polyesters are projected to account for a large part of dye consumption in the country. Accordingly, disperse dyes, which find application in polyesters, are projected to grow faster.

In addition to textiles, dyestuffs are also used in industries like plastic, paints, printing inks, paper and leather. While these industries account for a very small part of domestic consumption, globally these account for a substantial part of total consumption.

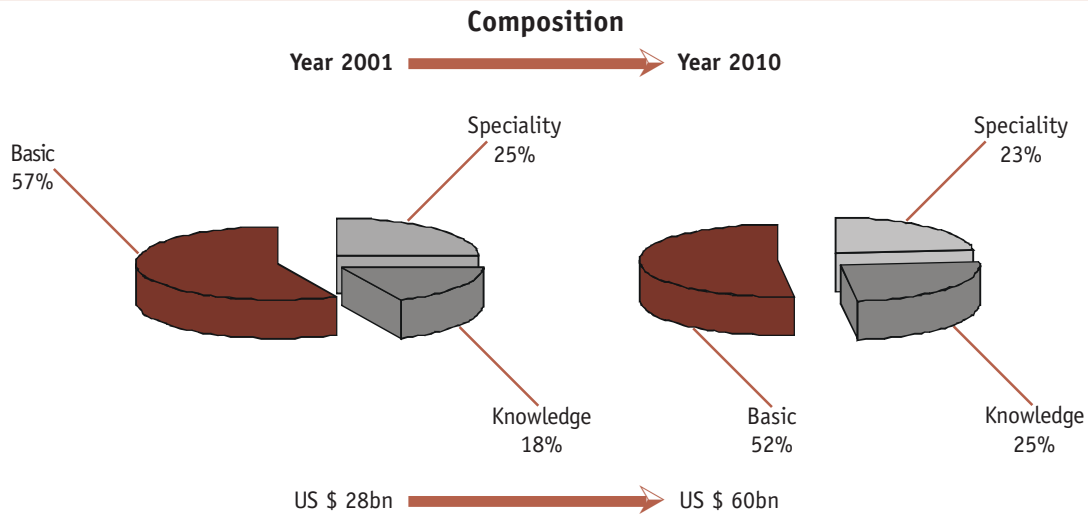
The world market size of dyes, pigments and intermediates is estimated at approximately US\$23 billion. The industry is expected to grow at approximately 5-7% per annum in the next decade. Dyestuff and intermediates industry in India grew initially as import substitution. (Source : <http://www.chemixcil.gov.in/panel2.asp>)

PROJECTED GROWTH (2001-2010)

CHEMICAL INDUSTRY GROWTH RATE



* Basic includes Dyes & Dye Intermediates



" Source: KPMG Report – 2003 Base case scenario = Assumes that the industry continues to achieve historic growth rate in each of the three segments."

Indian Scenario

The Indian dyes and dyestuff industry is made up of around 900 small scale units and 50 large organized units and produces around 80000 tonnes of dyestuff per annum. Two western states, Maharashtra and Gujarat (Chiplun to Mehsana belt), account for over 90% of dyestuff production in the country. India's share in the world market is estimated at 5-6%. The main products which the small scale sector concentrates are reactive dyes, acid dyes and direct dyes, while large companies mainly concentrate on Vat, disperse dyes, pigment dyes, etc. The industry achieved the growth rate of more than 15 per cent during the last decade and emerged as the second largest producer of dyes and dye intermediates in the Asian Region.

The Indian Dyestuff Industry can realistically aim to realise about 10 per cent of share of the world market in the next five years. Considering that the dyestuff industry can realise \$ 2 billion by the year 2010 and on the basis that half of value production is exported, it would mean tripling of present level of exports in the next five years. Indian Dye Industry is gearing itself to be a global player, both due to its own intrinsic strengths and also due a change in the circumstances of industry giants in developed countries. The developed countries have begun sourcing their supplies from the developing countries on account of economical considerations and growing production costs. Germany, U.S., Japan, Switzerland and the U.K. account for two-thirds of the world production of dyestuff of 85,000 tonnes. Today, the share of the developed countries in world production of dyes has come down from 65 per cent to 50 per cent and is likely to go down further as countries like China, South Korea, Taiwan and India emerge as large producers.

The major markets for Indian dyestuffs are the European Union, U.S.A., Indonesia, Hong Kong, South Korea and Egypt. The U.S. takes almost 20 per cent of India's exports. China is the closest rival with a more competitive price but poorer quality of product.

A changed Scenario – Windfall gain for Indian Dyestuff Companies :

Recently India has a windfall opportunity to increase its market and particularly its exports also because of a peculiar development in China. Chinese government has withdrawn an export incentive it used to give to exporters of China which was a refund of about 15 to 17 % value added tax (VAT) on the exported Dyes from China. This cancellation of export incentive has made Chinese dyes costlier by 15% to 17% in international market. This has uplifted the prospects and earnings for Indian Dyes Manufacturers & Exporters.

Now, Indian Companies not only compete in terms of quality but **also in terms of cost.**

There is a supply shortage of dyes and dyes intermediates due to decline in export from China, while its demand is increasing by the day. At present, Chemicals Industry players believe that many more players in the industry will take the expansion route as demand of dyes and dyestuff is on the rise.

All these factors have brightened the prospects for Indian Dyestuff manufacturers in both domestic and export market.

Export Potential :

Today Indian Dyestuffs are being exported to East, South and West Asia, Africa, USA, European Countries, of which US alone accounts for almost 20 %. From a meager export of 1.5 million US dollar in 1963-64, export during 1979-80 reached a level of 35 million US dollar and has touched over 1.30 billion during the year 2007-08. The domestic dyestuffs industry plans to target export turnover of \$2 billion by the year 2010, raising its global market share from 6% to 10%. The prospects for exports have increased due to reduced flow of material from China as mentioned earlier.

Bodal Business Overview & Market Identity :

We are manufacturing Dyes and Dyes Intermediates since last 20 years, viz. Vinyl Sulphone, Acetanilide, Direct and Reactive Dyes. Presently; we are also manufacturing FC Acid, DASA, 6 Nitro etc. We have on our regular list of buyers/importers from Europe, Turkey, Indonesia, Thailand, Korea and many other countries. We are competitive in pricing, consistent in timely deliveries and quality. We have our production units at 4 locations in Ahmedabad, one unit at Ankleshwar, one at Panoli, one unit at Padra, and one unit at Ekalbara Village, Ta. Padra. Dist. Vadodara.

Out of our total production, about 50% is being exported to various countries like USA, UK, Germany, Spain, Turkey, China, Indonesia, Taiwan, Korea, Egypt, Italy, Bangladesh and Pakistan etc.

The production of high quality dyes depends on availability / use high quality of intermediates, which are the basic and essential ingredients of Chemical Industry. High quality of intermediates also facilitates the research, development and quality control of dyes.

Bodal has earned a name for CRQTD i.e. Consistency, Reliability, Quality and Timely Delivery, in domestic and export markets. Because of this, Bodal has been able to charge higher price for several of its products than competitors. Bodal is exporting about 50% of its production to more than 25 countries all over the world. Bodal is a **Two Star Export House** recognized by DGFT and is availing all benefits and incentives for the export of its products. We are on a growth and expansion path and would keenly be exploring expansion of capacities by acquisitions or by setting up new projects.

Our Products

We are manufacturing Dyes and Dyes Intermediates. Our product range includes ;

- a. Dyes Intermediates : Vinyl Sulphone (Para Base), H Acid, DASA, FC Acid, GAMA Acid, Sulpho Tobias Acid, G-Salt, Meta Ureido Aniline, Ortho Anisol Vinyl Sulphone, , Vinyl Sulphone Ester of 2:5 Di Methoxy Aniline, Bronner's Vinyl Sulphone Ester etc.
- b. Reactive Dyes
- c. Acid Dyes
- d. Direct Dyes

All dyes intermediates like Vinyl Sulphone, Gamma Acid, Acetanilide, DASA, FC Acid, H Acid, 6 Nitro etc. are backwardly integrated to Dyes like Reactive Dyes & Direct Dyes like Red 195, Yellow 145, Black 210, Black 22, Acid Dyes and vice versa.

These products are used for colouring Textile, Leather etc.

Upcoming Projects

An investment budget of about Rs. 130 crore is under deployment/next in line, in terms of capacity expansion to achieve Rs. 1000 crore Turnover targets in next three years. The company is implementing the following projects which will make it a formidable dyes and dye intermediate company having fully integrated product range from Basic Chemicals to Dyes in fact the only such company in India:

- a) A Dyes manufacturing project on the company's land at Padra Vadodara (adjacent to its Dye Intermediates Project) with 12000 MTPA at an estimated investment of Rs. 45 crore. The Company has already started construction work on it and is expected to be commissioned said project for commercial production by December, 2008 This together with existing 6000 MTPA of Dyes manufacturing capacity will make Bodal, the largest dyes manufacturing company in India. This is expected to add Rs. 175 crore in Turnover every year from December, 2008.

- b) Beta Naphthol Plant : It will be Backward Integration for us and we plan to manufacture 4800 MTPA of Beta Naphthol. About 60% will be used for captive and balance will add total turnover of the company by about 40 Crore. The Company has already started construction work on it and is also expected to be commissioned by December, 2008.
- c) Acid Plant : It will also be Backward Integration for us and we plan to manufacture Sulphuric Acid and its derivatives (400MT per day). This plant will consume much of our liquid effluent and it will support our commitment for pollution free environment. Excluding majority of captive consumption this plant will add total turnover of the company by about 80 Crores.

Beta Naphthol Plant and Acid Plant projects are part of our Backward Integration strategy for improvement in profit margin.

Financial Performance Review-2007-08

The Year Bygone :

The year 2007-08 has been a hat-trick year. Yet again, since amalgamation of Bodal Chemicals Pvt. Ltd. with the company, for third time it has surpassed previous year's performance on all fronts. Turnover and other Receipt at Rs. 416.04 crore registered a growth of 61.16% over the previous year. Earning Before Interest, Depreciation & Taxes (EBIDTA) touched Rs. 42.00 crore, a whopping 107.40% increase over the previous year. And finally the bottom line, Net Profit rose by 56.22% over previous year to Rs. 17.45 crore. Exports grew by 53.42% to Rs. 200.81 crore and constitute 49.59% of the total sales. The company, today exports to over 25 countries in almost all continents of the world.

The company paid an interim dividend of 20% and a final one at 5% has been proposed for your approval.

The Year anon :

The current year has started equally promisingly and baring unforeseen circumstances, seems to be going to start a run for and become 1st year of the 2nd hat-trick. The financial results declared for the first quarter 2008-09 on 30-7-2008, shows that the growth has been continued. Turnover and other Receipt at Rs. 135.08 crore for the 1st quarter of 2008-09 gives a 67.35 % increase compare to same period last year. Operating Profit at Rs. 12.92 crore is 107.52 % higher than for the corresponding quarter last year and Net Profit at Rs. 3.72 crore is 50.36 % higher than for the corresponding quarter last year.

The Company expects to book a turnover for the entire 2008-09 in range of Rs. 550 to 600 crore and net profit in the range of Rs. 20 to 22 crore. This is in line with the company's declared goal of achieving Rs.1000 crore Turnover and Rs. 100 crore Net Profit in next three years.

YOUR COMPANY – CHALLENGES AND STRENGTHS

The path to growth is never easy. Identifying Industry related challenges and utilizing our capabilities to overcome them are the key to success. Both as perceived by the management are as under :

Challenges :

The Indian Dyestuffs industry can realistically aim to realize about 10% of share of the world market in the next five years. Considering that the dyestuff industry can realize \$ 2.6 billion by the year 2010 and on the basis that half of the value of production is exported, it would mean 300% of present level of exports in the next five years. With Chinese exporters in a fix with their costs increasing by 15% to 17%, it is an opportunity and a challenge for Indian producers to capture world market.

Chemical industry is a volume based industry with very low value addition. Raw material for the chemical industry is very sensitive. Change in Raw Material Cost may have big impact on profit margins.

The future of the Industry is directly linked to the environmental protection policy of Government. Cheaper import from other Asian Countries and the impact of Exchange rate fluctuations.

Our Strengths :

The challenge lies in developing production processes which are lesser polluting and reduces effluents. Recycling waste into some usable products/by products will go a long way in making this industry a clean industry more nearer to a pharma industry :

- a) We have adopted Backward & forward integration strategy and get the benefits by Cost saving by captive consumption of acetanilide and value addition by further processing into dyes and intermediates in our 20 years of experience in this line.

- b) We have also opted by both organic and inorganic expansion of production capacities (by setting up new plants and by acquiring ready made units).
- c) The company products are well established and accepted in domestic as well as world market (exporting about 50%) in over 25 countries for its, consistency ,reliability, quality and timely delivery (CRQTD).
- d) The dyes and dyes intermediate market growth is likely to grow at a high rate in view of the growth in the user industries like Textiles, Leather products etc.
- e) Bodal is going to become within months, the Only company in India having fully integrated product range from Basic Chemicals to Dyes with widest range of Dye intermediates.

DISCLAIMER CLAUSE

This management discussion and analysis, Directors report and any other part of this annual report may contain forward looking/ growth envisaging statements, figures or charts etc. and may refer to management/board's intention and set goals. The information in these documents may also contain data/statement and perception on future of the industry by management or as quoted from Industrial and other bodies or experts. All this information is merely giving an insight into the future of the industry and the company as perceived by the industrial & other bodies, experts and/or the management and the milestones towards which management shall strive to achieve. All such forward looking statements and information are subject to risks, uncertainties and assumptions and changes in this dynamic industrial, economical and political world in which we operate. These factors could cause actual results to differ materially from those contemplated by the relevant forward-looking statement & information

This information, figures, statements and charts or any such material herein contained should not be construed as guarantee of achieving those goals/milestones etc. by the management/company nor is there any guarantee inherent in these presents for any such event or industrial scenario actually happening as envisaged here. The management accepts no liability/obligation for any act of any person undertaken on the basis of such forward looking information etc. herein contained.

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance Standards for listed companies vide clause 49 of the Listing Agreement with the stock exchange.

Corporate Governance is a corporate discipline extended to transparency, integrity and accountability towards all stake holders. Corporate Governance helps to achieve excellence to enhance stakeholders trust & value by focusing on long term stakeholder value creation without compromising on integrity, social obligation and regulatory compliances.

Your Company staunchly believes in good corporate governance and measures to achieve the same as also to continuously improve upon them. At Bodal it is a continuous endeavour for transparency in operation, transparency in relations with stakeholders and transparency with government & other bodies. Bodal strives to achieve higher levels of corporate governance through an optimum mix of fair and transparent conduct, disclosures and compliances with regulatory bodies that enhances trust on Bodal. Bodal has fully complied with the requirements of Clause 49 of the Listing Agreement. This report sets out the compliance status of the Company during the financial year 2007-08 with respect to the conditions of corporate governance.

Board of Directors :

a. Composition of Board

The Company's board consists of 8 Directors as on 31st March, 2008. Out of 8 Directors, 4 Directors are independent directors. The Chairman of the Board is Executive Director. The composition of the Board of Directors is in compliance with the Clause 49 of the Listing Agreement.

b. Meeting of Board of Directors

Seventeen Board meetings were held during the financial year 2007-2008. The dates on which Board Meetings were held viz; 2-5-07, 22-5-07, 4-6-07, 6-6-07, 16-6-07, 30-6-07, 30-7-07, 14-8-2007, 6-9-2007, 30-10-07, 27-11-07, 11-12-07, 31-12-07, 30-1-08, 16-2-08, 26-2-08 and 26-3-08. The time gap between any two Board Meeting was less than 4 months. The 21st Annual General Meeting was held on 29-9-07.

c. Directors attendance and Directorship held.

The table below provides the composition of the Board, their attendance at Board meetings (1-4-2007 to 31-3-2008) & AGM (29-9-2007) and number of other directorship, chairmanship/membership of other companies.

Name of the Director	Category	No. of other Directorship held in public companies in India**	No. of other Board committees of which Member / Chairman**	Board meeting attended	Attendance at the last AGM	No. of Shares & % held as on 31.03.08
Suresh J. Patel Chairman & Managing Director	Promoter Executive	Nil	None	17	Yes	3356080 32.26%
Bhavin S. Patel Whole Time Director	Promoter Executive	Nil	None	13	Yes	493680 4.75%
Ramesh P. Patel Whole Time Director	Promoter Executive	Nil	None	13	No	705280 6.78%
Ankit S. Patel* Executive Director	Promoter Executive	Nil	None	N.A.	N.A.	Nil
Surendra N. Shah Independent Director	Independent Non-Executive	Nil	None	8	Yes	9731 0.09%
Hardik M. Shah Independent Director	Independent Non-Executive	Nil	None	11	No	Nil
Hemil M. Shah# Independent Director	Independent Non-Executive	Nil	None	6	No	N.A.
Bipin R. Patel\$ Independent Director	Independent Non-Executive	1	Chairman-1 Member-1	5	Yes	1100 0.01%
Sunil K. Mehta\$ Independent Director	Independent Non-Executive	Nil	None	5	Yes	41000 0.39%
Ramesh D. Patel\$ ^ Director	Promoter Non-Executive	Nil	None	1	No	493696 4.75%

Notes:

- (1) \$ Mr. Ramesh D. Patel, Mr. Bipin R. Patel and Mr. Sunil K. Mehta were appointed as Directors of the Company w.e.f. 14-8-2007
- (2) #Mr. Hemil M. Shah has resigned as a Director of the Company w.e.f. 30-1-2008.
- (3) * Mr. Ankit S. Patel has been appointed as an Executive Director w.e.f. 24-5-08.
- (4) ^Mr. Ramesh D. Patel has resigned as a Director of the Company w.e.f. 24-5-2008
- (5) **This number excludes the directorships/committee memberships held in private companies and also of the Company.
- (6) As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (audit /remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship. Non-executive Directors have no transaction with the company. The details of sitting fees, commission and remuneration paid to each director appear later under the disclosure relating to Remuneration to Directors.

d. Code of Conduct

The Board has laid down the code of conduct for all Board Members and senior managerial personnel of the Company. A declaration to this effect duly signed by CEO of the Company is attached herewith and forms a part of Corporate Governance Report.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTH COMING ANNUAL GENERAL MEETING

The information as required by clause 49 (vi) of the Listing agreement with the stock exchange in relation to appointment and reappointment of Directors are as follows :

Name of Director	Mr. Ankit S. Patel	Mr. Bipin R. Patel
Date of Birth	1-11-1982	1-3-1945
Date of Appointment	24-5-2008	14-8-2007
Qualification	Bachelor in Economics and MBA (Finance) from USA	B.A., LL.B.
Name of the Companies In which he is a Director other than Bodal Chemicals Ltd.	Nil	Ami Pigment Pvt. Ltd. Kiri Dyes & Chemicals Ltd.
Specific Functional Areas	He is son of Mr. Suresh J. Patel Chairman & M.D. of the Company. He is expert in finance, management and economics.	He is an industrialist for more than 30 years standing in chemical industry and has held/is holding offices in several Industry Association and such other bodies.
Chairmanship / Membership of Committee(s) of Director of the Company	Nil	Membership of all three committees
Chairman/Member of the Committee (s) of Board of Directors of other Public Limited Companies in which a Director	Nil	Remuneration Committee & Shareholders Grievances Committee of Kiri Dyes & Chemicals Ltd.
No. of Equity Shares held at the time of Appointment	Nil	1100

Name of Director	Mr. Hardik M. Shah
Date of Birth	18-2-1981
Date of Appointment	13-5-2006
Qualification	D.M.E.(Mech), B.E.(Mech), Dip. Finance (A.M.A.), PGDBM (Som Lalit)
Name of the Companies In which he is a Director other than Bodal Chemicals Ltd.	Nil
Specific Functional Areas	Engineering and Management
Chairmanship / Membership of Committee(s) of Director of the Company	Membership of Three Committees
Chairman/Member of the Committee (s) of Board of Directors of other Public Limited Companies in which he is a Director	Nil
No. of Equity Shares held at the time of Appointment	Nil

COMMITTEE OF THE BOARD

Audit Committee

Audit committee of the Company is functioning with the requirement of section 292A of the Companies Act, 1956 and the listing agreement. The members of Audit Committee are mentioned as below. During the year, Five meetings were held as on 2-5-07, 30-6-07, 30-7-07, 30-10-07 and 30-1-08 and were attended by the following members of the Audit Committee. The Chairman of the Audit Committee had attended last Annual General Meeting held on 29th September, 2007.

The composition of committee and particulars of attendance at the meeting are provided herein below :

Name of Member	Designation	Category/Status	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	5
Mr. Hardik M. Shah	Member	Non-Executive Independent Director	3
Mr. Hemil M. Shah*	Member	Non-Executive Independent Director	2
Mr. Bipin R. Patel \$	Member	Non-Executive Independent Director	N.A.

Note : *Mr. Hemil M. Shah has resigned as a Member of the committee w.e.f. 30-1-08.

\$ Mr. Bipin R. Patel has been inducted as a Member of the committee w.e.f. 30-1-08.

Broad Terms of Reference

The broad terms of reference of the Committee as approved by the Board includes overseeing of the Company's financial reporting process, the appointment of statutory auditors and internal auditors, reviewing the quarterly and annual financial statements before submission to the Board for approval, compliance with listing and other legal requirements relating to financial statements, reviewing adequacy of the internal and internal audit function, etc.

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

The Audit Committee has reviewed the Management Discussion and Analysis of financial condition and results of operations forming part of this Annual Report and other information as mentioned in Clause 49 (II) (E) of the Listing Agreement.

Mr. Chirag Shah, Company Secretary is acting as Secretary to the Audit Committee. Statutory Auditor was also invited, as and when required.

Remuneration Committee

The Remuneration Committee of the Board has been constituted mainly to determine and recommend to Board, the Company's policies on remuneration packages for executive and non-executive Directors. The members of Remuneration Committee are mentioned as below. During the year, 1 meeting was held on 30-10-2007.

Composition :

Name of Member	Designation	Category/Status	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	1
Mr. Hardik M. Shah	Member	Non-Executive Independent Director	1
Mr. Hemil M. Shah*	Member	Non-Executive Independent Director	Nil
Mr. Bipin R. Patel \$	Member	Non-Executive Independent Director	N.A.

Note : *Mr. Hemil M. Shah has resigned as a Member of the committee w.e.f. 30-1-08.

\$ Mr. Bipin R. Patel has been inducted as a Member of the committee w.e.f. 30-1-08.

The details of remuneration paid to directors are provided below for the financial year 2007-08.

Remuneration paid to Directors

Name of Director	Age	Designation	Remuneration (including perquisites) paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration Rs.
Suresh J. Patel	52	Chairman & Managing Director	12,00,000	Nil	Nil	12,00,000
Bhavin S. Patel	27	Whole Time Director	6,00,000	Nil	Nil	6,00,000
Ankit S. Patel *	26	Executive Director	N.A.	N.A.	N.A.	N.A.
Ramesh P. Patel	51	Whole Time Director	6,00,000	Nil	Nil	6,00,000
Surendra N. Shah	48	Independent Director	Nil	Nil	Nil	Nil
Hardik M. Shah	27	Independent Director	Nil	Nil	Nil	Nil
Hemil M. Shah #	28	Independent Director	Nil	Nil	Nil	Nil
Ramesh D. Patel \$^	57	Director	Nil	Nil	Nil	Nil
Bipin R. Patel \$	63	Independent Director	Nil	Nil	Nil	Nil
Sunil K. Mehta \$	48	Independent Director	Nil	Nil	Nil	Nil
Total			24,00,000	Nil	Nil	24,00,000

Notes:

- (1) \$ Mr. Ramesh D. Patel, Mr. Bipin R. Patel and Mr. Sunil K. Mehta were appointed as Directors of the Company w.e.f. 14-8-2007
- (2) #Mr. Hemil M. Shah has resigned as a Director of the Company w.e.f. 30-1-2008.
- (3) * Mr. Ankit S. Patel has been appointed as an Executive Director w.e.f. 24-5-2008.
- (4) ^Mr. Ramesh D. Patel has resigned as a Director of the Company w.e.f. 24-5-2008

There is no pecuniary relationship or transaction of the Company with any of the Non-Executive Directors.

The Company does not pay any severance fee and no stock option is available to the Directors.

Shareholders' Grievance Committee

Terms of Reference :

In order to give the appropriate level of focus to shareholder and investor related matters a Shareholders'/ Investors' Grievance Committee was formed. The committee focuses primarily on strengthening investor relations and ensuring the rapid resolution of

any shareholder or investor concerns. The members of Shareholders' Grievance Committee are mentioned as below. During the year, 4 meetings were held on 27-6-07, 6-9-07, 31-12-07 and 26-3-08.

Name of Member	Designation	Category/Status	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	4
Mr. Hardik M. Shah	Member	Non-Executive Independent Director	2
Mr. Hemil M. Shah*	Member	Non-Executive Independent Director	1
Mr. Bipin R. Patel\$	Member	Non-Executive Independent Director	1

Note: * Mr. Hemil M. Shah has resigned as a Member of the committee w.e.f. 30-1-08.

\$ Mr. Bipin R. Patel has been inducted as a Member of the committee w.e.f. 30-1-08.

Chirag G. Shah, Company Secretary is acting as Compliance Officer.

Other details for shareholders have been provided separately in this Annual Report as required under clause 49 of the Listing Agreement.

Details of Shareholders/Investors Complaints

The Pinnacle Shares Registry Pvt. Ltd. (RTA) and the Company has received shareholders/investors complaints and resolved by the RTA in consultation with the Company for the year 2007-08 are as follows

Sr. No.	Nature of Complaints	Opening Balance 01-04-2007	Received during the year	Redressed/ attended	Pending on 31-03-2008
1	Non receipt of share certificates after transfer etc.	Nil	1	1	Nil
2	Non receipt of Dividend Warrants	Nil	Nil	Nil	Nil
3	Query regarding demate credit	Nil	2	2	Nil
4	* Non receipt of duplicate share certificate after issue	Nil	1	1	Nil
5	Other	Nil	1	1	Nil
	Total	Nil	5	5	Nil

* Request for issue of duplicate share certificate:

SUBSIDIARY COMPANY :

The Company does not have any subsidiary Company.

OTHER COMPLIANCES :

The Company has no materially significant related party transactions with its promoters, the directors or the management or relatives etc., that may have potential conflicts with the interests of the Company at large.

For details about related parties transactions, see Note No. 10 of Notes on Accounts under Schedule 19 balance sheet of the Company.

There were no instances of non-compliances or Penalties, imposed on the Company by the Stock Exchange/(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

In preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

Business risk evaluation and management is an ongoing process within the Organization. During the period under review, a detailed exercise on the Business Risk Management was carried out covering all aspects of business operations.

The Company has already appointed Mr. Suresh J. Patel, as CEO & Chairman & Managing Director and Mr. Ramesh P. Patel, Whole Time Director, as CFO of the Company. Certification from the both is placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2007-08.

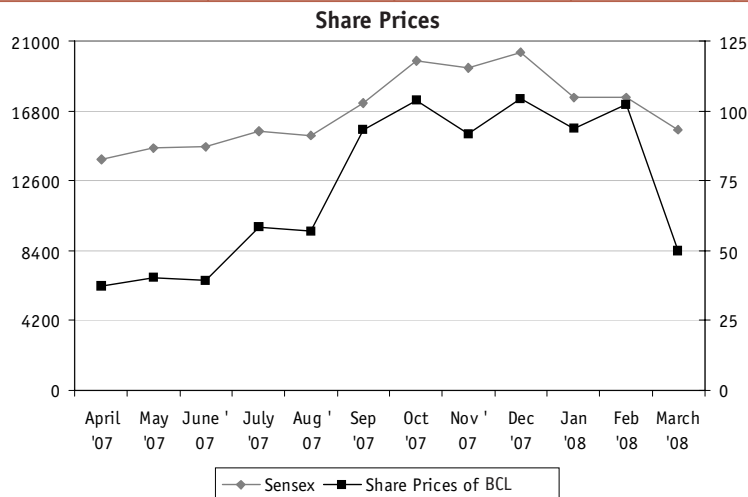
SHAREHOLDERS' INFORMATION

- Registered Office** : Plot No. 123 & 124, Phase-I, G.I.D.C., Vatva, Ahmedabad-382 445.
- Date, time, venue of Annual General Meeting** : The 22nd Annual General Meeting of the members of the company is scheduled to be held on Tuesday, the 30th day of September, 2008 at 10.30 a.m. at ATMA Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009. All the members are invited to attend the meeting. The Members / Proxies who intend to attend the meeting are requested to bring the Attendance slip sent herewith duly filled to the meeting.
- Financial calendar** : Financial year 2007-08 (April 1, 2007 to March 31, 2008)
Results were announced on
 - 30th July, 2007 -first quarter (Un-audited)
 - 30th October, 2007 - Second quarter (Un-audited)
 - 30th January ,2008- third quarter (Un-audited)
 - 30th April ,2008 - fourth quarter (Un-Audited)
 - 28th August, 2008- Annual (audited)
 Tentative Financial Calendar for the financial year 2008-09.
 Results will be announced on
 - Last week of July 2008 - First quarter (Un audited declared on 30-7-2008)
 - Last week of October 2008 – Second quarter and half year ended
 - Last week of January 2009 - Third quarter
 - Last week of June 2009 - fourth quarter and annual (audited)
- Book closures dates** : From Saturday, the 27th September, 2008 to Tuesday, the 30th September, 2008 (both days inclusive) for determining the entitlement of final dividend for the financial year 2007-2008.
 (a) As beneficial Owners at the end of 26th September, 2008 as per the list to be furnished by the Depositories in respect of the shares held in electronic form and
 (b) As members in the Register of Members of the company after giving effect to all valid share transfers in physical form which are lodged with the Company/Registrar & Share Transfer Agent on or before 26th September, 2008.
- Dividend Payment Date** : On or after 6th October, 2008.
- Annual General Meeting** : 30-9-2008 at 10.30 a.m.
- Details of Shares & warrants** : Types of security : Equity Shares
 No. of paid up shares : 1,04,02,704 equity shares of Rs. 10/- each (as on 31-3-2008)
 1,56,04,056 equity shares of Rs. 10/- each
 Market lot of shares : 1 equity share
Type of Security : Warrant
 No. of Warrants : 52,01,352
 Exchangeable Ratio & Price : One warrant exchangeable into one equity share at a price of Rs. 20 Including Rs. 10/- premium per share
 Exercise period : 1st February, 2009 to 28th February, 2009
 Market lot of warrant : 1 warrant
- Stock code** : The Company's equity shares, warrants and Preference Shares are listed on the Bombay Stock Exchange Ltd.

<u>Type of Securities</u>	<u>Code no.</u>	<u>ISIN (Demat Code)</u>
Equity Shares	524370	INE338D01010
Warrants	961674	INE338D13015
Preference Shares	700117	INE338D04014
- Listing** : The Company's equity shares are listed on the Bombay Stock Exchange Ltd. The Company has paid listing fees to Bombay Stock Exchange for financial year 2007-2008.

Stock Data : Monthly share price data on BSE for the financial year 2007-08 are as under.

Month	High Rs.	Low Rs.	Close Price	Volumes (No. of Shares)
April '07	39.90	32.50	37.15	57890
May '07	41.90	35.50	40.20	96900
June '07	46.00	36.25	39.55	96175
July '07	66.95	41.00	58.60	552238
August '07	61.35	53.00	57.00	244941
September '07	100.10	57.00	93.30	438164
October '07	106.85	76.60	104.05	310752
November '07	114.70	87.65	91.85	192207
December '07	109.90	89.90	104.20	189118
January '08	110.95	67.55	93.55	205048
February '08	107.40	81.10	102.15	153399
March '08	103.90	38.70	49.90	122870



Note :Closing price (Ex-Rights) of equity share was Rs. 71.20/- on 4th March, 2008

General Body Meetings

Details of the last three Annual General Meetings (AGM) or Extra Ordinary General Meeting (EGM) are as under :

AGM/EGM	Date	Time	Venue	No. of special Resolutions passed
2004-05 AGM	10-9-2005	12.30 P.M.	Navdeep Hall, ICSI, S-2, B-Tower, Chinubhai Tower, Ashram Road, Ahmedabad-380 009	1
EGM	16-6-2006	11.00 A.M.	Navdeep Hall, ICSI, S-2, B-Tower, Chinubhai Tower, Ashram Road, Ahmedabad-380 009	3
2005-06 AGM	30-9-2006	11.00 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	1
EGM	19-12-2006	10.00 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	2
2006-07 AGM	29-9-2007	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	3
EGM	26-12-2007	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	Approval of Amalgamation of Milestone Organic Ltd. with Bodal Chemicals Ltd.

Postal Ballot : The Company has not passed any resolution through postal ballot during the years under reference. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed through Postal Ballot.

Shares held in physical and dematerialized form: As on 31st March, 2008, 87,01,148 equity shares (83.64%) were held in dematerialized form and balance 17,01,556 equity shares (16.36%) were held in physical form. Investors can exercise dematerialization through a recognized Depository Participant (DP) who is connected to NSDL or CDSL. Those shareholders whose shares are held in physical form are requested to dematerialized the same at the earliest in their own interest. Thus Investors can exercise dematerialization through a recognized Depository Participant (DP) who is connected to NSDL or CDSL.

The Demat security code (ISIN) for the equity shares is **INE – 338 D 01010**

Bank Mandate for Dividend : As per SEBI Guidelines, companies are mandatory required to print bank account details of the shareholders on dividend warrants. Those member who have still not furnished their bank account details, are requested to furnish the same immediately either to their DP or to the Registrar of the Company.

Unclaimed Dividends to be transferred to the Investor Education and Protection Fund :

The dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor education and Protection Fund and the various dates for transfer of such amount are as under :

Sr. No.	Financial Year	Date of Declaration	Due for Transfer on
1.	2005-06 (Final)	30-9-2006	05-11-2013
2.	2006-07 (Interim)	04-6-2007	10-07-2014
3.	2006-07(Final)	29-9-2007	04-11-2014
4.	2007-08(Interim)	09-4-2008	15-05-2015

Members who have not encashed their Dividend Warrants or have not received the Dividend Warrants so far, these members are requested to seek issuance of duplicate Dividend Warrants. Otherwise, all above said unclaimed dividend to be transferred to Investor Education and Protection Fund on above said Due Dates.

Distribution of Shareholding as on 31-3-08

According to number of Equity Shares

No. of Ordinary Shares held	No. of Shareholder	% of Shareholder	Total Shares	% of Total
1-500	5198	90.40	796622	7.66
501-1000	259	4.50	220797	2.12
1001-2000	128	2.23	198142	1.90
2001-3000	37	0.64	96576	0.93
3001-4000	23	0.40	79759	0.77
4001-5000	22	0.38	105568	1.01
5001-10000	30	0.52	246758	2.37
10001-Above	53	0.93	8658482	83.24
Total	5750	100.00	10402704	100.00

Shareholding pattern of the Company as on 31-3-2008

Description	No. of members		No. of shares	
	Nos.	%	Nos.	%
Resident Individual (incl. HUF)	5576	96.97	2032793	19.55
Directors* & Relatives, Friends & Associates.	46	0.80	7798334	74.96
Non Resident Individual	20	0.35	8790	0.08
Domestic Company	89	1.55	539172	5.18
Mutual Fund, Nationalized Bank , Financial Institution and Co-operative Banks	5	0.09	17500	0.17
Any other (Clearing Members)	14	0.24	6115	0.06
Total	5750	100.00	10402704	100.00

*including Independent Directors and their Relatives.

Outstanding GDRs / ADRs /Warrants/any other Convertible Instruments :

The Company does not have any outstanding instruments of the captioned type other than warrants. The Company has allotted 52,01,352 warrants to shareholders on 24th May, 2008 as per terms of Rights Issue. One Warrant will be exchangeable into one equity share at Rs. 20/- including Rs. 10/- premium per share during 1st February, 2009 to 28th February, 2009.

Plant Locations :

- Unit-I - Plot No. 110, Phase-II, G.I.D.C., Vatva, Ahmedabad-382 445.
- Unit-II - Plot No. 123&124, C-1-B/111-114, Phase-I, G.I.D.C., Vatva, Ahmedabad-382 445.
- Unit-III - Plot No. 2102, Phase-III, G.I.D.C., Vatva, Ahmedabad-382 445.
- Unit-IV - Plot No. 252,253 & C-1/254, Phase-II, G.I.D.C., Vatva, Ahmedabad-382 445
- Unit-V - Plot No. 6002/2B, G.I.D.C., Ankleshwar, Dist. Bharuch.
- Unit VI - Plot No. 606-607, G.I.D.C., Panoli, Nr. Ankleshwar, Dist. Bharuch.
- Unit VII - Block No. 804, Village- Dudhwada, Ta. Padra, Dist. Vadodara.
- Unit VIII - Block No.106-108, Ekalbara Village, Ta.Padra, Dist. Vadodara.

Nomination facility :

It is in the interest of the shareholders to appoint nominee for their investments in the Company. Those members who are holding shares in physical mode and has not appointed nominee or want to change the nomination, are requested to send us nomination form duly filed in and signed by all the joint holders.

Change in Shareholders details :

In case you are holding your shares in dematerialized form (e.g. in electronic mode), communication regarding change in address, bank account details, change in nomination, dematerialization of your share certificates or other inquiries should be addressed to your DP where you have opened your Demat Account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be addressed to our R&T agent M/s. Pinnacle Shares Registry Pvt. Ltd., at address mentioned below.

Investors Communication :

Share Transfers / Dematerialization or other queries relating to Shares of the Company should be addressed to our RTA :

Pinnacle Shares Registry Pvt. Ltd.

Unit :Bodal Chemicals Ltd.
Near Ashoka Mills, Naroda Road, Ahmedabad-380025. Ph. No. 079-22204226/22200591 Fax : 079-2220 2963
Shareholders can lodge their investors complaints on E mail ID : secretarial@bodal.com

Right Issue & Utilization of Issue proceeds :

Rights Issue of the company opened on 27th March, 2008 and closed on 25th April, 2008. The Company has received very good response from the shareholders and Rights Issue was subscribed by 1.19 times.

The Company has allotted 52,01,352 equity shares at Rs. 20/- including Rs. 10/- premium per share with Detachable Warrants on 24th May, 2008

One Warrant will be exchangeable into one equity share at Rs. 20/- including Rs. 10/- premium per share during 1st February, 2009 to 28th February, 2009.

The new equity shares and warrants have been listed at BSE on 29th May, 2008 and have been permitted for trading at BSE on 5th June, 2008.

The Company has fully utilized Rights Issue proceeds i.e. Rs. 1040.27 lacs in accordance with the objects of Rights Issue.

Rights Issue queries :

Non receipt of Refund order or any other queries relating to Rights Issue of the Company should be addressed to our RTA for Rights Issue process :

Intime Spectrum Registry Ltd.

Unit : Bodal Chemicals Ltd.-Rights Issue

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

Means of Communication :

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board meetings and were also published in newspapers like Business Standard, Sandesh (Gujarati) and Gujarat Samachar (Gujarati) etc.

Secretarial Audit Report :

The Secretarial Audit Report of the company in terms of SEBI circular no. D&CC/FITC/CIR-16/2002 dated December 31, 2002, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued /paid up capital of the company were placed before the Board of Directors every quarter and also submitted to the stock exchange(s) every quarter.

Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)-MRTP Act.

The following persons constitute the Group coming within the definition of MRTP Act for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations 1997 ("the said Regulations") as provided in clause 3(e)(i) of the said Regulations :

Sr. No.	Names	Sr. No.	Names	Sr. No.	Names
1	Suresh J. Patel	12	Sevantilal P. Shah	23	Surekha B. Shah
2	Bhavin S. Patel	13	Dinesh S. Shah	24	Nishit B. Shah
3	Ankita B. Patel	14	Savitaben S. Shah	25	Nimisha B. Shah
4	Ankit S. Patel	15	Suresh S. Shah	26	Smita S. Shah
5	Ramesh P. Patel	16	Bharti D. Shah	27	Jignesh S. Shah
6	Dipti R. Patel	17	Siddharth D. Shah	28	Nirav S. Shah
7	Meena S. Patel	18	Pranav D. Shah	29	Pankaj S. Shah
8	Ramesh D. Patel	19	Dipika P. Shah	30	Bhupendra S. Shah
9	Jayanti D. Patel	20	Pratik P. Shah	31	Bhupendra S. Shah (HUF)
10	Bansi M. Patel	21	Minesh P. Shah	32	Shanti Industries
11	Rakesh R. Patel	22	Shushilaben D. Shah	33	Laxmi International

Declaration under Code of Conduct

As required under clause 49(ID) of the Listing Agreement, it is hereby affirmed that all the Board members and senior management personnel have complied with code of conduct of the company.

Date : 28-8-08
Place : Ahmedabad

Suresh J. Patel
Chief Executive Officer,
Chairman & Managing Director

Certification by CEO & CFO of the Company

We, Suresh J. Patel, Chief Executive Officer and Ramesh P. Patel, Chief Financial Officer of Bodal Chemicals Ltd., to the best of our knowledge and belief certify that ;

1. We have reviewed the Balance Sheet, Profit & Loss Account, its schedule and notes to accounts and cash flow statement for the year ended 31st March, 2008 and that to the best of our knowledge and belief :
 - (a) these statement do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading ;
 - (b) these statement together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee :-
 - (a) significant changes in internal control over financial reporting during the year ;
 - (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
 - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date : 28-08-08
Place : Ahmedabad

Suresh J. Patel
Chief Executive Officer
Chairman & Managing Director

Ramesh P. Patel
Chief Financial Officer
Whole Time Director

Auditors' Certificate on Report of Corporate Governance

To
The Members of
Bodal Chemicals Ltd.

We have examined the compliance of conditions of Corporate Governance by **Bodal Chemicals Ltd.** (the Company), for the year ended March 31,2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement.

We further state that such compliances neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

Date : 28-08-08
Place : Ahmedabad

(M.S.SHAH)
PARTNER
Mem. No. 44093.

AUDITORS' REPORT

To,
The Members of
Bodal Chemicals Ltd.

We have audited the attached Balance Sheet of **BODAL CHEMICALS LIMITED.**, as at 31ST March, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.

1. 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.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by The Companies (Auditor's Report) Amendment Order, 2004 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.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - A. 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 :
 - B. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books;
 - C. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - D. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section 3 (c) of section 211 of the Companies Act, 1956 to the extent applicable.
 - E. On the basis of written representations received from the Directors, and taken on record by Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - F. 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 notes thereon, give the information required by the Companies Act, 1956 in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008
 - (ii) In case of the Profit & Loss Account, of the profit for the year ended on that date and
 - (iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

FOR **MAYANK SHAH & ASSOCIATES**
CHARTERED ACCOUNTANTS

(M.S.SHAH)
PARTNER

PLACE : AHMEDABAD
DATE : 28/08/2008

Mem. No. 44093

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 2 of our Auditors Report of even date on financial statements of Bodal Chemicals Ltd. for the year ended on 31/03/2008)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

- 1 a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
- b) According to the information and explanation given to us, the Company has formulated a regular program of verification by which all the assets of the company shall be verified in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on the verification conducted during the year as compared with the book records.
- c) During the year the Company has not disposed off a substantial part of its fixed assets. So as to affect its going concern.
- 2 a) As explained to us, the inventory except stocks in transit has been physically verified during the year by the Management at reasonable interval during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the company and the nature of the business.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- 3 a) According to the information and explanation given to us, the company had not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b) As the Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, the clause of rates of interest and other terms & condition is not applicable to the Company.
- c) As the Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, the clause of repayment of principal amount is not applicable to the Company.
- d) According to the information and explanations given to us, the Company had taken unsecured loan from the 4 (Four) parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 339.59 lacs & the year end balance of loans was Rs. 339.59 lacs.
- e) According to the information and explanation given to us, repayment of the principal amount is as stipulated and payments of interest have been regular.
- f) In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- 4 In our opinion and according to the information and explanation 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 the purchase of inventories and fixed assets, and with regard to the sale of goods. In our opinion and according to information and explanation given to us, there is no continuing failure to correct major weakness of such internal control system.
- 5 a) On the basis of the audit procedure performed by us, and according to the information given to us, we are of the opinion that the transactions which were required to be entered in register maintained under Section 301 of Companies Act were entered.
- b) In our opinion and according to the information and explanations given to us, the transactions were made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6 In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed the books of accounts and records maintained by the company relating to the manufacturing of Chemical products comprising Dyes & Dyes Intermediates where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made & maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 9 a) According to the records of the company and information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Excise Duty, Custom Duty, Service Tax, Sales Tax, Cess, Investor Education and Protection Fund and any other material statutory dues as applicable to it, with the appropriate authorities during the year. As explained to us, no undisputed amounts payable were in arrears as at 31st March 2008 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us, the Company had the following dues of Income Tax, Customs and Excise Duty which have not been deposited on account of any dispute.

Statement of Disputed Dues				
Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961.	Income Tax	19474.00	A.Y. 1999-2000	Income Tax Appellate
	Income Tax	462877.00	A.Y. 1993-1994	Tribunal
	Income Tax	142133.00	A.Y. 2004-2005	Assessing Officer
The Central Excise Act, 1944	Penalty & Interest	404883.00	A.Y.2007-2008	Comm. of Central Excise, AHD - I
	Penalty	462128.00	A.Y.2006-2007	The Comm. Of Central Excise (Appeals)- Surat
	Penalty	77,428.00	A.Y. 2002-2003	CESTAT, Mumbai
	Duty	146,880.00	A.Y.2007-2008	Asst. Comm. Of Central Excise, Div-II, Ankleshwar.
The Custom Act, 1962	Duty, Penalty, Interest & Fine	1,007,579.00	A.Y.2007-2008	CESTAT, Additional West Zonal Bench, Ahmedabad.

- 10 The company has no accumulated losses at the end of the financial year and the company has not incurred cash losses during current financial year and immediately preceding financial year.
- 11 According to the information and explanation given to us, the Company has not defaulted in repayment of dues to banks as at Balance sheet date. The Company has no transaction with financial institution. As per meeting held on 01-03-2008 of unsecured debenture holders, they have agreed not to claim any interest up to 31-03-2008 and company has agreed to pay interest @ 10% effective from 01-04-2008. Accordingly the Company has not defaulted in repayment of dues to debentureholder.
- 12 According to the information and explanation 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 statue applicable to chit fund, nidhi, or any mutual fund / societies are not applicable to the company.
14. In our opinion and according to the information and explanation given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanation given to us the Company has not given guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to , in our opinion, the term loans raised during the year were prima facie been not utilized for the purposes other than for which they were obtained.
17. According to cash flow statements and other records examined by us and the information and explanation given to us, on an overall basis funds raised on short term basis, have prima facie not been used during the year for long term investments.
- 18 The Company had not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19 The Company has unsecured debentures outstanding during the year on which no security or charge is required to be created.
- 20 The Company has not raised any money by way of a public issue during the year.
- 21 During the course of our examination of the books of account and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

FOR **MAYANK SHAH & ASSOCIATES**
CHARTERED ACCOUNTANTS

(M.S.SHAH)
PARTNER

PLACE : AHMEDABAD
DATE : 28/08/2008

Mem. No. 44093

BALANCE SHEET AS AT 31ST MARCH, 2008

[Rs. in Lacs]			
Particulars	Schedule No.	As at 31-03-2008	As at 31-03-2007
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	1,443.75	1,436.99
Reserves and Surpluses	2	3,288.96	2,135.27
Loan Funds :			
Secured Loans	3	12,669.53	6,913.53
Unsecured Loans	4	1,217.55	563.64
Deferred Tax Liability		1,033.21	408.50
TOTAL		19,653.00	11,457.93
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	12,470.03	5,016.06
Less : Depreciation		2,733.95	2,103.68
Net Block		9,736.08	2,912.38
Capital Work In Progress		552.85	1,673.41
Investments	6	73.86	9.88
Current Assets, Loans & Advances :			
Inventories	7	4,783.35	2,236.71
Debtors		10,445.86	7,669.75
Cash & Bank Balances		235.93	74.44
Loans & Advances		3,551.70	2,306.18
Less : Current Liabilities & Provisions	8	19,016.84	12,287.08
Current Liabilities		8,928.30	4,934.26
Provisions		814.31	510.85
Net Current Assets		9,742.61	5,445.11
Miscellaneous Expenditure (To the extent not written off or Adjusted)	9	15.98	20.29
TOTAL		19,653.00	11,457.93

Notes to the Accounts

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As per our report of even date attached

For **Mayank Shah & Associates**
Chartered Accountants

(M.S. Shah)
Partner
Membership No. 44093

Place : Ahmedabad
Date : 28-08-2008

For and on behalf of the Board of Directors

(Suresh J. Patel)
Chairman & Managing Director

(Ramesh P. Patel)
Whole Time Director

Place : Ahmedabad
Date : 28-08-2008

(Chirag G. Shah)
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2008

[Rs. in Lacs]			
Particulars	Schedule No.	Current Year	Previous Year
INCOME			
Sales	10	40,488.39	25,417.40
Other Income	11	1,115.34	397.46
TOTAL		41,603.73	25,814.86
EXPENDITURE			
Material Consumed and Stock Variation	12	31,601.12	20,435.28
Manufacturing Expenses	13	3,266.08	1,976.20
Administrative & General Expenses	14	377.49	240.69
Payment to Employees	15	432.94	166.86
Selling & Distribution Expenses	16	1,720.40	965.41
Financial Charges	17	896.88	336.87
Depreciation and Amortisation	18	632.02	387.21
Misc. Expenditure Written Off		5.82	5.47
TOTAL		38,932.75	24,513.99
Profit Before Tax		2,670.98	1,300.87
Provision For Taxation			
Current		425.30	155.17
Deferred		493.18	23.69
Fringe Benefit Tax		7.50	5.00
		925.98	183.86
Profit After Tax		1,745.00	1,117.01
Balance Brought Forward		829.20	179.85
Loss for the period from 01.01.07 to 31.03.07 of Amalgamating Company		(2.65)	NIL
Deferred Tax of prior year		(198.20)	NIL
Prior Period Items		(1.99)	(0.95)
Current Taxes of Prior years		(0.01)	(4.03)
Amount Available For Appropriation		2,371.35	1,291.88
Appropriation :			
Interim Dividend on Equity Shares		208.06	156.04
Proposed Final Dividend on Equity Shares		78.36	104.03
Dividend on preference shares		39.67	39.67
Provision for Dividend Tax		55.42	50.94
Transfer to General Reserve		175.00	112.00
Balance Carried to Balance Sheet		1,814.84	829.20
		2,371.35	1,291.88
Basic Earning per Share before Prior period item (in Rs.)		16.22	10.29
Basic Earning per Share after Prior period item (in Rs.)		14.31	10.24
Diluted Earning per Share before Prior period item (in Rs.)		11.89	10.29
Diluted Earning per Share after Prior period item (in Rs.)		10.49	10.24

Notes to the Accounts

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As per our report of even date attached

For and on behalf of the Board of Directors

For **Mayank Shah & Associates**

(Suresh J. Patel)

Chartered Accountants

Chairman & Managing Director

(M.S. Shah)

(Ramesh P. Patel)

(Chirag G. Shah)

Partner

Whole Time Director

Company Secretary

Membership No. 44093

Place : Ahmedabad

Place : Ahmedabad

Date : 28-08-2008

Date : 28-08-2008

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	[Rs. in Lacs]	
	As at 31-03-2008	As at 31-03-2007
SCHEDULE 1 : SHARE CAPITAL		
Authorised Share Capital		
2,30,00,000 (P.Y. 2,30,00,000) Equity Shares of Rs.10/- each	2,300.00	2,300.00
40,00,000 Preference Share of Rs. 10/- each	400.00	400.00
	2,700.00	2,700.00
Subscribed & Paid up Share Capital		
10402704 (P. Y. 10402704) Equity shares of Rs.10/- each.	1,040.27	1,040.27
[1] Out of which 300000 Equity shares of Rs.10/- each were allotted as fully paid Bonus Share by way of Capitalisation of reserves.		
[2] Out of which 7052704 Equity shares of Rs.10/- each have been allotted as fully paid as per the scheme of amalgamation of Bodal Chemicals Pvt. Ltd. with the company on 13.05.2006)		
3967146 (P. Y. 3967146) 10%, Non-Cumulative Redeemable Preference Share of Rs. 10/- each	396.72	396.72
[1] All preference shares of Rs.10/- each have been allotted as fully paid as per the scheme of amalgamation of Bodal Chemicals Pvt. Ltd. with the company on 13.05.2006.		
[2] Preference Shares are redeemable on the expiry of ten years from the date of allotment, with an option for the company for early redemption but not before 18 months from the date of allotment.		
Equity Share Capital Suspense Account (Share Capital to be issued on account of amalgamation of Milestone Organics Ltd. with the company as per High Court Order)	6.76	NIL
TOTAL	1,443.75	1,436.99
SCHEDULE 2 : RESERVES & SURPLUSES		
Investment Allowance Reserve - Utilised Account		
Balance as per last Balance Sheet	4.78	4.78
Share Premium	260.00	260.00
Capital Reserves	0.36	0.36
Grant From World Bank	100.00	100.00
General Reserve :		
Balance as per last Balance Sheet	940.94	828.93
Add: Transfer from Profit and Loss Account	175.00	112.00
Less : Adjustment of Transitional Liability for Retirement Benefit As per AS -15 (Net of Deferred Tax of Rs. 3.58 Lacs)	(6.96)	NIL
	1,108.98	940.93
Profit & Loss Account	1,814.84	829.20
TOTAL	3,288.96	2,135.27

Particulars	[Rs. in Lacs]	
	As at 31-03-2008	As at 31-03-2007
SCHEDULE 3 : SECURED LOANS		
From Banks		
- Term loan	3,044.49	1,260.52
- Cash Credit Facility	1,389.03	343.92
- Packing Credit Facility	3,274.27	1,129.74
- Bills Discounting Facility	4,961.74	4,179.35
(1) Term loan includes Vehicle Loan of Rs. 67.37 lacs (P.Y. Rs. 30.24 lacs) which is Secured by Hire Purchase agreement for cars.		
(2) (a) Term loan excluding Vehicals loan is primarily secured by first charge on immovable properties of the company situated at Plot No. 252,253,254, Phase - II, GIDC, Vatva and 804, Village Dudhavada, Taluka Padra, Varodara respectively and Hyp. of entire P&M and other Equipment acquired through the term loan.		
(b) Cash Credit Facility and Packing Credit Facility are primarily secured by Hyp. of Stock of Raw material, Work in Process, Finished Goods and Book Debts of the company.		
(c) Bills discounting facility is primarily secured by hyp. of bills drawn under L/c.		
(d) Term Loan, Cash Credit, Packing Credit and bill discounting facility are collaterally further secured by equitable mortgage on Immovable property and Hyp. of P&M of the company and personal guarantees of the Whole time directors.		
TOTAL	12,669.53	6,913.53
SCHEDULE 4 : UNSECURED LOANS		
Debentures	512.55	Nil
102510 (P.Y. Nil) 10% Unsecured Redeemable Non Convertible Debentures of Rs. 500 each fully paid up (Acquired under Amalgamation and redeemable on the expiry of five years from the date of allotment, with an option for the company for early redemption.)		
Loan From Directors	326.29	8.64
Loan From Members	13.30	Nil
Loans from Corporates	365.41	555.00
TOTAL	1,217.55	563.64

SCHEDULE 5 : FIXED ASSETS

[Rs. in Lacs]

DESCRIPTION	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As At 01-04-07	Addition Amalgamation	Addition	Deduction	As At 31-03-08	As At 01-04-07	Addition Amalgamation	Addition	Deduction	As At 31-03-08	As At 31-03-08	As At 31-03-07
Tangible :												
Land	147.96	31.30	38.50	Nil	217.76	Nil	NIL	Nil	Nil	Nil	217.76	147.96
Factory Building	261.60	124.97	1,230.53	Nil	1,617.10	42.37	1.65	34.99	Nil	79.01	1,538.09	219.23
Office Building	39.13	Nil	45.10	Nil	84.23	4.44	Nil	0.80	Nil	5.24	78.99	34.68
Plant & Machinery	3,221.95	323.56	4,991.57	Nil	8,537.08	1,517.37	8.21	340.67	Nil	1,866.25	6,670.83	1,704.58
Electric Installation	81.52	35.69	355.80	Nil	473.01	34.98	0.93	15.42	Nil	51.33	421.68	46.55
Furniture & Fixture	48.00	1.22	50.84	Nil	100.06	19.44	0.10	4.04	Nil	23.58	76.48	28.55
Office Equipment	46.95	2.51	11.85	Nil	61.31	20.08	0.11	3.92	Nil	24.11	37.20	26.87
Vehicles	101.17	0.50	154.20	25.89	229.98	31.88	0.05	17.88	13.41	36.40	193.58	69.29
E.T.P.	52.42	8.24	9.41	Nil	70.07	27.33	0.22	3.58	Nil	31.13	38.94	25.09
Laboratory equipments	0.28	15.22	15.70	Nil	31.20	0.01	0.39	1.08	Nil	1.48	29.72	0.28
Intangible :												
Goodwill	1,013.83	32.97	Nil	Nil	1,046.80	405.53	NIL	209.36	Nil	614.89	431.91	608.30
Computer Software	1.25	NIL	0.18	Nil	1.43	0.25	NIL	0.28	Nil	0.53	0.90	1.00
Total	5,016.06	576.18	6,903.68	25.89	12,470.03	2,103.68	11.66	632.02	13.41	2,733.95	9,736.08	2,912.38
Previous Year	4,195.08	NIL	827.31	6.33	5,016.06	1,721.40	NIL	387.21	4.92	2,103.68	2,912.38	2,473.69

[Rs. in Lacs]

Particulars	As at 31-03-2008	As at 31-03-2007
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SCHEDULE 6 : INVESTMENTS

LONG TERMS INVESTMENTS

A Quoted

100 (P.Y. 100) Equity Shares of Beta Nephthol Ltd. Of Rs. 10/- Each Fully Paid Up	0.03	0.03
50000 (P.Y. NIL) Equity Shares of Dynamic Industries Ltd. Of Rs. 10/- Each Fully Paid Up	52.05	Nil

TOTAL

52.08 0.03

B Unquoted

1 250 (P.Y.250) Equity Shares of Green Environment Services Co-op. Soc. Ltd. of Rs. 100/- each Fully Paid Up	0.25	0.25
2 76440 (P.Y. 76440) Equity Shares of Bharuch Enviro Infrastructure Ltd of Rs. 10/- each Fully Paid Up	7.64	7.64
3 100 (P.Y.100) Equity Shares of Guj. Ind. Waste Mng. Co. Ltd. of Rs. 10/- Each Fully Paid Up	0.01	0.01
4 1492 (P.Y.200) Equity Shares of The Bhagoyday Co-op. Bank Ltd. Share of Rs. 100/- Each Fully Paid Up	1.49	0.20
5 10200 (P.Y.10200) Equity Shares of Panoli Enviro Technology Ltd. of Rs. 10/- Each Fully Paid Up	1.02	1.02
6 3542 (P.Y. Nil) Equity Shares of Makarpura Ind. Est. Co.Op. Bank Ltd. of Rs. 25/- Each Fully Paid Up	0.89	Nil

TOTAL

11.30 9.12

TOTAL LONG TERM INVESTMENTS

63.38 9.15

Particulars	[Rs. in Lacs]	
	As at 31-03-2008	As at 31-03-2007
CURRENT INVESTMENTS		
C Mutual Fund		
UTI Liquid Cash plan 523.923 (P.Y.58.976) Units (1237.952 Units purchased and 773.005 units sold during the year)	10.48	0.73
TOTAL CURRENT INVESTMENTS	10.48	0.73
TOTAL	73.86	9.88
Aggregate of Quoted Investments:		
At Book value	52.08	0.03
At Market Price	6.98	Nil
Aggregate of Unquoted Investments:	11.30	9.12
Aggregate of Investment in Mutual Fund:		
At Book value	10.48	0.73
At Market Price	10.78	0.72
SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES		
A Inventories (As taken Valued & Certified by Directors)		
Raw Materials (inclusive of Goods In Transit of Rs. 381.13 lacs (P.Y. Rs. 105.87 lacs))	2,265.55	1,525.32
Finished Goods	1,264.13	671.57
Work In Progress	1,124.88	Nil
Packing Materials (inclusive of Goods In Transit of Rs. 0.96 lacs (P.Y. Nil))	28.73	16.86
Stock of Fuel	2.67	1.54
Stores Materials	97.39	21.42
TOTAL(A)	4,783.35	2,236.71
B Debtors (Unsecured & Considered Good)		
More than Six Months	454.86	203.39
Others	9,991.00	7,466.36
TOTAL(B)	10,445.86	7,669.75
C Cash & Bank Balances		
Cash on hand	2.67	10.57
Balance with Scheduled Banks		
In Current Account	26.90	22.97
In Deposit Account	206.36	40.90
TOTAL(C)	235.93	74.44
D Loans & Advances (Unsecured & Considered Goods)		
Advance Receivable in cash or kind	498.58	480.49
Balance with Statutory Authorities	1,942.08	1,028.59
Advance Taxes Paid	363.15	159.57
Deposits	148.37	67.54
Export Benefit Receivable	599.52	569.99
TOTAL(D)	3,551.70	2,306.18
TOTAL(A+B+C+D)	19,016.84	12,287.08

Particulars	[Rs. in Lacs]	
	As at 31-03-2008	As at 31-03-2007
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
A Current Liabilities		
Creditors for Goods	5,816.99	3,724.84
Creditors for Expenses	2,238.83	711.80
Creditors for Capital Goods	225.26	124.44
Unclaimed Dividends	7.18	2.08
Other Current Liabilities	628.92	367.02
Advance received from Customers	11.12	4.08
TOTAL(A)	8,928.30	4,934.26
B Provision		
Provision for Income Tax	425.30	155.17
Provision for Fringe Benefit Tax	7.50	5.00
Provision for Dividend	247.73	195.71
Proposed Dividend	78.36	104.03
Tax on Dividend	55.42	50.94
TOTAL(B)	814.31	510.85
TOTAL(A+B)	9,742.61	5,445.11
SCHEDULE 9 : MISC. EXPENDITURE (To the extent not written off or adjusted)		
Deferred Revenue Expenses	21.80	25.73
Less : Transferred to P & L Account	5.82	5.44
	15.98	20.29
Preliminary Expenses	Nil	0.02
Less : Transferred to P & L Account	Nil	0.02
	Nil	Nil
TOTAL	15.98	20.29

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	[Rs. in Lacs]	
	Current Year	Previous Year
SCHEDULE 10 : SALES		
Gross Sales	45,583.77	28,351.61
Less : Excise Duty	4,222.39	2,422.78
Value Added Tax	872.99	511.43
TOTAL	40,488.39	25,417.40
SCHEDULE 11 : OTHER INCOME		
Interest Income	17.78	1.32
Dividend Income	2.12	0.89
Insurance Claim	12.18	1.40
Scrap Sales	20.06	9.99
Profit on sales of Investment	0.22	Nil
Profit on sales of assets (net)	Nil	0.21
Export Damages Claim	4.33	Nil
Export Benefit	921.59	377.05
Exchange Rate Difference	132.57	Nil
Income Tax Refund Interest	0.14	Nil
Rent Income	4.35	6.60
TOTAL	1,115.34	397.46
SCHEDULE 12 : MATERIAL CONSUMED AND STOCK VARIATION		
RAW MATERIAL CONSUMPTION		
*Opening Stock (Net of VAT Credit)	1,547.18	998.52
Add. Purchases during the year	32,792.55	19,877.03
	34,339.73	20,875.55
Less : Closing Stock	2,265.55	1,525.33
TOTAL RAW MATERIAL CONSUMED	32,074.18	19,350.22
COST OF MATERIAL TRADED		
*Opening Stock	Nil	Nil
Add. Purchases during the year	1,184.25	1,375.91
	1,184.25	1,375.91
Less : Closing Stock	Nil	Nil
TOTAL COST OF MATERIAL TRADED	1,184.25	1,375.91
STOCK VARIATION		
Closing Stock Finished Goods	1,264.13	671.57
Closing Stock Work In Process	1,124.88	Nil
	2,389.01	671.57
Less : *Opening Stock Finished Goods	687.46	380.72
*Opening Stock Work In Process	44.24	NIL
	731.70	380.72
STOCK VARIATION	(1,657.31)	(290.85)
TOTAL	31,601.12	20,435.28

* Opening Stock of Raw Material, Finished goods And Work in Process in current year include stock acquired on amalgamation.

Particulars	[Rs. in Lacs]	
	Current Year	Previous Year
SCHEDULE 13 : MANUFACTURING EXPENSES		
Freight & Octroi	84.98	24.24
Electric Power	982.76	496.27
Electric Expenses	24.37	5.73
Fuel Consumption	982.84	583.71
Excise Duty Expenses	77.01	54.05
Cartage Expenses	106.55	40.99
Repairs to		
Machinery	416.08	342.34
Building	20.88	19.68
Others	3.50	8.23
Laboratory Expenses	28.04	15.61
Stores Consumption	248.56	197.31
Water Expenses	16.28	10.31
Pollution Control Expenses	273.63	176.36
Other Manufacturing Expenses	0.60	1.37
TOTAL	3,266.08	1,976.20
SCHEDULE 14 : ADMINISTRATIVE & GENERAL EXPENSES		
Advertisement Expenses	18.46	2.72
Auditors Remuneration		
Audit Fees	2.97	2.75
For Other Matters	1.50	1.50
Director Remuneration Expenses	24.00	24.77
Licence Fees	8.77	7.95
Listing fees	0.46	0.75
Sales tax Expenses	Nil	2.40
Insurance Expenses	19.21	12.60
Rent & Tax	8.01	6.28
Legal & Professional Fees	70.37	37.62
Loss on Disposal of Assets (Net)	6.15	NIL
Membership & Subscription Fees	0.79	1.49
Professional Tax Expenses	0.02	0.02
Postage Expenses	15.90	6.84
Telephone Expenses	22.01	18.39
Travelling Expenses	15.53	9.13
Vehicle Maintenance	33.20	17.72
Business Development Expenses	12.14	3.61
Stationery & Printing Expenses	24.52	16.55
Service Tax Expenses	3.23	1.06
Exchange Rate Difference	Nil	25.82
Employee Staff Bus Expense	4.31	Nil
Foreign Travelling Expenses	13.08	13.59
Miscellaneous Expenses	72.86	27.13
TOTAL	377.49	240.69

Particulars	[Rs. in Lacs]	
	Current Year	Previous Year
SCHEDULE 15 : PAYMENT TO EMPLOYEES		
Salary & Wages	373.32	140.98
Gratuity	3.45	0.09
Labour Welfare Fund	0.05	0.02
Bonus Expenses	22.00	8.79
E.S.I.C. Expenses	6.62	3.47
Provident Fund Expenses	17.40	6.97
Staff Welfare Expenses	10.10	6.54
TOTAL	432.94	166.86
SCHEDULE 16 : SELLING & DISTRIBUTION EXPENSES		
Packing Material Consumption	350.64	220.68
Clearing & Forwarding Charges	449.77	264.50
Sales Commission	713.18	344.09
Outward Freight Expenses	104.42	44.47
E.C.G.C. Expenses	86.40	59.40
Bad Debts Written off	8.07	28.56
Other Selling and Distribution expenses	7.92	3.71
TOTAL	1,720.40	965.41
SCHEDULE 17 : FINANCIAL CHARGES		
Bank Charges	107.72	58.67
Bank Interest	745.01	269.18
Other Interest Expenses	44.15	9.02
TOTAL	896.88	336.87
SCHEDULE 18 : DEPRECIATION AND AMORTISATION		
Depreciation	422.38	184.19
Amortisation of Intangible Assets	209.64	203.02
TOTAL	632.02	387.21

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2008

SCHEDULE 19: NOTES TO THE ACCOUNTS

1) Significant Accounting Policies:

a) Accounting Conventions

I) Basis of Preparation of Financial Statements

The financial statements of the Company are prepared under the historical cost convention on accrual basis of accounting, and in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountant of India and referred to in Section 211 (3C) of the Companies Act, 1956, and generally accepted accounting principles in India. The accounting policies not referred to otherwise have been consistently applied by the Company during the year.

II) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual receipts could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

b) Fixed Assets

I) Tangible

Fixed Assets are stated at cost of acquisition/construction (less Accumulated Depreciations). Cost comprises of purchase price and other attributable cost.

II) Intangible

Intangible assets are recorded at the consideration paid for acquisition.

c) Depreciation

I) Tangible

Depreciation on fixed assets is provided on straight line method on pro-rata basis at rates and in manner specified in Schedule XIV of the Companies Act, 1956, read with the relevant circulars issued by the Department of Company Affairs from time to time.

II) Intangible

Goodwill arising due to Amalgamation and software cost are amortised over a period of five years.

d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. Current Investments are valued at Cost or Net realizable value whichever is lower. All other investments are classified as long term Investments. Long term investments are stated at cost of acquisition. Provision for diminution in value of long term investments is made, only if such decline is other than temporary.

e) Inventories

Inventories of Raw Materials and Finished goods are valued at cost or net realisable value whichever is lower. Work in Process and Stores are valued at cost. Cost is computed on FIFO basis in the case of Raw Materials and Stores. Finished Goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished Goods are valued inclusive of Excise Duty. Work in Process includes cost of Raw Material and conversion cost depending upon the stage of completion.

f) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Foreign currency denominated Current Assets and Liabilities are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All the exchange differences are dealt with in the statement of profit and loss. Premium or discount on forward exchange contracts are amortised and recognised in the profit and loss account over the period of the contract. Forward exchange contracts outstanding at the balance sheet date are stated at fair values and any gains or losses are recognised in the profit and loss account.

g) Revenue Recognition

I) Sales

The Company recognises sale of goods when the significant risks and rewards of ownership are transferred to the buyer, which is usually when the goods are dispatched to customers.

II) Export Benefits

- (i) Export Benefits on the import entitlements issued under the Duty Entitlement Pass Book Scheme and Duty Free Replenishment Certificate Scheme are accounted for at the estimated realisable value on accrual basis.
- (ii) Import entitlement issued under Duty Drawback receivable is accounted for on accrual basis.
- (iii) Import entitlement issued under the Advance Authorization in the case of Actual User License receivable is accounted for on receipt basis.

III) Other Income

Other incomes are accounted on accrual basis.

h) Retirement Benefits

1) Short Term Employees Benefit

Short Term Benefits are recognized as expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related services are rendered.

2) Post Employment Benefit

- a. Defined Contribution Plans – Monthly contributions to the Provident Fund and E.S.I. which are defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund and E.S.I. Authorities on monthly basis.
- b. Defined Benefit Plans – Gratuity to Employees are covered under the Employees Group Gratuity Scheme and the premium is paid on the basis of their actuarial valuation using the Projected Unit Credit Method. Actuarial gain and losses arising on such valuation are recognized immediately in the Profit and Loss Account. Any shortfall in case of premature termination / resignation to the extent not reimbursed by LIC is being absorbed in the year of payment. The amount funded by the trust administered by the Company under the aforesaid policy is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on net basis.

3) Termination Benefit

Termination Benefits are charged to Profit and Loss Account in the year of accrual.

i) Miscellaneous Expenditure

Deferred Expenditure is being written off over a period of five years.

j) Borrowing Cost

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k) Provisions and Contingent Liabilities

The companies recognise a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. A disclosure for a contingent liability is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of sources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

l) Taxes on Income

"Tax expense comprises of current tax, deferred taxes and fringe benefit tax. Provision for current income taxes is made on the taxable income at the tax rate applicable to the relevant assessment year. Fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes

are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date”.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

m) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or there recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

n) Governments Grants/Subsidy

Government Grants/Subsidy related to specific fixed assets are disclosed as deduction from the value of the concerned assets. Grants/subsidy related to revenue is credited to the Profit and Loss Account on receipt basis. Grant/Subsidy in nature of promoter contribution is treated as Capital Reserve.

o) Derivative Instruments and Hedge Accounting

The company uses foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Outstanding derivative contracts at the balance sheet date are marked to market. While anticipated losses on outstanding derivative contracts at the balance sheet date are provided for fully, anticipated gains on such contracts are ignored in conformity with the announcement issued by the Institute of Chartered Accountants of India in March 2008.

2) Contingent Liabilities not provided in respect of:

Nature of Liabilities	[Rs. in Lacs]	
	2007-08	2006-07
a. Disputed matters in appeals/contested in respect of:		
I) Income Tax	6.24	19.72
II) Excise Department	10.91	7.17
III) Custom Department	10.07	Nil
b. Bonds/Undertakings given by the Company under Concessional duty/ exemption to Customs/Excise Authorities (Net of redemption applied for)	53.60	29.80
c. Letter of credit	562.27	394.80
d. Estimated amount of Contracts, remaining to be executed on capital account	165.79	1756.60

3) Effect of Amalgamation.

In accordance with the scheme of Amalgamation, Milestone Organics Ltd. (MOL) has merged with Company, as per the details given in Note No. 13 which is effective from appointed date i.e. 1st, January 2007. However, since the accounts of the company for the year ended 31-03-2007, have already been adopted, the effect has been given to the Amalgamation in the accounts retrospectively but from 01-04-2007. Accordingly, the figures for the year 2007-08 are the consolidated figures of the company and MOL, whereas, the figures of previous year i.e. 2006-07 are of the Company standalone as adopted in last Annual General Meeting and therefore are not comparable. Previous Year's figures have been regrouped wherever necessary.

4) In the opinion of the Board of Directors, Current assets, loans and advances have a value on realisation in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.

- 5) Sundry creditors include Rs. 62.62 lacs (Previous year Rs. 58.13 lacs) due to small Scale and Ancillary Industries Undertakings outstanding for more than 30 days. The party-wise detail has been compiled to the extent identified on the basis of information available with the company, which is as under.

A.D. Engineers, Aadi Plastics Industries Pvt Ltd, Ahmedabad Chemicals Pvt Ltd, Anti Corro Fab Industries, Apex Industries, B.M. Industries, Balaji Plastic Industries, Bhagwati Engineering Co, Dhanlaxmi Industries, Jatin Industries, Techno Bonanza Pvt Ltd, Vipul Industries, Vishal Enterprise, Vishal industries Lining.

The above information has been determined to the extent such parties have been identified on the basis of data available with the Company. This data has been relied upon by the auditors.

- 6) Sundry debtors include Rs.139.29 lacs. The recovery of wherein are doubtful. However, in the opinion of the management considering the recovery procedures the same are receivable and hence not considered doubtful and accordingly not provided for.
- 7) Balance of Unsecured loans, debtors and creditors, loans and advances are subject to confirmation.
- 8) Particulars of employees who were in receipt of remuneration, of not less then Rs. 24 lacs per annum or Rs. 2 lacs p.m. if employed for a part of the year.

	Employed throughout the year		Employed for part of the year	
	2007-08	2006-07	2007-08	2006-07
No. of Employees	NIL	NIL	NIL	NIL
Amount (Rs.)	NIL	NIL	NIL	NIL

[Rs. in Lacs]

	2007-08	2006-07
9) a) Directors Remuneration	24.00	24.77
b) Auditors Remuneration*		
I) As statutory Auditor	2.97	2.75
II) Other Services	1.50	1.50

*Net of service tax

10) Related Party Disclosure

- a) Names of related parties and nature of relationship

Party	Relationship
I) Key Management Personnel	
1. Shri Suresh J. Patel	Director
2. Shri Ramesh P. Patel	Director
3. Shri Bhavin S. Patel	Director
II) Relative of key Management Personnel	
Smt. Meena S. Patel	Wife of Shri Suresh J. Patel (Director)
III) Enterprise under significant influence of key management personnel	
(i) Shanti Industries	

b) Transactions with related parties

Nature of Transactions	Key Management Personnel	Relative of key Management Personnel	[Rs. in lacs]
			Enterprise under significant influence of key management personnel
Remuneration	24.00	NIL	NIL
Loan Taken	317.65	13.30	NIL
Purchases of Materials	NIL	NIL	466.13
Rent Paid	NIL	NIL	1.20
Sales	NIL	NIL	332.29
Payable at year end	326.29	13.30	28.51

Notes:-

- (i) No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.

11) Segment Reporting:

	[Rs. in Lacs]	
	2007-08	2006-07
a) Primary Segment		
The company has only one segment i.e., "Dyes and Dyes Intermediates".		
b) Secondary Segment (By Geographical segment)		
Sales and Operating Income:-		
India	204,07.22	123,28.02
Outside India	200,81.17	130,89.38
Total	404,88.39	254,17.40

In view of the interwoven/intermix nature of business and manufacturing facility, other segment information is not ascertainable.

12) Deferred Taxation

The Calculation of Deferred Tax Liability is as follows.

Nature of Timing Difference	Deferred Tax (Liability) / Asset as at 01-04-07	Acquired under Amalgamation as on 01.01.07	Deferred Tax utilized in financial year 2006-2007	Transitional provision as on 01.04.07	For the year	[Rs. in lacs]
						Deferred Tax (Liability) / Asset as at 31-03-08
Deferred Tax Assets						
Carry Forward Business Losses	NIL	115.58	(115.58)	Nil	Nil	Nil
Unabsorbed Losses	Nil	85.37	(85.37)	Nil	Nil	Nil
Gratuity	Nil	Nil	Nil	3.58	(3.58)	Nil
Total Deferred Tax Assets	Nil	200.95	(200.95)	3.58	(3.58)	Nil
Deferred Tax Liabilities						
Depreciation	(408.50)	(137.89)	2.76	Nil	(489.59)	(1033.21)
Total	(408.50)	63.06	(198.19)	3.58	(493.17)	(1033.21)

Tax effect of adjustment pursuant to transitional provisions of Accounting Standard 15 (Revised) : 'Employees Benefits' is transferred to general reserve as on 01.04.2007

- 13) (i) Pursuant to the scheme of amalgamation (hereinafter referred as “the scheme”) of Milestone Organic Ltd. (hereinafter referred as “MOL”) with the company as approved by the respective shareholders of the company and MOL, in the extraordinary general meeting held respectively on 26th December, 2007 and 27th December, 2007 and subsequently approved by the Hon’ble High Court of Gujarat on 7th July, 2008 and filed with the Registrar of Companies on 1st August, 2008, the entire business and undertaking of MOL including all assets, liabilities, duties and obligations have been transferred to and vested in the company with effect from 1st January, 2007. However, since the accounts of the company for the year ended 31-03-2007 have already been adopted, the effect of Amalgamation has been given in the accounts from 01-04-2007.
- (ii) MOL was engaged in the manufacturing and trading of Dyes and Dyes Intermediates.
- (iii) The amalgamation has been accounted for under the “Purchase” method as prescribed by the Accounting standard (AS-14) issued by the Institute of Chartered Accountants Of India and in accordance with order of the Hon’ble High Court of Gujarat. Accordingly the assets and liabilities of the erstwhile MOL have been taken over at their book values.
- (iv) Pursuant to the scheme coming into effect, the company is required to allot 67,612 equity shares of Rs. 10/- each as fully paid-up to the shareholders of MOL in the proportion of 1 (one) fully paid-up equity share of Rs. 10/- each of the company for every 100 (one hundred) fully paid-up equity shares of Rs. 10/- each of MOL. Pending allotment as at 31st March, 2008, the amount of Rs. 6.76 lacs being the nominal value of the shares have been included in share capital suspense account.
- (v) Accordingly the difference of Rs. 96.04 lacs between the consideration and net of assets and liabilities transferred to the company is treated as goodwill.
- (vi) Accordingly the amalgamation has resulted in transfer of assets and liabilities in accordance with the terms of the scheme at the following summarized value.

	Rs. in Lacs
Fixed assets	543.21
Investments	3.51
Current Assets (Net)	58.81
Less : Loan	694.81
	(89.28)
Less : Consideration for Amalgamation	
1 (One) Equity Share of Rs. 10/- each fully paid up against 100 (Hundred) equity share	6.76
Balance treated as goodwill	(96.04)

- (vii) Share suspense represents 67,612 equity shares to be issued to the shareholders of MOL which shall rank Pari-passu with the shareholders of the company. Accordingly these shareholders will be entitled to final dividend for the financial year 2007-08 which comes to Rs. 0.34 lacs and dividend tax thereon is Rs. 0.06 lacs. Such dividend shall be payable to them upon allotment of shares, hence provision for dividend has been made in the books of accounts.
- (viii) As required by Accounting Standard – 22 ‘Accounting For Taxes on Income’ and Accounting Standard Interpretation 11 (ASI 11) issued by the Institute of Chartered Accountants of India, if unrecognized deferred tax asset in case of Amalgamation in the nature of purchase are recognized pursuant to the provisions of paragraph 19 of AS-22 relating to reassessment of unrecognized deferred tax asset, the corresponding adjustments should be made to the Goodwill/ Capital Reserve arising on amalgamation. As effect of amalgamation is given in the books of accounts of the company, an amount of Rs. 63.06 lacs is credited to the Goodwill Account which is worked out as under:

Deferred Tax on Timing differences of Milestone Organic Limited as on 01/01/2007.	Rs. in Lacs
Depreciation	137.89
Carry Forward Business Losses	(85.37)
Unabsorbed Depreciation	(115.58)
Amount credited to Goodwill Account	(63.06)

14) Debenture

As per meeting held on 01/03/2008 of unsecured Debenture holders, they have agreed not to claim any interest upto 31/03/2008 and company has agreed to pay Interest @ 10 % effective from 01/04/2008. Hence, no provision has been made for interest for the year 2007-08

15) Employees' Retirement Benefits

(a) Defined Benefit Plan

The company has adopted 'Accounting Standard -15' on Employees Benefits w.e.f. 01.04.2007. Pursuant to adoption, the transitional liability amounting to Rs. 6.96 lacs (Net of Deferred Tax of Rs. 3.58 lacs) towards gratuity has been adjusted against the Revenue Reserve as at 1st April 2007 as required under the standard.

Gratuity:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an issuance company in the form of qualifying insurance policy.

The following table summaries the components of net benefit expenses recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the gratuity benefit.

		[Rs. in Lacs]
		As on 31/03/2008
1	Assumptions	
	Discount Rate	8%
	Salary Escalation	7%
	Expected rate of return on plan assets	9%
2	Table showing changes in present value of obligations	
	Present value of obligations as at beginning of year	10.55
	Interest cost	0.79
	Current Service Cost	4.97
	Benefits Paid	Nil
	Actuarial (gain)/Loss on obligations	(3.89)
	Present value of obligations as at end of year	12.42
3	Table showing changes in the fair value of plan assets	
	Fair value of plan assets at beginning of year	Nil
	Expected return on plan assets	0.55
	Contributions	15.15
	Benefits paid	Nil
	Actuarial Gain / (Loss) on Plan assets	Nil
	Fair value of plan assets at the end of year	15.70
4	Table showing fair value of plan assets	
	Fair value of plan assets at beginning of year	Nil
	Actual return on plan assets	0.55
	Contributions	15.15
	Benefits Paid	Nil
	Fair value of plan assets at the end of year	15.70
	Funded status	3.28
	Excess of Actual over estimated return on plan assets	NIL
	(Actual rate of return = Estimated rate of return as ARD falls on 31st March)	

		[Rs. in Lacs]
		As on 31/03/2008
5	Actuarial Gain/Loss recognized	
	Actuarial gain/(Loss) for the year –Obligation	3.89
	Actuarial (gain)/Loss for the year - plan assets	NIL
	Total (gain)/Loss for the year	(3.89)
	Actuarial (gain)/Loss recognized in the year	(3.89)
6	Present value of obligations as at the end of year	12.42
	Fair value of plan assets as at the end of the year	15.70
	Funded status	3.28
	Net Asset/(liability) recognized in balance sheet	(3.28)
7	Expenses Recognised in statement of Profit and loss	
	Current Service cost	4.97
	Interest Cost	0.79
	Expected return on plan assets	0.55
	Net Actuarial (gain)/Loss recognised in the year	(3.89)
	Expenses recognised in statement of Profit and loss	1.33

b) Defined Contribution Plan

The company has recognized the following amount in profit and loss account which is included under contribution to funds.

Particulars	Rs. in Lacs
Employer's contribution to Provident Fund	17.40
Employer's contribution to E.S.I.	6.62

Note:

- (1) The estimated future salary increases take account of inflation, seniority, promotion and other retirement factors such as supply and demand in the employment markets.
- (2) Comparative values of defined benefits plan for the past four financial years, as required by AS-15 (Revised) are not provided as this being the first year of adoption of the standard.

16) Previous year figures have been rearranged and reclassified wherever necessary.

17) Earnings per Equity Share

Basic and Diluted Earnings per equity share are recorded in accordance with Accounting Standard -20 "Earning per Share". Earning per Share is calculated by dividing the profit attributable to the Equity shareholders (after adjustment for deferred taxes) by the average number of equity shares outstanding during the period. The numbers used in calculating basic and diluted earnings per Equity Shares are stated below.

	[Rs. in Lacs]	
	2007-08	2006-07
Profit	1745.00	1117.01
Less:- Preference share Dividend and tax thereon	46.41	46.41
Profit attributable to Equity shares before Prior period items	1698.59	1070.60
Less : Prior period items	200.20	4.98
Profit attributable to Equity shares after Prior period items	1498.39	1065.62
Weighted Average number of Equity Shares for Basic Earning Per Share.		
a) Existing number of Equity Shares	10,402,704	10,402,704
b) Equity Shares Proposed to be issued due to Amalgamation in nature of purchase	67,612	Nil
c) Weighted average number of Equity Shares	10,470,316	10,402,704
Weighted Average number of Equity Shares for Diluted Earning Per Share		
a) No. of Equity Shares outstanding before Right issue	10,402,704	10,402,704
b) Equity Shares Proposed to be issued due to Amalgamation in nature of purchase	67,612	Nil
c) Right Factor	1.3665	Nil
d) Weighted average number of Equity Shares	14,283,407	10,402,704
Basic Earnings per Share before prior period items (in Rs.)	16.22	10.29
Basic Earnings per Share after prior period items (in Rs.)	14.31	10.24
Diluted Earnings per Share before prior period items (in Rs.)	11.89	10.29
Diluted Earnings per Share after prior period items (in Rs.)	10.49	10.24
Nominal Value per Share (in Rs.)	10	10

- 18) The company has entered in following forward exchange contracts that are outstanding as at 31st March, 2008 to hedge the foreign currency risks of firm commitments.

Category	Currency	Buy/sell	Foreign Currency Value (Rs. in lacs)	Purpose
Forward Contract	EURO	Sell	228.52	Hedging
Forward Contract	USD	Sell	4766.98	Hedging

Details of unhedged foreign currency exposure as on 31-03-2008.

Amount in Lacs			
Debtors	EURO	•	00.03
Debtors	USD	\$	09.67
Creditors	EURO	•	00.61
Creditors	USD	\$	09.19
Term Loan	USD	\$	74.05

Outstanding derivative contracts at the Balance sheet date are Marked to Market and anticipated losses on outstanding derivative contracts of Rs. 25.34 lacs are provided fully in Profit and Loss account.

19) Micro, Small, Medium Enterprises Development Act, 2006

Under the Micro, Small, Medium Enterprises Development Act, 2006 which came into force 2nd October 2006, certain disclosures are required to be made relating to Micro, Small, Medium Enterprises. The company is in process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant is not readily available, no disclosures have been made in the Accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

20) Additional information pursuant of para 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

[A] (I) RAW MATERIAL CONSUMPTION :

Raw Materials	31-03-2008		31-03-2007	
	Qty. Kg.	Value	Qty. Kg.	Value
1 Aniline Oil	19.59	1,207.12	12.24	715.03
2 Chloro	188.17	1,732.76	220.70	1,542.78
3 Ethylene Oxide	28.03	1,815.17	26.02	1,659.54
4 Caustic Soda Lye	66.19	1,185.93	47.90	971.07
5 Thionyl Chloride	50.52	777.56	44.73	881.89
6 Acetanilide	39.88	2,732.10	35.74	2,507.85
7 Beta Nephthol	17.37	2,141.07	10.41	1,035.75
8 Caustic Soda Flakes	52.97	1,029.27	13.49	252.57
9 P.N.C.B.	11.63	341.59	14.06	412.78
10 H. Acid	8.57	2,235.92	7.64	1,753.91
11 Para Nitro Aniline	16.90	797.99	15.47	772.52
13 Napthelene	16.39	925.34	NIL	NIL
14 Sulpher	91.35	1,229.87	NIL	NIL
15 Others (Continuing to less than 10% of total raw material consumption individually)	—	13,922.49	—	6,844.53
Total		32,074.18		19,350.22
(II) PACKING MATERIAL : (In Lacs)		Rs. 0.35		Rs. 0.22

[B] COMPOSITION OF RAW MATERIALS CONSUMPTION :

Raw Materials	31-03-2008		31-03-2007	
	Value Rs. in Lacs	Percentage	Value Rs. in Lacs	Percentage
Imported	4070.34	11.84%	738.81	3.82%
Indigenous	28,003.84	88.16%	18,611.41	96.18%
TOTAL	32,074.18	100.00%	19,350.22	100.00%

[C] TURNOVER

(Figures for Previous year given in brackets)

(I) DETAILS OF MANUFACTURING TURNOVER

(in Lacs)

Mfg. Goods Sales	Opening Stock		Production		Sales		Captive Consumption		Closing Stock	
	Qty. Kg.	Gross Value Rs.	Qty. Kg.	Qty. Kg.	Gross Value Rs.	Qty. Kg.	Qty. Kg.	Gross Value Rs.		
Dyes and Dyes Intermediates										
Vinyl Sulphone	0.97 (1.33)	126.20 (167.94)	115.12 (82.46)	106.92 (78.71)	13,938.38 (9,089.84)	8.44 (4.11)	0.73 (0.97)	115.81 (126.20)		
D.A.S.A.	0.22 (0.12)	26.89 (21.43)	23.93 (20.15)	19.80 (16.94)	2,855.07 (2,423.47)	4.13 (3.11)	0.22 (0.22)	45.91 (26.89)		
F.C. Acid	0.07 (0.06)	9.58 (7.99)	7.27 (9.41)	6.74 (8.97)	981.01 (1,293.71)	0.52 (0.43)	0.08 (0.07)	15.81 (9.58)		
Gamma Acid	0.05 (0.02)	12.48 (3.76)	10.11 (8.00)	9.25 (7.33)	2,216.77 (1,527.73)	0.86 (0.64)	0.05 (0.05)	15.66 (12.48)		
H.Acid	NIL NIL	NIL NIL	19.40 NIL	17.05 NIL	3,386.20 NIL	2.18 NIL	0.17 NIL	33.84 NIL		
Reactive /Acid Dyes	1.98 (0.59)	283.28 (66.38)	70.60 (45.25)	62.85 (42.81)	9,840.70 (5,465.51)	6.81 (1.05)	2.92 (1.98)	496.11 (283.28)		
Others intermediates	1.37 (1.16)	191.52 (106.29)	251.27 (27.96)	55.81 (21.84)	5,463.59 (3,162.98)	188.62 (5.91)	8.21 (1.37)	517.10 (191.52)		
Others		37.52 (6.93)			343.47 (352.35)			23.89 (21.62)		
TOTAL		687.47 (380.72)			39,025.19 (23,315.59)			1,264.13 (671.57)		

(II) DETAILS OF FINISHED GOODS TRADED

(in Lacs)

ITEM	Opening Stock		Purchase		Sales		Closing Stock	
	Qty. Kg.	Gross Value Rs.	Qty. Kg.	Gross Value Rs.	Qty. Kg.	Gross Value Rs.	Qty. Kg.	Gross Value Rs.
Dyes and Dyes Intermediates	NIL NIL	NIL NIL	8.96 (11.05)	1184.25 (1375.91)	8.96 (11.05)	1082.55 (1376.81)	NIL NIL	NIL NIL
Dyes and Dyes Intermediates	NIL NIL	NIL NIL	8.96 (11.05)	1184.25 (1375.91)	8.96 (11.05)	1082.55 (1376.81)	NIL NIL	NIL NIL

(III) DETAILS OF RAW MATERIAL TRADED

(in Lacs)

ITEM	SALES Gross Value Rs.
Raw Material	370.98 (628.29)
TOTAL	370.98 (628.29)

[D] DETAILS OF JOB WORK CHARGES RECEIVED (in Lacs)

(Figures for Previous year given in brackets)

ITEM	JOBWORK	
	KGS	RS.
Vinyl Sulphone	NIL (0.40)	NIL (9.29)
D.A.S.A.	NIL (0.52)	NIL (10.35)
F.C. Acid	NIL (0.15)	NIL (5.56)
Gamma Acid	NIL (0.06)	NIL (1.85)
Acetanilide	0.44 (0.65)	2.21 (3.26)
Others	0.42 (4.51)	7.46 (66.40)
TOTAL	0.86 (6.29)	9.67 (96.71)

[E] LICENCED & INSTALLED CAPACITY

	31-03-2008	31-03-2007
A. Licenced Capacity	N.A	N.A
B. Installed Capacity	(Figures in MT P.A)	(Figures in MT P.A)
Dyes and Dyes Intermediates	33,435	21,635
Product wise Break up		
Vinyl Sulphone#	14,600	9,800
Reactive/Direct/Acid Dyes	5,000	5,000
Other Intermediates ##	13,835	6,835
TOTAL	33,435	21,635

4800 MT P.A. installed capacity of Vinyl sulphone are operated from September, 2007.

3000 MT P.A Installed capacity of other intermediates are operated from July 2007 and 4000 MT P.A. Installed Capacity are operated from February, 2008. It also includes 900 MT P.A. installed capacity acquired on Amalgamation.

As certified by the management and relied upon by the auditors being a technical matter.

[F] VALUE OF IMPORTS ON CIF BASIS (in Lacs)

Rs. 4140.65 Rs. 785.95

[G] EARNING IN FOREIGN CURRENCY (in Lacs)

F.O.B. Value of Exports

Rs. 19963.75 Rs. 12931.78

[H] EXPENDITURE IN FOREIGN CURRENCY (Rs. in Lacs)

Travelling

Rs. 7.91 Rs. 4.94

Commission

Rs. 580.95 Rs. 332.73

Business Development Expense

NIL Rs. 2.25

Membership Fee

Rs. 0.04 NIL

Advertisement

Rs. 5.56 NIL

21) Balance sheet Abstract and Company's General Business Profile :

I. Registration Details

Registration No.	L24110GJ 1986 PLC 009003	State Code	04
Balance Sheet Date	31-03-2008		

II. Capital Raised During the year (Amount Rs in Thousands)

Public Issue	Rs. Nil	Private Placement (Promoters)	Rs. Nil
Bonus Issue	Rs. Nil	Right Issue	Rs. Nil

III. Position of Mobilisation and Deployment of Funds (Amount Rs in Thousands)

Total Liabilities	1,965,300	Total Assets	1,965,300
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Sources of Funds

Paid up Capital	143,699	Deferred Tax Liability	103,321
Capital Suspense	676	Secured Loans	1,266,953
Reserve & Surplus	328,896	Unsecured Loans	121,755

Application of funds

Net Fixed Assets	973,608	Net Current Assets	927,423
Capital Work In Progress	55,285	Misc. Expenditure	1,598
Investments	7,386		

IV. Performance of the Company (Amount Rs in Thousands)

Turnover	4,160,373	Total Expenditure	3,893,275
Profit Before Tax	267,098	Profit After Tax	174,500
Earning Per Share (in Rs.)	16.22	Dividend rate %	25

V. Generic Name of three Principal Products of the Company

Product Description (I.T.C. Code)	Item Code No.	Product Description (I.T.C. Code)	Item Code No.
H. Acid	29222160	Reactive Dyes	32041600
Vinyl Sulphone	29041040		

As per our report of even date attached

For **Mayank Shah & Associates**
Chartered Accountants

(M.S. Shah)
Partner
Membership No. 44093

Place : Ahmedabad
Date : 28-08-2008

For and on behalf of the Board of Directors

(Suresh J. Patel)
Chairman & Managing Director

(Ramesh P. Patel)
Whole Time Director

Place : Ahmedabad
Date : 28-08-2008

(Chirag G. Shah)
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2008

Particulars	[Rs. in Lacs]	
	Year Ended 31-03-2008	Year Ended 31-03-2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extra ordinary items	2,670.98	1,300.87
Adjustment for		
Add :Depreciation	422.38	184.19
Amortisation of Goodwill	209.64	203.02
Interest	896.88	336.87
Miscellaneous Expenditure w/o	5.82	5.47
Profit/Loss on Sale of Assets	6.15	(0.21)
Less : Interest/Dividend/Rent received	24.25	8.81
Profit on sale of Investments	0.22	Nil
Prior Period Item	1.99	0.95
Operating profit before Working Capital Changes	4,185.39	2,020.45
Adjustment for :		
Less : Increase in Inventories	2,462.46	825.83
Increase in Trade Receivables	2,743.52	3,685.35
Increase in Loans & Advances	1,036.99	788.09
Add : Increase in Trade Payables	3,850.13	1,388.57
Cash generated from Operations	1,792.55	(1,890.25)
Less : Fringe Benefit Tax	4.44	5.61
Direct Taxes Paid	358.77	151.01
Net Cash from Operating Activities (A)	1,429.34	(2,046.87)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,903.68)	(827.31)
Increase in Capital Work in Progress	1,225.24	(1,561.21)
Sale of Fixed Assets	6.33	1.62
Interest/Dividend/Rent received	24.25	8.81
Sale of Investment	14.62	Nil
Purchase of investment	(74.86)	(4.56)
Net Cash used in Investing Activities (B)	(5,708.10)	(2,382.65)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Long Term Borrowings	1,709.84	1,390.66
Increase / (Decrease) in Short Term Borrowings	3,972.03	3,495.79
Deferred Revenue expense paid	NIL	(19.77)
Interest Paid	(896.88)	(336.87)
Dividend Paid	(345.59)	(36.84)
Net Cash received from Financing Activities (C)	4,439.40	4,492.97
NET INCREASE/(DECREASE) IN CASH & EQUIVALENTS	160.64	63.45
CASH & CASH EQUIVALENTS- OPENING BALANCE	74.44	10.99
CASH & CASH EQUIVALENTS ACQUIRED UNDER AMALGAMATION SCHEME	0.85	Nil
CASH & CASH EQUIVALENTS- CLOSING BALANCE	235.93	74.44

Note : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard AS - 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.

As per our report of even date attached

For **Mayank Shah & Associates**
Chartered Accountants

(M.S. Shah)
Partner
Membership No. 44093

Place : Ahmedabad
Date : 28-08-2008

For and on behalf of the Board of Directors

(Suresh J. Patel)
Chairman & Managing Director

(Ramesh P. Patel)
Whole Time Director

Place : Ahmedabad
Date : 28-08-2008

(Chirag G. Shah)
Company Secretary

RECOGNITIONS

**Safe surroundings
Healthy world**





Bodal Chemicals Ltd.

Plot No. 123-124, Phase-I, G.I.D.C., Vatva, Ahmedabad - 382 445. Gujarat, India.