

We believe in excellence



23rd

Annual Report 2008-2009



CORPORATE INFORMATION

BOARD OF DIRECTORS

Suresh J. Patel

Chairman & Managing Director

Bhavin S. Patel

Executive Director

Ankit S. Patel

Executive Director

Ramesh P. Patel

Executive 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-380 006

BANKERS

Union Bank of India

Bank of India

REGISTRAR & TRANSFER AGENT

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*

SHAREHOLDERS GRIEVANCES COMMITTEE

Surendra N. Shah *Chairman*

Hardik M. Shah *Member*

Bipin R. Patel *Member*

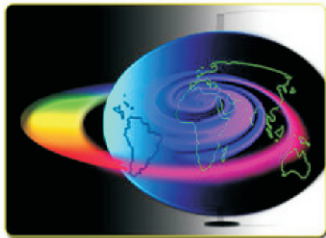
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Bhavin S. Patel, E.D., receiving Gold award from Hon. Minister Jyotiraditya Scindia, Government of India

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

Dear Shareholders,

Before I share with you the highlights of Bodal's performance for the financial year 2008-09, 1st quarter financial result for the current year, commencement of new plants, project under implementation, future plans and future outlook of the company, let me convey to all of you, the scenario of Dyestuff Industry in recent past and trends coming out now.



The Indian Dyestuff market was at its peak in global market for almost six to eight months during January – August 2008 when China has under utilized its capacity of production of dyestuff and dye intermediates due to introduction of stringent environment laws during Beijing Olympics games. This compelled Indian Dyestuff manufacturers to stock the raw materials heavily in months prior to Olympic to enable them to continue their plants. This fueled the demand and stocking was done despite high prices.

After Beijing Olympics games were over, China's dyestuff industry is back quickly on volume production of Dyes and Dye Intermediates and has restarted dumping its materials at very cheap price in the world market including India. While this started in August/September 08 onward, there was global economic recession and financial meltdown across the world resulting into industrial slow down across the industries and across the world. These factors affected particularly heavily, to Indian Dyestuff Industry. Large values in stocks had to be written off as finished products prices plummeted down. Market could not absorb the high costs of raw materials. Further US Dollar went as high as Rs. 52, i.e. more than 30% depreciation in the value of Rupee during 6 to 8 months time for the first time. Result : Losses in the dyestuff industry companies.

The recent downtrend in the global market had affected Indian and particularly in Gujarat, the dyestuff industry. It affected more than a thousand dyestuff units in Gujarat alone. Gujarat is known as the dyestuff hub of the country, which exports more than 70% of total Dyestuff. There is huge impact of downtrend in the market on unorganized units rather than organized units. In short this was the hurricane which hit us also last year.

However it really was hurricane rather than a lasting phenomena and it has passed. The industry is at the moment bouncing back. Global recession is also rapidly becoming a thing of past.

YEAR UNDER REVIEW-2008-09

The year under review has been a very tough year for the Dyes and Dye-Intermediates industry which was passing through recessionary phase due to financial meltdown and economic recession across the globe and high volatility in Forex market.

Turnover and other Receipt was Rs. 405.10 crore, Earning Before Interest, Depreciation & Taxes (EBIDTA) was Rs.4.37 crore and Net loss after Tax was Rs.11.14 crore for the year. The major reason for said losses was Rs. 19.52 crore Foreign Exchange fluctuation loss. However if this forex loss and Depreciation/amortization of Rs. 8.33 crore are removed, company has made handsome cash profit, even in, recession from operations.

At the same time company could maintain its level of Turnover almost at the same level of earlier year. And quantities produced and sold were infact higher then previous year. However growth in value could not be there as prices went down between August 08 to December 08 in range of 50% to 27%..

CURRENT YEAR - 1st QUARTER OF CURRENT FINANCIAL YEAR-2009-10

- Net Sales/Income from Operation at Rs. 103.41 crore,
- EBIDTA at Rs. 12.26 crore,
- Profit After Tax at Rs.3.48 crore,
- EPS Rs. 1.75 for the quarter.

The turnover of entire 2nd half year in 2008-09 is achieved in 4 months in current year.

The problems faced by entire industry have moderated but effects are still there. Your company has recouped significantly its slowed production and most of its plants are operating at nearer to optimum level. The company is taking steps of cost cutting at all levels of operations while ensuring that efficiency and operations are not hampered. Bodal has confidence to generate more revenues through its forward integration strategy i.e. commencement of Dyes Plant and also improve profit margin through backward integration strategy i.e. producing as many key raw materials inhouse as possible. The company is also exploring new export market internationally. In addition, Bodal has traditionally put its customers above everything and has striven to offer maximum values to its customers through price advantage, reliability and deliver quality goods in time to customers. In this way, Bodal has confidence and ability to outperform in the Dyestuff Industry in the current year.

IMPLEMENTATION/COMMENCEMENT OF NEW PROJECTS

Your company is always looking for organic and inorganic growth. These are strategies of the company for growth. The Company has implemented organic growth strategy through backward integration and forward integration.

- Bodal has successfully commissioned its Rs. 43 crore Dyes project with manufacturing capacity of 12000 MTPA at Padra unit, Nr. Vadodara, Gujarat During 1st Quarter of the year 2009-10. Now, Bodal has annual manufacturing capacity of 17000 MTPA of Dyes. After the commencement of Dyes plant, Bodal has been emerged as global player in manufacturing of Dyestuff business.
- The Company has strategy to improve profit margin through backward integration. In this direction, the Company has commissioned Rs. 23 crore Beta Naphthol plant with manufacturing capacity of 6000 MTPA at Padra unit, Nr. Vadodara, Gujarat during May 2009. Beta Naphthol is a raw material of Dye Intermediate. PNA plant, costing about Rs. 2 Crore is also nearing completion.

FUTURE PLANS

Bodal is examining possibilities of infusing Equity Capital/equity related securities through any of the various options like preferential allotment, Public Issue, Rights Issue, FCCB, QIP, warrant issue or any other way for raising equity capital of the company. This fund can be used for meeting the additional working capital needs and/or further expansion plans and /or other general corporate purposes. However this option will be considered only in circumstances of attractive pricing possible for the security.

UPCOMING PROJECT-SULPHURIC ACID PLANT

This is our ambitious project of the company and is also perfect fit for our strategy of backward integration. A 500 TPD Sulphuric Acid Plant is under implementation at a cost of about Rs. 63 crores. Due to sudden recession phase in chemicals Industry and economic slowdown in the world, the company had strategically deferred CAPEX for Sulphuric Acid plant for some time back. Now, the company has started construction work for said plant at our Padra unit, Nr. Vadodara, Gujarat and we are expecting that Sulphuric Acid plant to be commissioned for commercial production during 1st quarter, 2010-11. This will also improve substantially profitability by supplying lower cost inputs captively.

In the end, I want to assure you that with the various steps and perception of your management, your directors are confident of further and future growth and are committed to recover not only losses incurred last year but also to increase manifold, your investment value in the company.

ACKNOWLEDGEMENT

I thank shareholders, Union Bank of India, Bank of India, Other Government & Regulatory Bodies, Agencies, employees & their extended families, all other stakeholders and communities at large as also the contribution and involvement of my colleagues on the Board.



Suresh J. Patel
Chairman & M.D.
Bodal Chemicals Ltd.

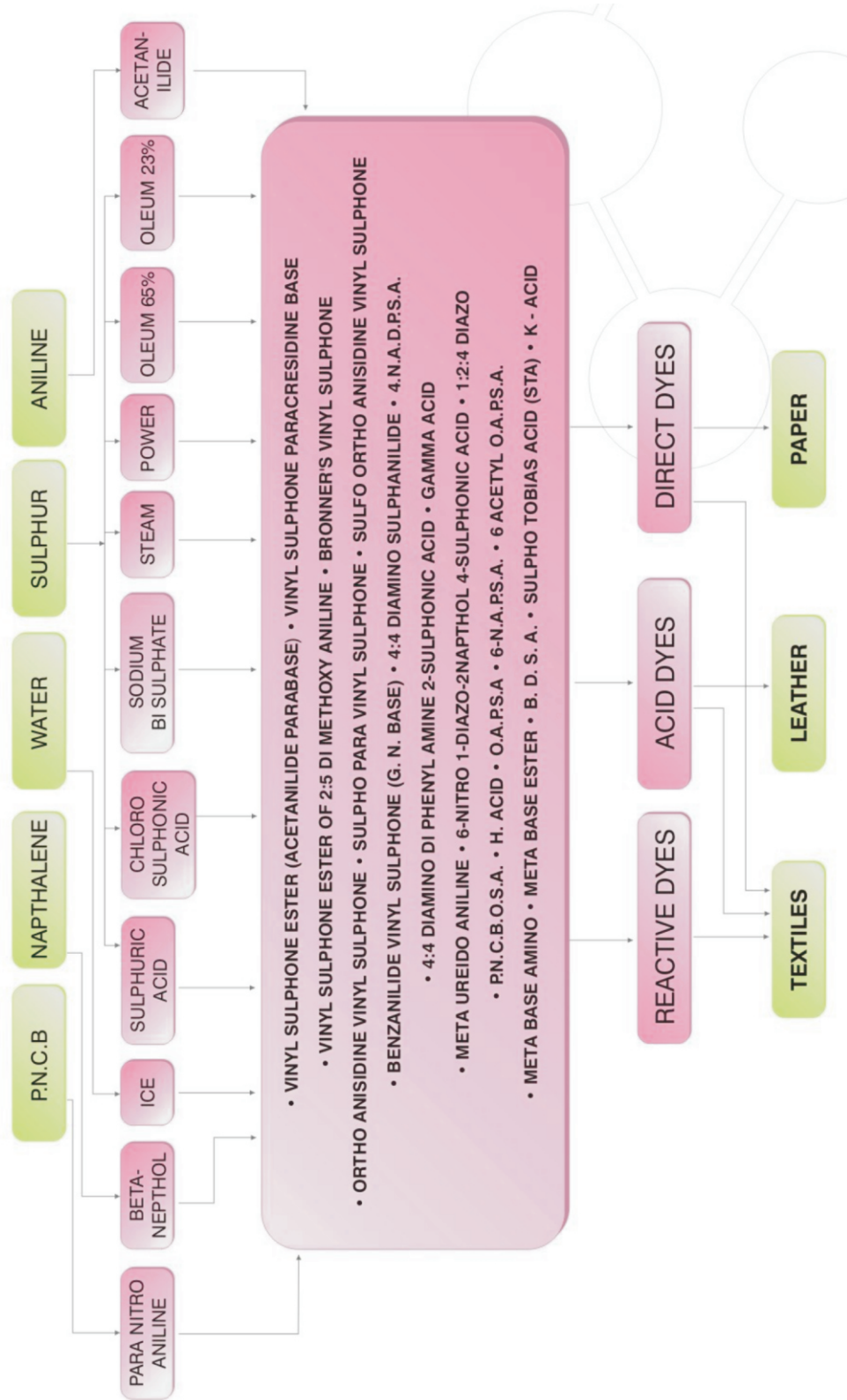
Date : 29-08-2009
Place : Ahmedabad.

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



Activity Flow Chart

Bodal's Activity Flow Chart





DIRECTORS' REPORT

To,
The Members

The Directors hereby present their 23rd ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULT

(Rs. In Lacs)

Particulars	31-3-2009	31-3-2008
Turnover and other Receipt	40510.74	41603.73
Profit/(Loss) before depreciation and taxation	(866.58)	3303.00
Less : Depreciation/Amortisation of Goodwill	833.09	632.02
Profit/(Loss) before Taxation	(1699.67)	2670.98
Less : Provision for Taxation	(586.07)	925.98
Profit/(Loss) after Taxation	(1113.60)	1745.00
Balance available for appropriation	(705.05)	2371.35
Dividend on Equity Shares & Preference Shares (Including Tax)	Nil	381.51
Balance Transferred to Balance Sheet	308.34	1814.84
EPS (Rs.)	(7.08)	11.89

DIVIDEND

In view of the losses, no dividend on equity shares is being proposed.

PERFORMANCE OF THE COMPANY

(1) The Year Under Review :

The year under review has been a very tough year for the Dyes and Dye Intermediates industry which was passing through recessionary phase due to financial meltdown and economic recession across the globe and high volatility in Forex market.

Turnover and other Receipt was Rs. 405.10 crore, Earning Before Interest, Depreciation & Taxes (EBIDTA) was Rs.4.37 crore and Net loss after Tax was Rs.11.14 crore for the year ended 31st March, 2009. The major reason for said loss was Rs. 19.52 crore Foreign Exchange fluctuation loss. Hence, the performance of the company was satisfactory in terms of operational level by maintaining same level of Turnover and other Receipt compared to previous year.

(2) Current Year :

The problems faced by entire industry have moderated but effects are still there. Your company has recouped significantly its slowed production and most of its plants are operating at nearer to optimum level. The company is taking steps of cost cutting at all levels of operations while ensuring that efficiency and operations are not hampered. Bodal has confidence to generate more revenues through its forward integration strategy i.e. commencement of Dyes Plant and also improve profit margin through backward integration strategy i.e. producing as many key raw materials in-house as possible. The company is also exploring new export market internationally. In addition, Bodal has traditionally put its customers above everything and has striven to offer maximum values to its customers through price advantage, reliability and deliver quality goods in time to customers. In this way, Bodal has confidence and ability to outperform in the Dyestuff Industry in the current year.

For the first quarter of financial year 2009-10, Net Sales / Income from Operation at Rs. 103.41 crore, EBIDTA at Rs. 12.26 crore, Profit After Tax at Rs.3.48 crore and EPS Rs. 1.75 for the quarter ended on 30th June, 2009. The turnover of entire 2nd half year in 2008-09 is achieved in 4 months in current year.

EVENTS COMPLETED IN THE YEAR UNDER REVIEW
(1) Amalgamation of Milestone Organic Ltd :

The Hon'ble High Court of Gujarat has passed an order for Amalgamation of Milestone Organic Ltd. (Transferor Company) with the company on 7th July, 2008. The Company has filed said order to Registrar of Companies on 1st August, 2008.

The Company has allotted 67,612 equity shares to shareholders of erstwhile Milestone Organic Ltd. as per the scheme of Amalgamation and other provisions of the said scheme have also been implemented during the year.

(2) Rights Issue :
Rights Issue, Warrant Exercise 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.

The Company has also allotted 42,30,634 equity shares of Rs. 10/- each fully paid at a premium of Rs. 10/- per share on 10th March, 2009, in pursuance of warrant conversion option i.e. 1 warrant converted into 1 equity share of Rs. 10/- each fully paid at a premium of Rs. 10/- per share during 1st to 28th February, 2009, as per terms of Letter of Offer (Rights Issue), dtd.26th February, 2008. Un-exercised warrants i.e. 9,70,718 were lapsed/cancelled after 28th February, 2009.

The Company has fully utilized Rights Issue and Warrant Exercise Issue proceeds i.e. Rs.10.40 crore and Rs. 8.46 crore respectively, in accordance with the objects of Rights Issue.

LISTING / DELISTING OF SECURITIES

The Company has got listing and trading permission from BSE for the following securities during the year are as follows :

1. 52,01,352 equity shares of Rs. 10/- each fully paid and warrants allotted as per terms of Rights Issue.
2. 67,612 equity shares allotted to shareholders of erstwhile Milestone Organic Ltd. as per the scheme of Amalgamation of Milestone Organic Ltd. with the company.
3. 1,02,510, 10% Unsecured Redeemable Non-Convertible Debentures of Rs. 500/- each fully paid, acquired/accepted redemption liability as per the scheme of Amalgamation of Milestone Organic Ltd. with the company.
4. 42,30,634 equity shares of Rs. 10/- each fully paid, allotted in pursuance of warrant conversion option.

The following securities have been delisted from BSE during the year.

1. 39,67,146 ,10% Non-Cumulative Redeemable Preference Shares due to redemption.
2. 52,01,352 Warrants on they getting cancelled on account of warrant holders exercising their right to get equity shares against warrants or lapse of the right due to non exercise thereof.

As a result of above total 1,99,02,302 equity shares of Rs. 10/- each fully paid are listed on BSE as on 31st March, 2009.

REDEMPTION OF PREFERENCE SHARES

The Company has approved and redeemed 39,67,146, 10% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid, at par during the year. Capital Redemption Reserve Fund has been created for redemption of preference shares of Rs. 3.97 crore at the same time.

IMPLEMENTATION/COMMENCEMENT OF NEW PROJECTS

- Bodal has successfully commissioned its Rs. 43 crore Dyes project with manufacturing capacity of 12000 MTPA at Padra unit, Nr. Vadodara, Gujarat, during 1st Quarter of the year 2009-10. Now, Bodal has annual manufacturing capacity of 17000 MTPA of Dyes. After the commencement of Dyes plant, Bodal has been emerged as global player in manufacturing of Dyestuff business.
- The Company has strategy to improve profit margin through backward integration. In this direction, the Company has commissioned Rs. 23 crore Beta Naphthol plant with manufacturing capacity of 6000 MTPA at Padra unit, Nr. Vadodara, Gujarat during May 2009. Beta Naphthol is a raw material of Dye Intermediate. PNA plant, costing about Rs. 2 Crore is also nearing completion.



CAPEX UNDER IMPLEMENTATION :

Upcoming Project-Acid Plant:

- This is our ambitious project of the company and is also perfect fit for our strategy of backward integration. A 500 TPD Sulphuric Acid Plant is under implementation at a cost of about Rs. 63 crore. Due to sudden recession phase in chemicals Industry and economic slowdown in the world, the company had strategically deferred CAPEX for Sulphuric Acid plant for some time back. Now, the company has started construction work for said plant at our Padra unit, Nr. Vadodara, Gujarat and we are expecting that Sulphuric Acid plant to be commissioned for commercial production during 1st quarter, 2010-11. This will also improve substantially 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 from public as on 31st March, 2009.

DIRECTORS

Mr. Suresh J. Patel, Chairman & Managing Director was appointed at Extra-ordinary General Meeting held on 16th June, 2006 for a period of three years w.e.f. 13th May, 2006, therefore his tenure expired on 12th May, 2009. The Board of Directors of the company has reappointed him subject to approval of the members of the company, as the Chairman & Managing Director w.e.f. 13th May, 2009 for the further period of three years.

Mr. Bhavin S. Patel, Whole Time Director was appointed at Extra-ordinary General Meeting held on 16th June, 2006 for a period of three years w.e.f. 13th May, 2006, therefore his tenure expired on 12th May, 2009. The Board of Directors of the company has reappointed him subject to approval of the members of the company, as Executive Director w.e.f. 13th May, 2009 with change of designation from Whole Time Director to Executive Director for the further period of three years.

Mr. Ramesh P. Patel, Whole Time Director was appointed at Extra-ordinary General Meeting held on 16th June, 2006 for a period of three years w.e.f. 13th May, 2006, therefore his tenure expired on 12th May, 2009. The Board of Directors of the company has reappointed him, subject to approval of the members of the company, as Executive Director w.e.f. 13th May, 2009 with change of designation from Whole Time Director to Executive Director for the further period of three years.

Mr. Surendra N. Shah and Mr. Sunil K. Mehta, retires by rotation at the Annual General Meeting. They, being eligible, offer themselves for re-appointment.

Your Directors recommend to pass necessary resolutions to approve these appointments/reappointments as set out in the notice of the annual general meeting.

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.

INSURANCE

The Company's assets are adequately insured.

AUDITORS & AUDITORS' REPORT

Your Directors recommend re-appointment of Auditors M/S. Mayank Shah & Associates. Chartered Accountants, Ahmedabad for the financial year 2009-10. 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 is 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 hereto.

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, 2009, 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 loss 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, 2009, 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 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 : 29-08-2009

SURESH J. PATEL
Chairman & Managing Director



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE-'A' TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

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

	2008-09	2007-08
(i) Total consumption of Electric (Units)	259.86 lacs	215.76 lacs
Total Amount (Rs.)	1462.53 lacs	982.76 lacs
Unit/Average Rate	Unit/Rs. 5.63	Unit/Rs. 4.55
(ii) Fuel		
Quantity	Kgs. 227.65 lacs	Kgs. 272.07 lacs
	Ltr. 0.93 lacs	Ltr. 0.66 lacs
	Scm 10.49 lacs	Scm 14.85 lacs
Total Amount (Rs.)	1535.80 lacs	982.84 lacs
Unit /Average Rate	Kgs./Rs.5.52	Kgs./Rs. 2.59
	Ltr/Rs. 39.17	Ltr/Rs. 35.29
	Scm/Rs. 23.13	Scm/Rs. 17.12

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 :

	2008-2009	2007-2008
(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

Particulars	2008-09	2007-08
(a) Foreign Exchange Inflow		
(i) Foreign Exchange Earning F.O.B. Value of Export	16837.56	19963.75
(ii) Commission	4.12	Nil
(b) Foreign Exchange outgo		
(i) Value of imported Raw materials calculated on CIF basis.	2966.85	4140.65
(ii) Foreign Traveling Expenditure	12.04	7.19
(iii) Export Sales Commission	485.70	580.95
(iv) Business Development Expenses	0.62	Nil
(v) Membership Fees	0.04	0.04
(vi) Advertisement	5.31	5.56
(vii) Interest	224.85	120.22

MANAGEMENT DISCUSSION AND ANALYSIS

THE INDUSTRY OVERVIEW AND INDIAN SCENARIO :

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\$25 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 coloring agents or in manufacturing of colorings dyes.

The Indian Dyestuff market was at its peak in global market for almost six to eight months during January – August 2008 when China under utilized its capacity of dyestuff and dye intermediates due to introduction of stringent environment laws during Beijing Olympics games. This compelled Indian Dyestuff manufacturers to stock the raw materials heavily in months prior to Olympic to enable them to continue their plants. This fueled the demand and stocking was done despite high prices.

After Beijing Olympics games were over, China's dyestuff industry is back quickly on volume production of Dyestuff and its raw materials and has restarted dumping its materials at very cheap price in the world market including India. While this started in August/September 08 onward, there was global economic recession and financial meltdown across the world resulting into industrial slow down across the industries and across the world. These factors affected particularly heavily, to Indian Dyestuff Industry. Large values in stocks had to be written off as finished products prices plummeted down. Market could not absorb the high costs of raw materials. Further US Dollar went as high as Rs. 52 i.e. more than 30% depreciation in the value of Rupee during 6 to 8 months for the first time in the history. Result : Losses in the dyestuff industry companies.

The recent downtrend in the global market had affected Indian and particularly in Gujarat, the dyestuff industry. It affected more than a thousand dyestuff units in Gujarat alone. Gujarat is known as the dyestuff hub of the country, which exports more than 70% of total Dyestuff. There is huge impact of downtrend in the market on unorganized units rather than organized units. In short this was the hurricane which hit us also last year.

However, it really was hurricane rather than a lasting phenomena and it has passed. The industry is at the moment bouncing back. Global recession is also rapidly becoming a thing of past.

However, India enjoys an abundant supply of basic raw materials, it has build up on technical services, marketing capabilities and production in bulk quantities to face global competition particularly from China and increase its share of exports.

BODAL BUSINESS OVERVIEW & MARKET IDENTITY:

The production of high quality dyes depends on use of 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.

Our product mix ensures optimum capacity utilization and enables us to have an edge over other competitors in the Industry. We have a system of regularly monitoring the product mix and capacity usage thus enabling us to use manufactured products for captive consumption for higher value added products thus lowering costs and taxes and higher net margins. We have consistent, repetitive and large customer base.

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 45% 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.

LOCATIONAL ADVANTAGES OF OUR UNIT VII

The manufacturing facility of our Unit VII is located near Padra which is 40 km from Vadodara, Gujarat.

The site is close proximity to acidic and liquid raw materials like Aniline Oil, Chloro Sulphuric Acid, Ethylene Oxide, Caustic Lye etc. These raw materials are purchased from various manufacturers located in South Gujarat cities/industrial areas like



Vapi, Valsad, Ankleshwar, Bharuch and Vadodara. This location is also very well connected by road and offers power, communication and transport facility. In fact, this area is also known as a new chemicals hub of Gujarat.

The Padra Unit is also benefits by the ECP Channel, which carries secondary effluents. It carries effluents from unit link to distant point in the sea.

OUR PRODUCTS

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

- a. Acid and Direct Dyes
- b. Reactive / VS based Dyes
- c. Dyes Intermediates : Vinyl Sulphone (Para Base), H Acid, DASA, FC Acid, GAMA Acid, 6 Nitro, Sulphotobias Acid, G-Salt, Meta Ureido Aniline, Ortho Anisol Vinyl Sulphone, Vinyl Sulphone Ester of 2:5 Di Methoxy Aniline, Bronner's VS etc.

All dyes intermediates like Vinyle Sulphone, Gamma Acid, Acetanilide, DASA FC Acid, H Acid, 6 Nitro, Beta Naphthol 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 PROJECT-SULPHURIC ACID PLANT

This is our ambitious project of the company and is also perfect fit for our strategy of backward integration. A 500 TPD Sulphuric Acid Plant is under implementation at a cost of about Rs. 63 crores. Due to sudden recession phase in chemicals Industry and economic slowdown in the world, the company had strategically deferred CAPEX for Sulphuric Acid plant for some time back. Now, the company has started construction work for said plant at our Padra unit, Nr. Vadodara, Gujarat and we are expecting that Sulphuric Acid plant to be commissioned for commercial production during 1st quarter, 2010-11. This will also improve substantially profitability by supplying lower cost inputs captively.

BODAL'S STRATEGIES

The Company has adopted three main strategies for the growth as under.

Forward Integration: Forward integration means moving into downstream activities, i.e. getting closer to customers. Such a strategy can help Bodal to control more elements of the value chain. Forward integration can help the company to understand the market better. Since the forward stage determines the size and composition of demand for the upstream stages of production, the company can determine the demand for its products sooner. The company also gains first hand information about market trends and competitive developments. This can be very useful in an environment of cyclical, erratic and changing demand. Forward integration may also allow prices to be better matched to market conditions. By setting different prices for different customers, forward integration may facilitate higher overall price realization.

Bodal has said advantages including higher price realization through this strategy by successfully commissioned its Rs 43 crore Dyes project with manufacturing capacity of 12000 MTPA at Padra unit, Nr. Vadodara, Gujarat. during 1st Quarter of 2009-10. Now, Bodal has annual manufacturing capacity of 17000 MTPA of Dyes.

Backward Integration: Moving along the value chain towards the inputs side. By producing internally most of the inputs, Bodal can benefit in various ways. This Backward integration may result in inputs with closely controlled specifications, enabling the company to improve quality and differentiate its product. The company can also improve its profit margin.

In our case Beta Naphthol is one of the important raw material for manufacturing Dye Intermediates. Hence, the Company has also commissioned Rs.23 crore Beta Nephthol plant with manufacturing capacity of 6000 MTPA at unit near Padra, Nr. Vadodara, Gujarat during May 2009.

Inorganic Growth: Means expansion of manufacturing capacities of the company through Amalgamation/Merger. The Company had amalgamated Milestone Organic Ltd.(Transferor Company) with your company during the year by the Hon'ble High Court of Gujarat order dt. 7th July 2008. This amalgamation was considered to bring multiple benefits for the company like, integration of the manufacturing operations, increase in product range offered by your company, significant reduction in production costs, synergy and rationalisation in operations etc.

PERFORMANCE REVIEW

The performance review has been covered in your Directors' Report to you.

1) The Year Under Review :

The year under review has been a very tough year for the Dyes and Dye Intermediates industry which was passing through

recessionary phase due to financial meltdown and economic recession across the globe and high volatility in Forex market. Turnover and other Receipt was Rs. 405.10 crore, Earning Before Interest, Depreciation & Taxes (EBIDTA) was Rs.4.37 crore and Net loss after Tax was Rs.11.14 crore for the year ended 31st March, 2009. The major reason for said loss was Rs. 19.52 crore Foreign Exchange fluctuation loss. Hence, the performance of the company was satisfactory in terms of operational level by maintaining same level of Turnover and other Receipt compared to previous year.

The Company has achieved almost same level of Turnover and other Receipt for the financial year 2008-09 compared to previous year i.e. 2007-08. However, the company has incurred net loss for the financial year 2008-09, due to Foreign Exchange Fluctuation loss and fluctuation in raw materials and finished goods prices.

(2) Current Year :

The problems faced by entire industry have moderated but effects are still there. Your company has recouped significantly its slowed production and most of its plants are operating at nearer to optimum level. The company is taking steps of cost cutting at all levels of operations while ensuring that efficiency and operations are not hampered. Bodal has confidence to generate more revenues through its forward integration strategy i.e. commencement of Dyes Plant and also improve profit margin through backward integration strategy i.e. producing as many key raw materials in-house as possible. The company is also exploring new export market internationally. In addition, Bodal has traditionally put its customers above everything and has striven to offer maximum values to its customers through price advantage, reliability and deliver quality goods in time to customers. In this way, Bodal has confidence and ability to outperform in the Dyestuff Industry in the current year.

For the first quarter of financial year 2009-10, Net Sales / Income from Operation at Rs. 103.41 crore, EBIDTA at Rs. 12.26 crore, Profit After Tax at Rs.3.48 crore and EPS Rs. 1.75 for the quarter ended on 30th June, 2009. The turnover of entire 2nd half year in 2008-09 is achieved in 4 months in current year.

Bodal has various plans to tackle the said factors for loss for the future. The company may infuse Equity Capital through any of the various options like preferential allotment, Public Issue, Rights Issue, FCCB, QIP, warrant issue or any other way for raising equity capital of the company. This fund can be used for meeting the additional working capital needs and/or further expansion plans and /or other general corporate purposes. However this option will be considered only in circumstances of attractive pricing possible for the security. Further to avoid / minimize Foreign Exchange Fluctuation loss through various techniques including taking expert advise.

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 :

- The major challenge for Dyestuff Industry is competition from China. Chinese Dyestuff Industry has huge manufacturing capacities, better infrastructure, and faster implementation of projects and policies.
- Chemical industry is a volume based industry with low value addition. Price of raw materials 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 various intermediates by further processing into dyes 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 45%) 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) The company has fully integrated product range from basic chemicals, wide range of dye Intermediates and dyestuffs in fact the only such company in India.



Risk Management

The Company undertakes to ensure responsible approaches towards Risk Management on an integrated basis to cover all aspects of operations to diminish each or a combination of known risks that could affect its business.

Regulatory Risk: The Chemical Industry is subjected to various regulatory requirements stringent amongst being environment & Pollution Control regulations being legislated by the Government from time to time, including safety and emission norms. The Company addresses these issues through advance planning and allocation of sufficient physical and human resources, effluent treatment facilities and process controls.

Competition Risk: The Company may face strong competition from domestic and overseas players particularly Chinese Dyestuff and allied Industries. This being generic product industry, R & D is not of paramount importance. However, production process and integration of product vertically is the Key to low cost of production. Still company is giving attention to automation, process control technologies and clean environment process equipments in its new plants under implementation and in recently set up plants to meet competitive scenario.

Operational Risk: Need for efficient and effective manufacturing process has become extremely essential, considering the increasingly competitive market. Multiple manufacturing locations in the heart of Dyestuff Industry and nearer to raw material sources and customers have provided the advantage of being closer to customers and suppliers. Several steps are being taken to integrate material planning along with better demand forecasting.

Political Risk: Few of our target overseas markets may suffer from political instability, natural calamities, war, terrorism, etc., that could affect the Company's business. These risks are mitigated by taking ECGC cover and also delivering goods against confirmed letters of credit.

Economic / Business Risk: Given the cyclical nature of our industry, your company has put in implementation several Plants under an integrated CAPEX Project for significant backward integration as well as increasing capacities in Dyes downstream. These plans have resulted in cost savings on inputs and increased finished products range for the company and capacities too. In view of the current economic downturn and the reduction in demand for company's products, the company had put on hold implementation of remaining part of the project though at a cost. However now company has started implementation again and Sulphuric Acid plant will be operational in beginning of next year. The Company will ensure that future expansion is also well aligned to market demands. In addition, the company has also initiated several cost reduction measures through productivity improvement initiatives on the shop floor.

Foreign Exchange Fluctuation Risk: The Company's foreign exchange exposure has increased significantly - essentially on account of imports, exports and term loans in foreign currency. Exports are likely to cross USD 40 million in current year. The Company is in the process of setting up an active, mechanism to mitigate adverse effects of currency / interest rate fluctuations.

With the various steps and perception of your management, your directors are confident of further and future growth and are committed to recover not only losses incurred last year but also to increase manifold, your investment value in the company.

DISCLAIMER CLAUSE

This Directors report, management discussion and analysis 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

Your Company cherish and appreciates the noble idea of Corporate Governance and endeavor not only to abide by and comply with, the stipulated requirements related thereto, both in its word and spirit, but has also voluntary contemplated to establish and maintain Good Corporate Governance standards and mechanism in conformity with the contemporary national and international practices on various relevant matters including prompt dissemination of information to and expedient redressal of grievances of investors and public in general.

The policies and practice of Corporate Governance of the Company are inspired by following philosophy and principles and with an earnest attempt to accomplish the same:

- (a) **Transparency:**
To maintain in all aspects, high standards of transparency, in our interactions and dealings.
- (b) **Disclosures:**
To ensure timely dissemination of all price sensitive information and matters of importance to protect the interest of investors.
- (c) **Accountability:**
To demonstrate highest levels of personal responsibility and continually affirm that employees are responsible to themselves for the pursuit of excellence.
- (d) **Compliances:**
To comply with all the laws and regulations as applicable to the Company.
- (e) **Ethical conduct:**
To conduct in an ethical manner, the affairs of the Company.
- (f) **Stakeholders' interest:**
To promote the interests of all stakeholders including of customers, shareholders, employees, tenders, vendors, governments and the community.

The Company's philosophy of Code of Corporate Governance is aimed at assisting the top management in the efficient conduct of its business and fulfilling its obligations towards the Government, its shareholders, employees and other stakeholders.

Your Board believes that Corporate Governance is a powerful medium of sub-serving the long-term interests of its stakeholders for the attainment of transparency, accountability and equity in all facets of its operations by enhancing and sustaining its corporate value through growth and innovation.

The Company 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 2008-09 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, 2009. Out of 8 Directors, 4 Directors are independent directors. The Chairman of the Board is an 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

Thirteen Board meetings were held during the financial year 2008-2009. The dates on which Board Meetings were held viz; 2-4-08, 9-4-08, 19-4-08, 30-4-08, 24-5-08, 30-7-08, 28-8-08, 25-9-08, 23-10-08, 16-1-09, 30-1-09, 24-2-09 and 10-3-09. The time gap between any two Board Meetings was less than 4 months. The 22nd Annual General Meeting was held on 30-9-08.



c. Directors' attendance and Directorship held

The table below provides the composition of the Board, their attendance at Board Meetings (1-4-2008 to 31-3-2009) & AGM (30-9-2008) and number of other directorships, chairmanships/memberships of other companies.

Name of the Directors with Designation	Category	No. of other Directorships held in public companies in India**	No. of other Board committees of which Member/Chairman **	No. of Board Meeting attended	Attendance at the last AGM	No. of Equity Shares held as on 31-03-09 & % of holding
Suresh J. Patel Chairman & Managing Director	Promoter Executive	Nil	None	13	Yes	67,11,946 33.72%
Bhavin S. Patel Executive Director	Promoter Executive	Nil	None	9	No	15,62,010 7.85%
Ramesh P. Patel Executive Director	Promoter Executive	Nil	None	10	No	14,10,560 7.09%
Ankit S. Patel * Executive Director	Promoter Executive	Nil	None	6	Yes	Nil
Surendra N. Shah Independent Director	Independent Non-Executive	Nil	None	10	Yes	9,746 0.05%
Hardik M. Shah Independent Director	Independent Non-Executive	Nil	None	5	No	Nil
Bipin R. Patel Independent Director	Independent Non-Executive	2	Membership-2	11	Yes	1,997 0.01%
Sunil K. Mehta Independent Director	Independent Non-Executive	Nil	None	6	Yes	93,259 0.47%
Ramesh D. Patel^ Director	Promoter Non-Executive	Nil	None	Nil	N.A.	9,87,392 4.96%

Notes:

- (1) * Mr. Ankit S. Patel has been appointed as an Executive Director of the Company w.e.f. 24-5-08.
- (2) ^Mr. Ramesh D. Patel has resigned as a Director of the Company w.e.f. 24-5-08.
- (3) **This number excludes the directorships/committee memberships held in private companies, a company registered u/s 25 of the Companies Act and also of the Company.
- (4) As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorships in more than 15 public companies, memberships of board committees (audit/remuneration/investors grievance committees) in excess of 10 and chairmanships 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 FORTHCOMING ANNUAL GENERAL MEETING

The information as required by clause 49 (vi) of the Listing Agreement with the stock exchange in relation to reappointment of Directors, Chairman & Managing Director and Executive Directors of the Company are as follows :

Name of the Director	Mr. Suresh J. Patel	Mr. Bhavin S. Patel
Date of Birth	15-04-1956	05-01-1981
Date of Appointment	01-06-2005	01-06-2005
Qualification	B.Sc.	B.Sc.
*Name of the Companies in which he is a Director other than Bodal Chemicals Ltd.	Nil	Nil
Re-appointment (Designation)	Chairman & Managing Director	Executive Director
Specific Functional Areas	He has very wide and rich experience in the chemical industry specifically in manufacturing of Dyes and Dyes Intermediates	He has rich experience in the chemical industry specifically in marketing of Dyes and Dyes Intermediates.
** Chairmanship / Membership of Committee(s) of Director of the Company	Nil	Nil
Chairman/Member of the Committee(s) of Board of Directors of other Public Limited Companies in which he is a Director	Nil	Nil
Shareholding in the company as on 29-8-09 & percentage of paid up capital	67,11,946 (33.72%)	15,62,010 (7.85%)

Name of the Director	Mr. Ramesh P. Patel
Date of Birth	23-10-1957
Date of Appointment	13-05-2006
Qualification	B. Com., LL.B.
Name of the Companies in which he is a Director other than Bodal Chemicals Ltd.	Nil
Re-appointment (Designation)	Executive Director
Specific Functional Areas	He has vast experience in commercial and financial aspect. He has in depth knowledge of import export procedure, financial market and Forex market.
** Chairmanship / Membership of Committee(s) of Director of the Company	Nil
Chairman/Member of the Committee (s) of Board of Directors of other Public Limited Companies in which he is a Director	Nil
Shareholding in the company as on 29-8-09 & percentage of paid up capital	14,10,560 (7.09%)



Name of Director	Mr. Surendra N. Shah	Mr. Sunil K. Mehta
Date of Birth	02-01-1960	23-12-1960
Date of Appointment	13-05-2006	14-08-2007
Qualification	B.Com., LL.B, FCA., D.I.S.A.(ICAI)	B.Com., M.Com., LL.B, FCA.,
Name of the Companies in which he is a Director other than Bodal Chemicals Ltd.	Nil	Nil
Re-appointment (Designation)	Director(Non-Executive-Independent Director)	Director(Non-Executive-Independent Director)
Specific Functional Areas	He is Chartered Accountant. He has more than 25 years experience in Chartered Accountant profession. He has sound knowledge of Accounting, Finance and Taxation matters.	He is Chartered Accountant. He has more than 22 years experience in Chartered Accountant profession. He has sound knowledge of Accounting, Finance and Taxation matters.
**Chairmanship / Membership of Committee(s) of Director of the Company	Chairmanship of Three Committees	Nil
Chairman/Member of the Committee (s) of Board of Directors of other Public Limited Companies in which he is a Director	Nil	Nil
Shareholding in the company as on 29-8-09 & percentage of paid up capital	14,596 (0.07%)	97,490 (0.49%)

* Excluding a company registered u/s. 25 of the Companies Act, 1956.

** Audit Committee, Remuneration Committee and Shareholders Grievances Committee.

COMMITTEES OF THE BOARD OF DIRECTORS

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, eight meetings were held on 2-4-08, 30-4-08, 30-7-08, 28-8-08, 25-9-08, 23-10-08, 30-1-09 and 10-3-09 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 30th September, 2008.

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

Name of Members	Designation	Category	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	8
Mr. Hardik M. Shah	Member	Non-Executive Independent Director	4
Mr. Bipin R. Patel	Member	Non-Executive Independent Director	6

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 exchange(s) 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 the 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, one meeting was held on 24-5-2008.

Composition :

Name of Members	Designation	Category	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. Bipin R. Patel	Member	Non-Executive Independent Director	1

The details of remuneration paid to directors are provided below for the financial year 2008-09.

Name of Directors	Age	Designation	Remuneration (including perquisites) paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration paid Rs.
Suresh J. Patel	53	Chairman & Managing Director	18,00,000	Nil	Nil	18,00,000
Bhavin S. Patel	28	Executive Director	9,00,000	Nil	Nil	9,00,000
Ankit S. Patel \$	27	Executive Director	5,12,903	Nil	Nil	5,12,903
Ramesh P. Patel	52	Executive Director	9,00,000	Nil	Nil	9,00,000
Surendra N. Shah	49	Independent Director	Nil	Nil	Nil	Nil
Hardik M. Shah	28	Independent Director	Nil	Nil	Nil	Nil
Bipin R. Patel	64	Independent Director	Nil	Nil	Nil	Nil
Sunil K. Mehta	49	Independent Director	Nil	Nil	Nil	Nil
Ramesh D. Patel *	58	Director	Nil	Nil	Nil	Nil
Total			41,12,903	Nil	Nil	41,12,903

Notes :

(1) \$ Mr. Ankit S. Patel has been appointed as an Executive Director of the Company w.e.f. 24-5-08.

(2) * Mr. Ramesh D. Patel has resigned as a Director of the Company w.e.f. 24-5-08

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 Grievances Committee

Terms of Reference : In order to give the appropriate level of focus to shareholders and investors 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, three meetings were held on 24-5-08, 23-10-08 and 30-1-09.



Name of Members	Designation	Category	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	3
Mr. Hardik M. Shah	Member	Non-Executive Independent Director	2
Mr. Bipin R. Patel	Member	Non-Executive Independent Director	2

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

Pinnacle Shares Registry Pvt. Ltd. (RTA) and the Company have received shareholders/investors complaints and resolved by the RTA in consultation with the Company for the year 2008-09, the details are as follows :

Sr. No.	Nature of Complaints	Opening Balance 1-04-2008	Received during the year	Redressed/ attended	Pending as on 31-03-2009
1	Non receipt of share certificates after transfer etc.	Nil	Nil	Nil	Nil
2	Non receipt of Dividend Warrants	Nil	3	3	Nil
3	Query regarding demate credit	Nil	3	3	Nil
4	* Non receipt of duplicate share certificates after issue	Nil	Nil	Nil	Nil
5	Other	Nil	1	1	Nil
	Total	Nil	7	7	Nil

* Request for issue of duplicate share certificates.

Details of Shareholders/Investors Complaints-Rights Issue

Link Intime India Pvt. Ltd. (RTA-Rights Issue) and the Company have received Shareholders/Investors complaints relating to Rights Issue including Refund Orders and resolved by Link Intime India Pvt. Ltd. (RTA-Rights Issue) in consultation with the company for the financial year 2008-09, the details are as follows :

Description of Investors Grievances	No. of Grievances
Grievances Pending at the beginning of the year	Nil
Letters	83
Correction in Refund Instruments	19
B.S.E	Nil
S E B I	Nil
Total Grievances attended/redressed	102
Total Grievances pending at the end of the year	Nil

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 of balance sheet of the Company.



There were no instances of non-compliance 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, Chairman & Managing Director, as CEO and Mr. Ramesh P. Patel, Executive Director, as CFO of the Company. Certification from the both was placed as a part of good Corporate Governance practice in the Annual Accounts of FY 2008-09.

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 23rd Annual General Meeting of the members of the company is scheduled to be held on Wednesday, the 30th day of September, 2009 at 5.30 p.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 2008-09 (April 1, 2008 to March 31, 2009)

Results were announced on

30 th July, 2008	- First quarter (Un-audited)
23 rd October, 2008	- Second quarter (Un-audited)
30 th January, 2009	- Third quarter (Un-audited)
30 th June, 2009	- Annual (Audited)

Tentative Financial Calendar for the financial year 2009-10.

Results will be announced on

27 th July, 2009	- First quarter
Last week of October, 2009	- Second quarter and half year ended
Last week of January, 2010	- Third quarter
Last week of June, 2010	- Fourth quarter and annual (audited)

Book closures dates

: From Saturday, the 26th September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive) for the purpose of Annual General Meeting of the company.

Annual General Meeting

: 30-9-2009 at 5.30 p.m.

Details of Securities

: Types of security : Equity Shares
 No. of paid up shares: 1,99,02,302 equity shares of Rs. 10/- each (as on 31-3-2009)
 Market lot of shares : 1 equity share

Stock code

: The Company's Equity shares and Debentures are listed on the Bombay Stock Exchange Ltd.



Type of Securities :	Code no.	ISIN (Demat Code)
Equity Shares	524370	INE338D01010
Debentures	946014	INE338D08015
Preference Shares*	700117	INE338D04014

*Preference Shares have been redeemed at par on 24th February, 2009.

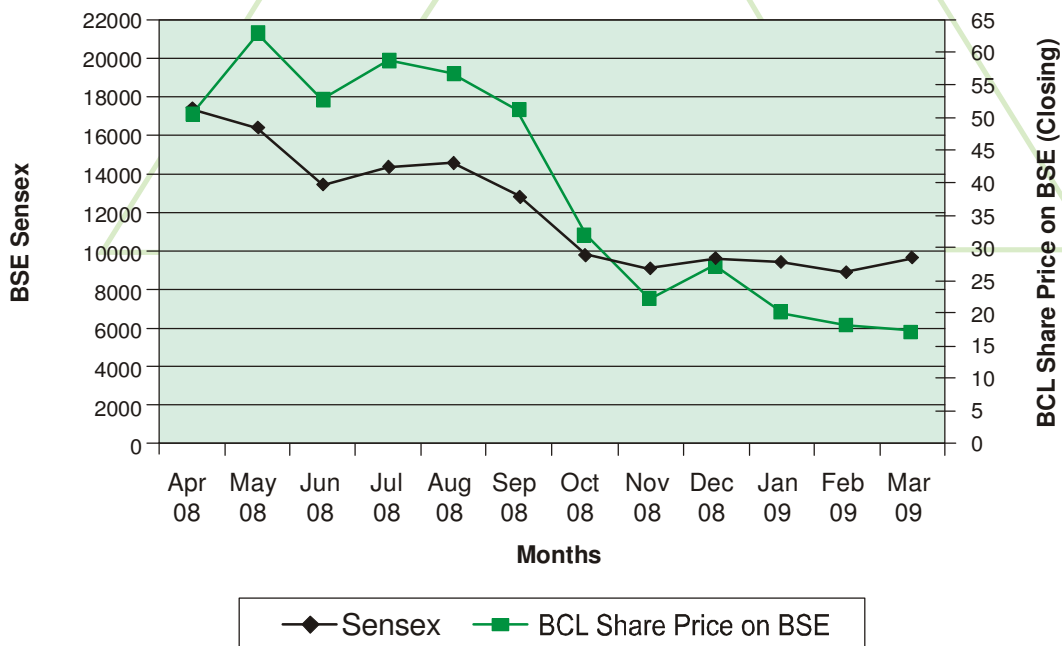
Listing

: The Company's equity shares and debentures are listed on the Bombay Stock Exchange Ltd. The Company has paid listing fees to Bombay Stock Exchange for financial year 2009-2010.

Stock Data : Monthly share price data on BSE for the financial year 2008-09 are as under.

Month	High Rs.	Low Rs.	Close Price Rs.	Volumes (No. of Shares)
April '08	60.35	46.15	50.55	134126
May '08	70.70	53.00	62.85	211898
June '08	62.10	47.75	52.70	191122
July '08	64.00	46.00	58.75	150083
August '08	63.00	50.65	56.60	171321
September '08	61.00	48.10	51.00	176657
October '08	53.00	25.50	31.95	147275
November '08	32.00	20.00	22.30	85531
December '08	30.00	21.60	27.20	54919
January '09	27.95	16.00	20.00	34314
February '09	20.00	17.25	18.20	61191
March '09	19.80	13.30	17.20	35668

Comparative Price Chart



**General Body Meetings**

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

AGM/EGM	Date	Time	Venue	No. of special Resolutions passed
EGM	16-6-2006	11.00 A.M.	Navdeep Hall, ICSI, S-2,B-Tower, Chinubhai Tower, Ashram Road, Ahmedabad-380 009	3
2005-06AGM	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
2006-07AGM	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.
2007-08AGM	30-9-2008	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	1

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, 2009, 1,76,69,146 equity shares (88.78%) were held in dematerialized form and balance 22,33,156 equity shares (11.22%) 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 dematerialize 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)	30-09-2006	05-11-2013
2.	2006-07(Interim)	04-06-2007	10-07-2014
3.	2006-07(Final)	29-09-2007	04-11-2014
4.	2007-08(Interim)	09-04-2008	15-05-2015
5.	2007-08(Final)	30-09-2008	05-11-2015

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 dividends to be transferred to Investor Education and Protection Fund on above said Due Dates.

Distribution of Shareholding as on 31-3-09

According to number of Equity Shares

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total Shares	% of Total Shares
1-500	11020	92.94	846709	4.25
501-1000	401	3.38	304284	1.53
1001-2000	200	1.69	295764	1.49
2001-3000	67	0.57	169367	0.85
3001-4000	35	0.30	121153	0.61
4001-5000	24	0.20	111061	0.56
5001-10000	37	0.31	276166	1.39
10001-Above	72	0.61	1777798	89.32
Total	11856	100.00	19902302	100.00

Shareholding pattern of the Company as on 31-3-2009

Description	No. of members		No. of shares	
	Nos.	%	Nos.	%
Promoters & Promoters Group				
Individuals	6	0.05	12422980	62.42
Foreign citizen/NRIs	3	0.03	2278336	11.45
Total	9	0.08	14701316	73.87
Indian Public-Individuals	11214	94.59	3472933	17.45
Mutual Fund, Nationalized Bank , Financial Institution and Co-operative Banks	5	0.04	22350	0.11
Domestic Companies	113	0.95	1583772	7.95
Non Resident Individuals	509	4.29	16279	0.08
Any others (Independent Directors)	4	0.03	105002	0.53
Clearing Members	2	0.02	650	0.01
Total	11856	100.00	19902302	100.00

Outstanding GDRs / ADRs /Warrants/any other Convertible Instruments

The Company does not have any outstanding instruments of the captioned type.

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 filled 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 complaints on Email ID : secretarial@bodal.com

Rights Issue, Warrant Exercise 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.

The Company has also allotted 42,30,634 equity shares of Rs. 10/- each fully paid at a premium of Rs. 10/- per share on 10th March, 2009, in pursuance of warrant conversion option i.e. 1 warrant converted into 1 equity share of Rs. 10/- each fully paid at a premium of Rs. 10/- per share during 1st to 28th February, 2009, as per terms of Letter of Offer (Rights Issue), dtd.26th February, 2008. Un-exercised warrants i.e. 9,70,718 were lapsed/cancelled after 28th February, 2009.

The Company has fully utilized Rights Issue and Warrant Exercise Issue proceeds i.e. Rs.1040.27 lacs and Rs. 846.13 lacs respectively, in accordance with the objects of Right 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 :

Link Intime India Pvt. 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 exchange(s) immediately after the conclusion of the Board meetings and were also published in newspapers like Business Standard, Sandesh, Western Times (Gujarati) etc.

Secretarial Audit Report

The Secretarial Audit Report of the company in terms of SEBI circular no. D&CC/FITTC/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.	Name	Sr. No.	Name	Sr. No.	Name
1	Suresh J. Patel	5	Meena S. Patel	9	Rakesh R. Patel
2	Bhavin S. Patel	6	Ramesh D. Patel	10	Ankita B. Patel
3	Ankit S. Patel	7	Jayanti D. Patel	11	Dipti R. Patel
4	Ramesh P. Patel	8	Bansi M. Patel	12	Shanti Industries
				13	Laxmi Interenational

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 :29-8-09

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, 2009 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.

Suresh J. Patel

Chief Executive Officer
Chairman & Managing Director
Bodal Chemicals Ltd.

Ramesh P. Patel

Chief Financial Officer
Executive Director
Bodal Chemicals Ltd.
Date : 29-8-2009

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 on March 31,2009, 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 was limited to the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned listing agreement.

We further state that such compliances is 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 : 29-08-09
Place : Ahmedabad

(M.S.SHAH)
PARTNER
M. 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, 2009 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, 2009 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, 2009
 - (ii) In case of the Profit & Loss Account, of the loss 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
Mem. No. 44093

PLACE : AHMEDABAD
DATE : 30/06/2009

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 31/03/2009)

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.
- 2
 - a) During the year the Company has not disposed off a substantial part of its fixed assets, so as to affect its going concern.
 - 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.362.88 lacs & the year end balance of loans was Rs.15.13 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 2009 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. in Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961.	Income Tax	0.19	A.Y. 1999-2000	Income Tax Appellate
	Income Tax	4.63	A.Y. 1993-1994	Tribunal
	Income Tax	1.42	A.Y. 2004-2005	Assessing Officer
	Income Tax	13.04	A.Y. 2006-2007	Commissioner of Income Tax (Appeal)
The Central Excise Act, 1944	Penalty	6.82	A.Y.2006-2007	The Comm. Of Central Excise (Appeals)- Surat
	Penalty	0.77	A.Y. 2002-2003	CESTAT, Mumbai
	Duty	1.47	A.Y.2007-2008	Asst. Comm. Of Central Excise, Div-II, Ankleshwar.
The Custom Act, 1962	Duty, Penalty, Interest & Fine	10.11	A.Y.2007-2008	CESTAT, Additional West Zonal Bench, Ahmedabad.

- 10 The company has no accumulated losses at the end of the financial year. The company has incurred cash losses during current financial year. In the immediately preceding financial year, the Company had not incurred any cash loss.
- 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 consent of unsecured debenture holder, it has agreed not to claim any interest up to 31-03-2009 and company has agreed to pay interest @ 10% effective from 01-04-2009. Accordingly the Company has not defaulted in repayment of dues to debenture holder.
- 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 the information and explanations given to us and on overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
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. We have verified the end use of money raised by the Rights Issue of simultaneous issue of Equity Shares and Detachable Warrants convertible into Equity Shares as disclosed in Note 4 of Schedule 19 "Notes to Accounts"
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

Mem. No. 44093

PLACE : AHMEDABAD
 DATE : 30/06/2009

BALANCE SHEET AS AT 31ST MARCH, 2009

[Rs. in Lacs]

PARTICULARS	SCHEDULE	As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	1,990.23	1,443.75
Reserves and Surpluses	2	3,082.20	3,288.96
Loan Funds :			
Secured Loans	3	17,619.79	12,849.02
Unsecured Loans	4	992.85	1,217.55
Deferred Tax Liability		432.14	1,033.21
TOTAL		24,117.21	19,832.49
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	14,648.79	12,470.03
Less : Depreciation		3,565.45	2,733.95
Net Block		11,083.34	9,736.08
Capital Work In Progress		5,753.91	552.85
		16,837.25	10,288.93
Investments	6	71.14	73.86
Current Assets, Loans & Advances :			
Inventories	7	3,863.93	4,783.35
Debtors		7,748.82	10,445.86
Cash & Bank Balances		261.42	235.93
Loans & Advances		3,782.33	3,551.70
		15,656.50	19,016.84
Less: Current Liabilities & Provisions	8		
Current Liabilities		8,468.45	8,748.81
Provisions		15.00	814.31
		8,483.45	9,563.12
Net Current Assets		7,173.05	9,453.72
Miscellaneous Expenditure (To the extent not written off or Adjusted)	9	35.77	15.98
TOTAL		24,117.21	19,832.49
Notes to the Accounts	19		

As Per Our Report of even date attached

For Mayank Shah & Associates
Chartered Accountants
(M.S. Shah)
Partner
Membership No. 44093

Place : Ahmedabad

Date : 30.06.2009

For and on behalf of the Board of Directors

(Suresh J. Patel)
Chairman & Managing Director
(Bhavin S. Patel)
Executive Director
(Chirag G. Shah)
Company Secretary

Place : Ahmedabad

Date : 30.06.2009



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009

[Rs. in Lacs]

PARTICULARS	SCHEDULE	Current year	Previous Year
INCOME			
Sales	10	39,548.62	40,488.39
Goods Burnt Due to Fire		59.58	Nil
Other Income	11	902.54	1,115.34
TOTAL		40,510.74	41,603.73
EXPENDITURE			
Material Consumed and Stock Variation	12	30,632.56	31,743.49
Manufacturing Expenses	13	4,020.52	3,123.71
Administrative & General Expenses	14	2,488.13	377.49
Payment to Employees	15	1,311.18	432.94
Selling & Distribution Expenses	16	1,609.42	1,720.40
Financial Charges	17	1,303.28	896.88
Depreciation and Amortisation	18	833.09	632.02
Misc. Expenditure Written Off		12.23	5.82
TOTAL		42,210.41	38,932.75
(Loss) / Profit Before Tax		(1,699.67)	2,670.98
Provision For Taxation			
Current		0.44	425.30
Deferred Tax (Asset) / Liability		(601.07)	493.18
Fringe Benefit Tax		14.56	7.50
		(586.07)	925.98
(Loss) / Profit After Tax		(1,113.60)	1,745.00
Balance Brought Forward		1,814.84	829.20
Loss for the period from 01.01.07 to 31.03.07 of Amalgamating Company		Nil	(2.65)
Deferred Tax of prior year		Nil	(198.20)
Prior Period Items		1.03	(1.99)
Excess Tax Provision for earlier years		2.78	Nil
Current Taxes of Prior years		Nil	(0.01)
Amount Available For Appropriation		705.05	2,371.35
Appropriation :			
Interim Dividend on Equity Shares		Nil	208.06
Proposed Final Dividend on Equity Shares		Nil	78.36
Dividend on preference shares		Nil	39.67
Provision for Dividend Tax		Nil	55.42
Transfer to Capital Redemption Reserve		396.71	Nil
Transfer to General Reserve		Nil	175.00
Balance Carried to Balance Sheet		308.34	1,814.84
		705.05	2,371.35
Basic Earning per Share before Prior period item (in Rs.)		(7.08)	11.89
Basic Earning per Share after Prior period item (in Rs.)		(7.06)	10.49
Diluted Earning per Share before Prior period item (in Rs.)		(7.03)	11.89
Diluted Earning per Share after Prior period item (in Rs.)		(7.01)	10.49

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
Chartered Accountants

(Suresh J. Patel)
Chairman & Managing Director

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

(Bhavin S. Patel)
Executive Director

(Chirag G. Shah)
Company Secretary

Place : Ahmedabad
Date : 30.06.2009

Place : Ahmedabad
Date : 30.06.2009



SCHEDULES FORMING PART OF THE BALANCE SHEET

[Rs. in Lacs]

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 1 : SHARE CAPITAL		
Authorised Share Capital		
3,00,00,000 (P.Y. 2,30,00,000) Equity Shares of Rs.10/- each	3,000.00	2,300.00
40,00,000 (P.Y. 40,00,000) Preference Share of Rs. 10/- each	400.00	400.00
	3,400.00	2,700.00
Subscribed & Paid up Share Capital		
19902302(P. Y. 10402704) Equity shares of Rs.10/- each.	1,990.23	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 had been allotted as fully paid as per the scheme of amalgamation of Bodal Chemicals Pvt. Ltd. with the company on 13.05.2006)		
[3] Out of which 5201352 Equity shares of Rs.10/- each have been allotted as fully paid on Right Issue)		
[4] Out of which 4230634 Equity shares of Rs.10/- each have been allotted as fully paid on conversion of share warrants)		
[5] Out of which 67612 Equity shares of Rs.10/- each have been allotted as fully paid on amalgamation of Milestone Organics Ltd with the company as per High Court Order)		
Nil (P. Y. 3967146) 10%, Non-Cumulative Redeemable Preference Share of Rs. 10/- each	Nil	396.72
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)	Nil	6.76
TOTAL	1,990.23	1,443.75
SCHEDULE 2 : RESERVES & SURPLUSES		
Investment Allowance Reserve - Utilised Account		
Balance as per last Balance Sheet	4.78	4.78
Share Premium		
Balance as per last Balance Sheet	260.00	260.00
Add:Share Premium Received on Right issue & exercise of Share warrants	943.20	Nil
	1,203.20	260.00
Capital Reserves		
Grant From World Bank	0.36	0.36
Capital Redemption Reserve Fund	100.00	100.00
Balance as per last Balance Sheet	Nil	Nil
Add:Transfer from Profit and Loss Account (The company has created said reserve due to redemption of Preference Shares at par.)	396.71	Nil
	396.71	Nil
General Reserve :		
Balance as per last Balance Sheet	1,108.98	940.94
Add:Transfer from Profit and Loss Account	Nil	175.00
Less : Exchange Gain on FCTL of previous year transferred to fixed assets	(40.17)	Nil
Less : Adjustment of Transitional Liability for Retirement Benefit As per AS -15 (Net of Deferred Tax of Rs. 3.58 lacs)	Nil	(6.96)
	1,068.81	1,108.98
Profit & Loss Account	308.34	1,814.84
TOTAL	3,082.20	3,288.96



[Rs. in Lacs]

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 3 : SECURED LOANS		
From Banks		
Term loan	8,210.74	3,044.49
Cash Credit Facility	2,529.23	1,389.03
Packing Credit Facility	2,169.01	3,274.27
Bills Discounting Facility	3,634.63	4,961.74
Buyers Credit Facility	1,076.18	179.49
TOTAL	17,619.79	12,849.02
(1) Term loan includes Vehicle Loan of Rs. 87.27 lacs (P.Y. Rs. 84.66 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 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 dicounting facility are collateraly further secured by equitable mortgage on Immovable property and Hyp. Of P&M of the company and personal guarantees of the Whole time directors.		
SCHEDULE 4 : UNSECURED LOANS		
Debentures	512.55	512.55
102510 (P.Y. 102510) 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 allotement, with an option for the company for early redemption.)		
Loan From Directors	15.13	326.29
Loan From Members	275.00	13.30
Loans From Corporates	190.17	365.41
TOTAL	992.85	1,217.55



SCHEDULE 5 : FIXED ASSETS

[Rs. in Lacs]

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At 01/04/08	Addition	Deduction	As At 31/03/09	As At 01/04/08	Addition	Deduction	As At 31/03/09	As At 31/03/09	As At 31/03/08
Tangible :										
Land	217.76	96.54	Nil	314.30	Nil	Nil	Nil	Nil	314.30	217.76
Factory Building	1,617.10	336.29	Nil	1,953.39	79.01	59.04	Nil	138.05	1,815.34	1,538.09
Office Building	84.23	25.04	Nil	109.27	5.24	1.64	Nil	6.88	102.39	78.99
Plant & Machinery	8,994.98	1,564.04	5.44	10,553.58	1,908.91	515.94	1.59	2,423.26	8,130.32	7,086.07
Furniture & Fixture	100.06	58.71	Nil	158.77	23.58	8.26	Nil	31.84	126.93	76.48
Office Equipment	61.31	20.10	Nil	81.41	24.11	6.07	Nil	30.18	51.23	37.20
Vehicles	229.98	47.20	Nil	277.18	36.40	25.07	Nil	61.47	215.71	193.58
E.T.P.	70.07	34.63	Nil	104.70	31.13	4.99	Nil	36.12	68.58	38.94
Laboratory equipments	46.31	0.60	Nil	46.91	10.15	2.22	Nil	12.37	34.54	36.16
Intangible :										
Goodwill	1,046.80	Nil	Nil	1,046.80	614.89	209.36	Nil	824.25	222.55	431.91
Computer Software	1.43	1.05	Nil	2.48	0.53	0.50	Nil	1.03	1.45	0.90
Total	12,470.03	2,184.20	5.44	14,648.79	2,733.95	833.09	1.59	3,565.45	11,083.34	9,736.08
Previous Year	5,016.06	7,479.86	25.89	12,470.03	2,103.68	643.68	13.41	2,733.95	9,736.08	2,912.38
Capital Work in Progress :									5,753.91	552.85
TOTAL FIXED ASSETS									16,837.25	10,288.93

[Rs. in Lacs]

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 6 : INVESTMENTS		
LONG TERMS INVESTMENTS		
Quoted		
100 (P.Y. 100) Equity Shares of Beta Nepthol Ltd. Of Rs. 10/- Each Fully Paid Up	0.03	0.03
50000 (P.Y. 50000) Equity Shares of Dynamic Industries Ltd. Of Rs. 10/- Each Fully Paid Up	52.05	52.05
TOTAL	52.08	52.08
Unquoted		
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
112350 (P.Y. 76440) Equity Shares of Bharuch Enviro Infrastructure Ltd of Rs. 10/- each Fully Paid Up	11.23	7.64
100 (P.Y.100) Equity Shares of Guj.Ind. Waste Mng. Co. Ltd. of Rs. 10/- Each Fully Paid Up	0.01	0.01
2332 (P.Y.1492) Equity Shares of The Bhagoyday Co-op. Bank Ltd. Share of Rs. 100/- Each Fully Paid Up	2.33	1.49
10200 (P.Y.10200) Equity Shares of Panoli Enviro Technology Ltd. of Rs. 10/- Each Fully Paid Up	1.02	1.02
3542 (P.Y.3542) Equity Shares of Makarpura Ind.Est.Co.Op.Bank Ltd. of Rs. 25/- Each Fully Paid Up	0.89	0.89
TOTAL	15.73	11.30
TOTAL LONG TERM INVESTMENTS	67.81	63.38



[Rs. in Lacs]

	As at 31st March, 2009	As at 31st March, 2008
CURRENT INVESTMENTS		
Mutual Fund		
UTI Liquid Cash plan 166.387 (P.Y.523.923) Units (357.536 units sold during the year)	3.33	10.48
TOTAL CURRENT INVESTMENTS	3.33	10.48
TOTAL	71.14	73.86
Aggregate of Quoted Investments:		
At Book value	52.08	52.08
At Market Price	3.18	6.98
Aggregate of Unquoted Investments:	15.73	11.30
Aggregate of Investment in Mutual Fund:		
At Book value	3.33	10.48
At Market Price	3.73	10.78
SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES		
Inventories (As taken Valued & Certified by Directors)		
Raw Materials (inclusive of Goods In Transit of Rs. 84.44 Lacs (P.Y. Rs. 381.13 Lacs)	1,669.02	2,265.55
Finished Goods	1,099.26	1,264.13
Work In Progress	930.88	1,124.88
Packing Materials (inclusive of Goods In Transit of Rs. 0.96 Lacs (P.Y.Rs. 0.96 Lacs)	24.55	28.73
Stock of Fuel	10.25	2.67
Stores Materials	129.97	97.39
TOTAL(A)	3,863.93	4,783.35
Debtors(Unsecured & Considered Good)		
More than Six Months	897.28	454.86
Others	6,851.54	9,991.00
TOTAL(B)	7,748.82	10,445.86
Cash & Bank Balances		
Cash on hand	6.45	2.67
Balance with Scheduled Banks		
In Current Account	29.94	26.90
In Deposit Account	225.03	206.36
TOTAL(C)	261.42	235.93
Loans & Advances (Unsecured & Considered Goods)		
Advance Receivable in cash or kind	1,032.69	498.58
Balance with Statutory Authorities	1,972.94	1,942.08
Advance Taxes Paid	286.42	363.15
Deposits	218.65	148.37
Export Benefit Receivable	271.63	599.52
TOTAL(D)	3,782.33	3,551.70
TOTAL(A+B+C+D)	15,656.50	19,016.84



	[Rs. in Lacs]	
	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Creditors for Goods	5,189.26	5,637.50
Creditors for Expenses	1,787.82	2,238.83
Creditors for Capital Goods	142.27	225.26
Unclaimed Dividends	12.50	7.18
Other Current Liabilities	1,325.08	628.92
Advance received from Customers	11.52	11.12
TOTAL(A)	8,468.45	8,748.81
Provision		
Provision for Tax	15.00	432.80
Provision for Dividend	Nil	247.73
Proposed Dividend	Nil	78.36
Tax on Dividend	Nil	55.42
TOTAL(B)	15.00	814.31
TOTAL(A+B)	8,483.45	9,563.12
SCHEDULE 9 : MISC. EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses	48.00	21.80
Less : Transferred to P & L Account	12.23	5.82
	35.77	15.98
TOTAL	35.77	15.98



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	[Rs. in Lacs]	
	Current Year	Previous Year
SCHEDULE 10 : SALES		
Gross Sales	44,798.27	45,583.77
Less : Excise Duty	4,106.58	4,222.39
Value Added Tax	1,143.07	872.99
TOTAL	39,548.62	40,488.39
SCHEDULE 11 : OTHER INCOME		
Commission Income	4.12	Nil
Interest Income	27.54	17.78
Dividend Income	2.33	2.12
Insurance Claim	2.52	12.18
Scrap Sales	44.83	20.06
Profit on sales of Investment	0.50	0.22
Profit on sales of assets (net)	0.67	Nil
Export Damages Claim	Nil	4.33
Export Benefit	816.56	921.59
Exchange Rate Difference	Nil	132.57
Income Tax Refund Interest	2.09	0.14
Rent Income	1.20	4.35
Other Income	0.18	Nil
TOTAL	902.54	1,115.34
SCHEDULE 12 : MATERIAL CONSUMED AND STOCK VARIATION		
RAW MATERIAL CONSUMPTION		
Opening Stock (Net of VAT Credit)	2,265.55	1,547.18
Add. Purchases during the year	29,604.17	32,868.54
	31,869.72	34,415.72
Less : Closing Stock	1,669.02	2,265.55
TOTAL RAW MATERIAL CONSUMED	30,200.70	32,150.17
COST OF MATERIAL TRADED		
Opening Stock	Nil	Nil
Add. Purchases during the year	161.23	1,184.25
	161.23	1,184.25
Less : Closing Stock	Nil	Nil
TOTAL COST OF MATERIAL TRADED	161.23	1,184.25
STOCK VARIATION		
Closing Stock Finished Goods	1,099.26	1,264.13
Closing Stock Work In Process	930.88	1,124.88
TOTAL (A)	2,030.14	2,389.01
Less : Opening Stock Finished Goods	1,264.13	687.46
Opening Stock Work In Process	1,124.88	44.24
TOTAL (B)	2,389.01	731.70
TOTAL (A) - (B)	(358.87)	1,657.31
Add / (Less) : Variation in Excise Duty on Closing and Opening Stock of Finished Goods	88.24	(66.38)
STOCK VARIATION	(270.63)	1,590.93
TOTAL	30,632.56	31,743.49



	[Rs. in Lacs]	
	Current Year	Previous Year
SCHEDULE 13 : MANUFACTURING EXPENSES		
Freight & Octroi	2.96	8.99
Electric Power	1,462.53	982.76
Electric Expenses	13.18	24.37
Fuel Consumption	1,535.80	982.84
Excise Duty Expenses	31.78	10.63
Cartage Expenses	106.21	106.55
Repairs to		
Machinery	366.35	416.08
Building	16.22	20.88
Others	2.86	3.50
Laboratory Expenses	23.83	28.04
Stores Consumption	224.47	248.56
Water Expenses	8.21	16.28
Pollution Control Expenses	221.29	273.63
Other Manufacturing Expenses	4.83	0.60
TOTAL	4,020.52	3,123.71
SCHEDULE 14 : ADMINISTRATIVE & GENERAL EXPENSES		
Advertisement Expenses	17.01	18.46
Auditors Remuneration		
Audit Fees	2.75	2.97
For Other Matters	1.50	1.50
Director Remuneration Expenses	41.13	24.00
Licence Fees	5.08	8.77
Listing fees	2.83	0.46
Sales tax Expenses	2.04	Nil
Insurance Expenses	20.69	19.21
Rent & Tax	11.52	8.01
Legal & Professional Fees	78.59	70.37
Loss on Disposal of Assets (Net)	Nil	6.15
Loss Due To Fire	12.17	Nil
Membership & Subscription Fees	2.62	0.79
Professional Tax Expenses	0.17	0.02
Postage Expenses	16.05	15.90
Telephone Expenses	22.84	22.01
Travelling Expenses	11.44	15.53
Vehicle Maintenance	93.73	33.20
Business Development Expenses	31.23	12.14
Stationery & Printing Expenses	27.81	24.52
Service Tax Expenses	7.20	3.23
Exchange Rate Difference	1,951.66	Nil
Employee Staff Bus Expense	9.80	4.31
Foreign Travelling Expenses	25.49	13.08
Miscellaneous Expenses	92.78	72.86
TOTAL	2,488.13	377.49



	[Rs. in Lacs]	
	Current Year	Previous Year
SCHEDULE 15 : PAYMENT TO EMPLOYEES		
Salary & Wages	1,158.33	373.32
Gratuity	4.49	3.45
Labour Welfare Fund	0.22	0.05
Bonus Expenses	68.71	22.00
E.S.I.C. Expenses	17.05	6.62
Provident Fund Expenses	53.09	17.40
Staff Welfare Expenses	9.29	10.10
TOTAL	1,311.18	432.94
SCHEDULE 16 : SELLING & DISTRIBUTION EXPENSES		
Packing Material Consumption	353.37	350.64
Clearing & Forwarding Charges	441.27	449.77
Sales Commission	616.44	713.18
Outward Freight Expenses	130.39	104.42
E.C.G.C. Expenses	61.54	86.40
Bad Debts Written off	2.87	8.07
Other Selling and Distribution expenses	3.54	7.92
TOTAL	1,609.42	1,720.40
SCHEDULE 17 : FINANCIAL CHARGES		
Bank Charges	196.89	107.72
Bank Interest	1,062.01	745.01
Other Interest Expenses	44.38	44.15
TOTAL	1,303.28	896.88
SCHEDULE 18 : DEPRECIATION AND AMORTISATION		
Depreciation	623.23	422.38
Amortisation of Intangible Assets	209.86	209.64
TOTAL	833.09	632.02

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2009

SCHEDULE 19: NOTES TO THE ACCOUNTS

A) 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 in all material respects in accordance with the notified Accounting Standards by Companies (Accounting Standards) Rules 2006 (as amended) and the relevant Provisions of the Companies Act, 1956. The accounting policies 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results 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 interest and other attributable cost of bringing the asset to its working conditions for its intended use.

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.

II) Intangible

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

d) Capital Work-in-Progress

Projects under commissioning and other Capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

e) 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.

f) Inventories

Finished goods (including for trade), work-in-process, semi-finished goods for trade, Raw materials, Stores, Spares, Fuel, Components, and Loose Tools are valued at cost or net realizable value whichever is lower. Materials-in-transit are valued at cost-to-date. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition including excise duty payable on goods produced. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company. The cost formulae used for determination of cost is 'First in First Out'.

g) Foreign Currency Translations :

- (i) All Transactions in foreign currency, are recorded at the rates of exchange prevailing as at the date of the transaction.
- (ii) Monetary assets and liabilities in foreign currency, outstanding at the close of the year, are converted in Indian currency at the appropriate rates of exchange prevailing at the close of the year. The resultant gain or loss is accounted for during the year.



- (iii) In respect of forward exchange contracts entered into towards hedge of foreign currency risks, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expenditure over the life of the contract. Further, the exchange difference arising on such contracts are recognized as income or expenditure along with the exchange differences on the underlying assets/liabilities. Profit or Loss on cancellations/renewals of forward contracts is accounted for during the year.
- (iv) In terms of Ministry of Corporate Affairs Notification Dated 31st March, 2009, eligible exchange difference on Foreign Currency Loans, is adjusted in the cost of the asset to be depreciated over the balance life of the asset. (For change and effect see Note No.3).

h) 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 on grounds of prudence .

i) 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.

j) 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 as 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 administrated 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.

k) Miscellaneous Expenditure

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



l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

B) Notes to Accounts :

1) Contingent Liabilities not provided in respect of:

Nature of Liabilities	(Rs. In Lacs)	
	2008-09	2007-08
a. Disputed matters in appeals/contested in respect of:		
I) Income Tax	19.28	6.24
II) Excise Department	9.07	10.91
III) Custom Department	10.11	10.07
b. Bonds/Undertakings given by the Company under Concessional duty/exemption to Customs/Excise Authorities(Net of redemption applied for)	12.60	53.60
c. Letter of credit	622.12	562.27
d. Estimated amount of Contracts, remaining to be executed on capital account	1950.30	165.79



- 2) 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.
- 3) The company, in terms of Notification issued by Ministry of Corporate Affairs on 31st March, 2009, has exercised the option of implementing the provisions of newly inserted Paragraph 46 of Accounting Standard 11, 'Accounting for the Effects of Changes in Foreign Exchange Rates', prescribed by Companies (Accounting Standards) Amendment Rules, 2009. The company has outstanding long term foreign currency loans which are categorized as Long Term Foreign Currency Monetary Item as referred in the said notification. Accordingly company has adjusted the exchange difference gain of Rs.40.17 lacs pertaining to prior years through general reserves and corresponding deduction in Fixed Assets and capitalized Exchange Difference Loss of Rs. 761.38 lacs pertaining to current financial year in respect of Foreign Currency Loans, consequently profit for the year is higher by equivalent amount.

4) Rights Issue and Detachable Warrants to the equity shareholders of the Company.

During the year Company completed Rights Issue of 52,01,352 Equity Shares along with Detachable Warrants at a price of Rs. 20/- each (Face Value of Rs.10/- and Premium of Rs.10/- per share) aggregating to Rs. 1040.27 lacs. Detachable Warrants holder can exercise their right to apply for the Equity Shares at the Exercise Price of Rs.20/- per share at any time during the Warrant Exercise Period i.e. 1st to 28th February, 2009. Consequently on exercise of the right 42,30,634 shares were allotted at the price of Rs.20/- each (Rs.10/- Face Value and Rs.10/- Premium per share). Consequently the share capital of the Company increased from Rs.10.40 Crores to Rs.19.83 Crores on allotment of 94,31,986 Equity Shares.

The funds raised by way of Rights Issue of Equity Share and Detachable Warrants were utilized as under :

Particulars	(Rs. In Lacs)
Amounts raised through Rights Issue	1040.27
Amounts raised through exercise of Detachable Warrants	846.13
Total	1886.40
Utilization	
Capital expenditure on Projects	1753.92
Capital Expenditure for Office Building, Furnitures & Equipments	103.85
Issue expenses	28.63
Total	1886.40

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

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

- 6) Sundry debtors include Rs. 64.35 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 than 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	
	2008-09	2007-08	2008-09	2007-08
a) No. of Employees	NIL	NIL	NIL	NIL
b) Amount (Rs.)	NIL	NIL	NIL	NIL



		(Rs. In Lacs)	
		2008-09	2007-08
9)			
a)	Directors Remuneration	41.13	24.00
b)	Auditors Remuneration*		
	I) As statutory Auditor	2.75	2.97
	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
4. Shri Ankit S. Patel	Director
II. Enterprise under significant influence of key management personnel	
(i) Shanti Industries	

b) Transactions with related parties

Nature of Transactions	(Rs. In Lacs)	
	Key Management Personnel	Enterprise under significant influence of key management personnel
Remuneration	41.13	NIL
Loan Taken	177.79	NIL
Purchases of Materials	NIL	371.08
Rent Paid	NIL	1.20
Sales	NIL	195.92
Payable / (Receivable) at year end	15.13	(98.32)

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)	
		2008-09	2007-08
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	217,71.76	204,07.22
	Outside India	177,76.86	200,81.17
	Total	395,48.62	404,88.39

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



12) Deferred Taxation

The significant component and classification of deferred tax assets and liabilities on account of timing differences are :

(Rs. in Lacs)			
Nature of Timing Difference	Deferred Tax (Liability) / Asset as at 01/04/2008	For the year	Deferred Tax (Liability) / Asset as at 31/03/2009
Deferred Tax Assets			
Carry Forward Business Loss	Nil	798.67	798.67
Deferred Tax Liabilities			
Depreciation	(1033.22)	(193.92)	(1227.14)
Retirement Benefits	Nil	(3.67)	(3.67)
Total	(1033.22)	601.08	(432.14)

13) Debenture

As per written consent by the unsecured Debenture holder, it has been agreed not to claim any interest upto 31/03/2009. Hence, no provision has been made for interest for the year 2008-09.

14) Employees' Retirement Benefits

a) Defined Benefit Plan

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 31/03/2009	As on 31/03/2008
1	Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	7%	7%
2	Table showing changes in present value of obligations		
	Present value of obligations as at beginning of year	12.42	10.55
	Interest cost	0.85	0.79
	Current Service Cost	5.43	4.97
	Benefits Paid	(0.07)	Nil
	Actuarial (gain)/Loss on obligations	(0.59)	(3.89)
	Present value of obligations as at end of year	18.04	12.42
3	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	15.70	Nil
	Expected return on plan assets	2.10	0.55
	Contributions	15.30	15.15
	Benefits paid	(0.08)	Nil
	Actuarial Gain / (Loss) on Plan assets	Nil	Nil
	Fair value of plan assets at the end of year	33.02	15.70



	(Rs. in Lacs)	
	As on 31/03/2009	As on 31/03/2008
4 Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	15.70	Nil
Actual return on plan assets	2.10	0.55
Contributions	15.30	15.15
Benefits Paid	(0.08)	Nil
Fair value of plan assets at the end of year	33.02	15.70
Funded status	14.98	3.28
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil
5 Actuarial Gain/Loss recognized		
Actuarial gain/(Loss) for the year -Obligation	0.59	3.89
Actuarial (gain)/Loss for the year - plan assets	Nil	Nil
Total (gain)/Loss for the year	(0.59)	(3.89)
Actuarial (gain)/Loss recognized in the year	(0.59)	(3.89)
6 The amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of year	18.04	12.42
Fair value of plan assets as at the end of the year	33.02	15.70
Funded status	14.98	3.28
Net Asset/(liability) recognized in balance sheet	(14.98)	(3.28)
7 Expenses Recognised in statement of Profit & loss		
Current Service cost	5.43	4.97
Interest Cost	0.85	0.79
Expected return on plan assets	2.10	0.55
Net Actuarial (gain)/Loss recognised in the year	(0.59)	(3.89)
Expenses recognised in statement of Profit & loss	3.59	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	53.09
Employer's contribution to E.S.I.	17.05

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.

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



16) 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)	
	2008-09	2007-08
Profit	(1113.61)	1745.00
Less:- Preference share Dividend and tax thereon	Nil	46.41
Profit attributable to Equity shares before Prior period items	(1113.61)	1698.59
Add /(Less) : Prior period items	3.82	(200.20)
Profit attributable to Equity shares after Prior period items	(1109.79)	1498.39
Weighted Average number of Equity Shares for Basic Earning Per Share.		
Existing number of Equity Shares	1,99,02,302	1,04,02,704
Equity Shares Proposed to be issued due to Amalgamation in nature of purchase	Nil	67,612
Right Factor	1.3665	1.3665
Weighted average number of Equity Shares	1,57,25,082	1,42,83,407
Weighted Average number of Equity Shares for Diluted Earning Per Share		
Weighted Average number of Equity Shares	1,57,25,082	1,42,83,407
Right warrant option	1,09,284	Nil
Weighted average number of Equity Shares	1,58,34,366	1,42,83,407
Basic Earnings per Share before prior period items (in Rs.)	(7.08)	11.89
Basic Earnings per Share after prior period items (in Rs.)	(7.06)	10.49
Diluted Earnings per Share before prior period items (in Rs.)	(7.03)	11.89
Diluted Earnings per Share after prior period items (in Rs.)	(7.01)	10.49
Nominal Value per Share (in Rs.)	10	10

17) The company has entered in following forward exchange contracts that are outstanding as at 31st March, 2009 to hedge the foreign currency risks of firm commitments.

Category	Currency	Buy/sell	Foreign Currency Value (Rs. in Lacs)	Purpose
Forward Contract	EURO	Buy	65.62	Hedging
Forward Contract	USD	Buy	2507.57	Hedging
Forward Contract	USD	Sell	5793.15	Hedging

Details of unhedged foreign currency exposure as on 31-03-2009.

Amount in Lacs			
Debtors	EURO	€	2.67
Debtors	USD	\$	1.34
Creditors	USD	\$	13.38
Term Loan	USD	\$	31.72

Outstanding derivative contracts at the Balance sheet date are Marked to Market and anticipated losses on outstanding derivative contracts of Rs. 985.57 lacs are provided fully in Profit and Loss account.

18) 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 :
(in Lacs)

Raw Materials	31/03/2009		31/03/2008	
	Qty. Kg.	Value	Qty. Kg.	Value
1 Aniline Oil	19.85	1,227.21	19.59	1,207.12
2 Chloro	163.20	1,845.33	188.17	1,732.76
3 Ethylene Oxide	23.20	1,563.50	28.03	1,815.17
4 Caustic Soda Lye	109.78	1,246.73	66.19	1,185.93
5 Thionyl Chloride	47.56	911.38	50.52	777.56
6 Acetanilide	26.00	1,859.59	39.88	2,732.10
7 Beta Nephthol	15.73	2,079.18	17.37	2,141.07
8 Caustic Soda Flakes	62.83	1,575.74	52.97	1,029.27
9 P.N.C.B.	5.58	196.54	11.63	341.59
10 H. Acid	4.95	1,175.14	8.57	2,235.92
11 Para Nitro Aniline	13.10	964.00	16.90	797.99
12 Napthelene	23.96	1,439.39	16.39	925.34
13 Sulpher	58.06	1,908.63	91.35	1,229.87
14 Others (Continuing to less than 10% of total raw material consumption individually)		12,208.34		13,998.48
Total		30,200.70		32,150.17
(II) PACKING MATERIAL : (Rs. In Lacs)		Rs. 353.37		Rs. 350.64

[B] COMPOSITION OF RAW MATERIALS CONSUMPTION

Raw Materials	31/03/2009		31/03/2008	
	Rs. In Lacs	Percentage Rs.	Rs. In Lacs	Percentage Rs.
Imported	3,457.36	11.45%	4,070.34	12.66%
Indigenous	26,743.34	88.55%	28,079.83	87.34%
TOTAL	30,200.70	100.00%	32,150.17	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	0.73 (0.97)	115.81 (126.20)	102.90 (115.12)	82.16 (106.92)	11,976.57 (13,938.38)	20.99 (8.44)	0.48 (0.73)	49.12 (115.81)		
Acetanilide	1.30 NIL	90.73 NIL	24.29 (3.09)	0.64 NIL	51.20 NIL	23.46 (1.79)	1.49 (1.30)	78.85 (90.73)		
D.A.S.A.	0.22 (0.22)	45.91 (26.89)	19.78 (23.93)	14.35 (19.80)	2,662.99 (2,855.07)	4.54 (4.13)	1.11 (0.22)	166.04 (45.91)		
F.C. Acid	0.08 (0.07)	15.81 (9.58)	5.98 (7.27)	5.07 (6.74)	881.16 (981.01)	0.79 (0.52)	0.20 (0.08)	29.04 (15.81)		
Gamma Acid	0.05 (0.05)	15.66 (12.48)	6.10 (10.11)	5.25 (9.25)	1,448.31 (2,216.77)	0.85 (0.86)	0.05 (0.05)	13.67 (15.66)		
H.Acid	0.17 NIL	33.84 NIL	37.76 (19.40)	28.97 (17.05)	4,912.27 (3,386.20)	8.79 (2.18)	0.17 (0.17)	26.38 (33.84)		
6Nitro	0.15 (0.10)	25.76 (13.83)	11.44 (9.72)	8.10 (7.04)	1,733.32 (1,315.56)	3.36 (2.63)	0.13 (0.15)	19.95 (25.76)		
S.P.V.S.	0.23 (0.10)	32.55 (11.01)	10.71 (8.42)	10.12 (8.20)	1,530.12 (1,082.77)	0.54 (0.09)	0.28 (0.23)	26.57 (32.55)		
Reactive /Acid Dyes	2.92 (1.98)	496.11 (283.28)	78.33 (70.60)	59.00 (62.85)	10,090.17 (9,840.70)	19.38 (6.81)	2.87 (2.92)	454.74 (496.11)		
Others intermediates	6.53 (1.16)	368.06 (166.68)	287.08 (230.04)	37.43 (40.56)	3,031.51 (3,065.26)	254.39 (184.11)	1.79 (6.53)	230.84 (368.06)		
Others		23.89 (37.52)			166.18 (343.47)			4.06 (23.89)		
TOTAL		1,264.13 (687.47)			38,483.80 (39,025.19)			1,099.26 (1,264.13)		

(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	0.75 (8.96)	161.23 (1,184.25)	0.75 (8.96)	190.46 (1,082.55)	NIL NIL	NIL NIL
TOTAL	NIL NIL	NIL NIL	0.75 (8.96)	161.23 (1,184.25)	0.75 (8.96)	190.46 (1,082.55)	NIL NIL	NIL NIL

(III) DETAILS OF RAW MATERIAL TRADED

(in Lacs)

ITEM	SALES Gross Value Rs.
Raw Material	871.20 (370.98)
TOTAL	871.20 (370.98)

[D] DETAILS OF JOB WORK CHARGES RECEIVED
(Figures for Previous year given in brackets)

ITEM	(in Lacs)	
	KGS	RS.
Dyes and Dyes Intermediates		
3:6:8 Trisulphonic Acid	0.03	0.94
	NIL	NIL
Sulpho Tobias Acid	0.03	0.06
	NIL	NIL
Gamma Acid	0.22	2.16
	NIL	NIL
Acetanilide	NIL	NIL
	(0.44)	(2.21)
Others	NIL	NIL
	(0.42)	(7.46)
TOTAL	0.28	3.16
	(0.86)	(9.67)

[E] LICENCED and INSTALLED CAPACITY

	31/03/2009	31/03/2008
A. Licenced Capacity	N.A	N.A
B. Installed Capacity	(Figures in MT P.A)	(Figures in MT P.A)
<u>Dyes and Dyes Intermediates</u>	33,435	33,435
<u>Product wise Break up</u>		
Vinyl Sulphone#	12,800	14,600
Reactive/Direct/Acid Dyes	5,000	5,000
Other Intermediates ##	15,635	13,835
TOTAL	33,435	33,435

1800 MT P.A. installed capacity of Vinyl sulphone is deducted as one of the plants manufacturing Vinyl Sulphone is closed

1800 MT P.A Installed capacity of other intermediates is operative from June 2008

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

	31/03/2009	31/03/2008
[F] VALUE OF IMPORTS ON CIF BASIS (in Lacs)	Rs. 2966.85	Rs. 4140.65
[G] EARNING IN FOREIGN CURRENCY (in Lacs)		
F.O.B. Value of Exports	Rs. 16837.56	Rs. 19963.75
Commission	Rs. 4.12	NIL
[H] EXPENDITURE IN FOREIGN CURRENCY (in Lacs)		
Travelling	Rs. 12.04	Rs. 7.19
Commission	Rs. 485.70	Rs.580.95
Business Development Expense	Rs. 0.62	NIL
Membership Fee	Rs. 0.04	Rs. 0.04
Advertisement	Rs. 5.31	Rs. 5.56
Interest Expense	Rs. 224.85	Rs. 120.22



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

I. Registration Details

Registration No. L 24110GJ 1986 PLC 009003
 State Code 04
 Balance Sheet Date 31/03/2009

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

Public Issue	Rs. Nil	Private Placement*	676
Bonus Issue	Rs. Nil	Right Issue	94,320

* Private placement due to amalgamation

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

Total Liabilities	2,411,721	Total Assets	2,411,721
--------------------------	-----------	---------------------	-----------

Sources of Funds (Amount Rs in Thousands)

Paid up Capital	199,023	Secured Loans	1,761,979
Reserve & Surplus	308,219	Unsecured Loans	99,285
Deferred Tax Liability	43,215		

Application of funds (Amount Rs in Thousands)

Net Fixed Assets	1,108,334	Net Current Assets	717,305
Capital Work In Progress	575,391	Misc. Expenditure	3,577
Investments	7,114		

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

Turnover	4,051,074	Total Expenditure	4,221,042
Loss Before Tax	(169,968)	Loss After Tax	(111,361)
Loss Per Share (in Rs.)	(7.08)	Dividend rate %	Nil

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.
F.C.Acid	29214410	Reactive Dyes	32041600
Vinyl Sulphone	29041040		

Signature to Schedule 1 To 19.

As Per Our Report of even date attached

For Mayank Shah & Associates

Chartered Accountants

(M.S. Shah)

Partner

Membership No. 44093

Place : Ahmedabad

Date : 30.06.2009

For and on behalf of the Board of Directors

(Suresh J. Patel)

Chairman & Managing Director

(Bhavin S. Patel)

Executive Director

(Chirag G. Shah)

Company Secretary

Place : Ahmedabad

Date : 30.06.2009

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009

PARTICULARS	(Rs. in Lacs)	
	Year Ended 31/03/2009	Year Ended 31/03/2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (loss) before Tax and Extra ordinary items	(1,699.67)	2,670.98
Adjustment for		
Add : Depreciation	623.23	422.38
Amortisation of Goodwill	209.86	209.64
Interest	1,303.28	896.88
Miscellaneous Expenditure w/o	12.23	5.82
Loss on Sale of Assets	Nil	6.15
Prior Period Item		
Less : Interest/Dividend/Rent received	31.07	24.25
Profit on sale of Investments	0.50	0.22
Profit on sale of Fixed Assets	0.67	Nil
Prior Period Item	(1.03)	1.99
Operating profit before Working Capital Changes	417.72	4,185.39
Adjustment for :		
Add : Decrease/(increase) in Inventories	919.42	(2,462.46)
Decrease /(increase) in Trade Receivables	2,697.04	(2,743.52)
Less : Increase in Loans & Advances	(283.61)	(1,036.99)
Less : Decrease/(increase) in Trade Payables	(202.70)	3,850.13
Cash generated from Operations	3,547.87	1,792.55
Less : Freing Benefit Tax	7.66	4.44
Direct Taxes Paid	345.63	358.77
Net Cash from Operating Activities (A)	3,194.58	1,429.34
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,224.37)	(6,903.68)
Increase in Capital Work in Progress	(5,307.80)	1,225.24
Sale of Fixed Assets	4.52	6.33
Interest/Dividend/Rent received	31.07	24.25
Sale of Investment	7.65	14.62
Purchase of investment	(4.43)	(74.86)
Net Cash used in Investing Activities (B)	(7,493.36)	(5,708.10)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Long Term Borrowings	4,941.54	1,709.84
Increase / (Decrease) in Short Term Borrowings	(395.47)	3,972.03
Redemption of Preference Shares	(396.71)	Nil
Equity Share Capital & Share Premium	1,886.40	Nil
Deferred Revenue expense paid	(32.02)	Nil
Interest Paid	(1,303.28)	(896.88)
Dividend Paid	(376.18)	(345.59)
Net Cash received from Financing Activities (C)	4,324.27	4,439.40
NET INCREASE/(DECREASE) IN CASH & EQUIVALENTS	25.49	160.64
CASH & CASH EQUIVALENTS- OPENING BALANCE	235.93	74.44
CASH & CASH EQUIVALENTS ACQUIRED UNDER AMALGAMATION SCHEME	Nil	0.85
CASH & CASH EQUIVALENTS- CLOSING BALANCE	261.42	235.93

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 : 30.06.2009

For and on behalf of the Board of Directors

(Suresh J. Patel)

Chairman & Managing Director

(Bhavin S. Patel)

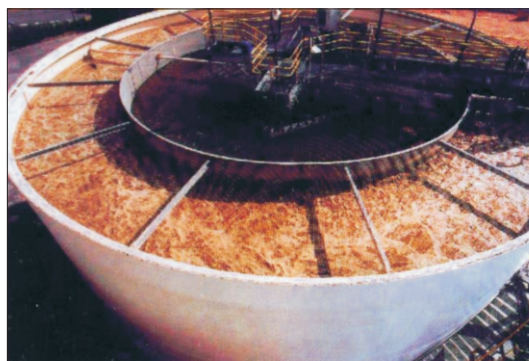
Executive Director

(Chirag G. Shah)

Company Secretary

Place : Ahmedabad

Date : 30.06.2009



EFFLUENT TREATMENT PLANTS



Bodal Chemicals Ltd.

Regd. Office : Plot No. 123-124, Phase-1, G.I.D.C., Vatva,
Ahmedabad - 382 445, Gujarat, INDIA.