

# 24<sup>th</sup> ANNUAL REPORT 2009-10

*We believe in excellence*





## 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*

**Bipin R. Patel**

*Independent Director*

**Prakash B. Patel**

*Independent Director*

### COMPANY SECRETARY

Chirag G. Shah

### REGISTERED OFFICE

Plot No.123 & 124, Phase-I, G.I.D.C.,  
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

**Sharepro Services (India) Pvt Ltd.**

416-420, 4th.Floor, Devnandan Mall,  
Opp.Sanyas Ashram, Ellisbridge,  
Ahmedabad-380006.

### AUDIT COMMITTEE

**Surendra N. Shah** *Chairman*

**Bipin R. Patel** *Member*

**Prakash B. Patel** *Member*

### REMUNERATION COMMITTEE

**Surendra N. Shah** *Chairman*

**Bipin R. Patel** *Member*

**Prakash B. Patel** *Member*

### SHAREHOLDERS GRIEVANCES COMMITTEE

**Surendra N. Shah** *Chairman*

**Bipin R. Patel** *Member*

**Prakash B. Patel** *Member*

## Contents

Message From the Chair	2
Directors' Report	5
Management Discussion and Analysis	12
Report on Corporate Governance	15
Auditors' Report	28
Balance Sheet	32
Profit and Loss Account	33
Schedules	34
Notes on Accounts	42
Balance Sheet Abstract	53
Cash Flow Statement	54



**Ramesh P. Patel, Executive Director**



**Bhavin S. Patel**  
Executive Director

**Ankit S. Patel**  
Executive Director

**Suresh J. Patel**  
Chairman & M.D.

## MESSAGE FROM THE CHAIR

**Dear Shareholders,**

I welcome you all and take immense pride and pleasure in addressing this 24<sup>th</sup> Annual General Meeting.

I am highly delighted to inform you that your company is back in the profit, proving 2008-09 as an exceptional and unfortunate year. It is growing rapidly, more particularly in last 5 years, both from the view of top line as well as bottom line. The turnover of the company has grown by 217.75% from Rs.153.14 crore in 2005-06 to Rs. 486.60 crore in 2009-10, while Net Profit has jumped by 475.41% from Rs.2.44 crore in 2005-06 to Rs.14.04 crore in 2009-10.

In recent times Bodal Chemicals is focusing on improving the bottom-line and thereby creating wealth for its shareholders and strengthening its position in the Industry – domestic as well as global level. The company wants to achieve this mainly by diversification, forward integration and backward integration of its product line. Also by expanding its market share in the domestic and export market particularly in the Dyestuffs sector.

At present, Bodal has achieved a respectable distinction of being the only company in India to have a significant presence in Basic Chemicals, a wide range of Dye intermediates and Dyestuffs.

Since our last AGM, there have been significant developments in your company. I would like to highlight this developments in one liner:

- One of the fastest growing company in Dyes and Dye Intermediates Industry
- Back in Black with Net Profit Rs.14.04 crore for the year ended 31-03-2010
- 27% Dividend (including 9% final dividend) for the financial year 2009-10
- Rs. 42.52 crore Preferential Issue
- Sub-division of equity shares (Stock Split) from 1 equity share of Rs. 10/- to 5 equity shares of Rs.2/- each
- Commencement of 450 TPD Sulphuric Acid Plant
- Enter into Agro based Business through Bodal Agrotech Ltd., the wholly owned subsidiary of the company

As I look forward, I foresee business opportunities expanding as never before. The Indian economy is growing at a very rapid pace. Dyestuffs industry plays an important role in the economic development as well as exports of the country. The demand of Dyes and Dye Intermediates is expected to grow during the current year, backed by strong demand from textile, leather and ink industries, which are expected to register positive growth rate.

### THE YEAR UNDER REVIEW-2009-10

Your company has recorded a profit of Rs.14.03 crore driven by higher sales and cost efficiencies. After witnessing a loss of Rs.11.09 crore in the previous fiscal, this turnaround is ample and fitting testimony to Bodal's dynamic approach to markets, customers and strategy.



Total sales and income from operations has risen 18.75% to Rs 479.35 crore from Rs 403.65 crore in the previous year.

EBIDTA for the financial year 2009-10 shot up 1077% to Rs 52.85 crore against Rs 4.49 crore in 2008-09.

### **CURRENT YEAR-2010-11**

Bodal has successfully implemented forward integration strategy i.e. commencement of Dyes Plant for generating more revenues and backward integration strategy i.e. producing as many key raw materials in house as possible like Sulphuric Acid, Chloro Sulphonic Acid, Oleums, Beta Napthol, Acetanilide, Para Nitro Aniline etc. for improving profitability.

Quality of products can be distinguished through Brand name. Considering the same, in the month of August, 2010, we launched "**Bodactive**" (Bodal + Reactive Dyes), a unique brand of Reactive Dyes, for Textile Industries. It is based on BNC (Bodal Nano Chemistry) Technology and offers latest generation of dyes, with High Solubility & Outstanding High Strength.

Hence, Your Company's well-planned business initiatives, brand building of products and strong Corporate Strategies will deliver significant rise in its turnover and stronger financials for the current year and years to follow.

Your Company has performed well during the first quarter i.e. April-June, of the current financial year.

- Turnover and other Receipt increased from Rs. 103.57 crore to 130.56 crore
- EBIDTA jump from Rs. 12.11 crore to Rs. 14.70 crore – increased by 21.39%
- Net Profit increased from Rs. 3.48 crore to Rs.4.93 crore— increased by 41.67%.

### **COMMENCEMENT OF NEW PROJECT- SULPHURIC ACID PLANT**

A 450 TPD Sulphuric Acid plant has been successfully commenced at our Unit No. VII, Dudhwada, Ta. Padra, Dist. Vadodara, during July, 2010. This plant produces Sulphuric Acid, Chloro Sulphonic Acid and Oleum, which are used to manufacture Dyes Intermediates. Bodal has also manufacturing facility for production of Dyes and Dye Intermediates at the same location.

Apart from its own profitability, the plant would prove as a cost beneficial to Bodal Chemicals as this facility generates power and steam which will be used to run this plant and our Dyes and Dye Intermediates plants. Hence there will be reduction in the overall fuel consumption. Further considering the unique locational advantage and High Volume, Low Value nature of products, there will be substantial saving in transportation cost and resultant lower production cost to a great extent. Availability of easy, timely and assured quality raw materials for Dye Intermediates plant are the added advantages.

The plant is an example of our commitment to build value for customers and driving operational efficiencies. By setting up this plant we are integrating across the value chain to have better control over margins.

### **DIVERSIFICATION**

Considering the future growth planning and as a part of diversification strategy of the company, your company has identified the Technology based Agricultural Business for exploiting the opportunities for diversification. Traditionally, Indian Agriculture business is unorganized business and not recognised as a Industry in the corporate world. This scenario has been changing and the corporate world has now started focusing this area for growth.

There are ample opportunities in Agriculture business and its related technologies business. The Agriculture business covers area of contract farming, fertilisers like SSP, plant development, agriculture equipments etc.

To exploit said business, "Bodal Agrotech Ltd" the wholly owned subsidiary company has been floated.

### **UPCOMING PROJECT— SINGLE SUPER PHOSPHATE (S.S.P.) PLANT**

Basically India is agriculture based economy. Lot of infrastructural developments such as irrigational facilities are coming up. A trend of multiple crops with better yield is increasing. Hence requirements of various Agricultural Inputs are also increasing. In order to cater this demand your company has identified Single Super Phosphate (SSP) ,as a first project of Bodal Agrotech Ltd. the wholly owned subsidiary company.

A 3.5 lacs MTPA, SSP Plant will be implemented, at a cost of about Rs. 31 crore, near by our existing manufacturing facility of Sulphuric Acid, Dye Intermediates and Dyes, located at our Padra unit, Vadodara. SSP plant will use Sulphuric Acid as key raw material for producing SSP. Our 450TPD Sulphuric Acid plant has already been commenced.

Your Company is producing major Dye Intermediates like Vinyl Sulphone Esater, DASA, F C Acid in huge quantity i.e. 2000 MT PM which generates 150MT PD of Spent Sulphuric Acid (Concentrate 25 to 30%) and the same will be consumed as raw material in the SSP plant. It directly saves purification cost of about Rs. 1.00 Lac per day. So Spent Sulphuric Acid is available at free of cost as a part of raw material and there is also saving in purification cost.


The Company expects that SSP plant will generate Rs. 240 crore Turnover and having 20 to 25% operating profitability margin. The construction work of SSP plant will be started after necessary formalities/approvals. Once the construction work of SSP plant start, it will take a time of 15-18 months for commencement of production.

### **ON A CONCLUDING NOTE**

Bodal Chemicals Ltd. (BCL) is very different and stronger today than the BCL of the yesteryears. We are confident that we possess the competitive position to make our success sustainable in the coming years.

Your company has achieved this status through extra ordinary dedication and creativity of all stakeholders i.e. shareholders, employees, banks, customers, suppliers etc.

As we move into another financial year, we remain focused on maintaining strong relationship with all our stakeholders including Government and its departments and agencies. I would like to take this opportunity, to extend my deep gratitude to them for their co-operation, continued support and trust. On behalf of the Board of Directors, I would like to thank all employees for their continued commitment to the company and the passion to take company to the next level.



**Suresh J. Patel**  
Chairman & M.D.  
Bodal Chemicals Ltd.  
Date : 28-08-2010

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

## DIRECTORS' REPORT

To,  
The Members

The Directors have great pleasure in presenting their 24<sup>th</sup> ANNUAL REPORT along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULT

Particulars	(Rs. In Lacs)	
	31-3-2010	31-3-2009
Turnover and other Receipt	48660.10	40510.74
Profit/(Loss) before depreciation and taxation	3253.55	(866.58)
Less : Depreciation/Amortization of Goodwill	1212.53	833.09
Profit/(Loss) before Taxation	2041.02	(1699.67)
Less : Provision for Taxation	694.65	(586.07)
Profit/(Loss) after Taxation	1346.37	(1113.60)
Balance available for appropriation	1712.06	(705.05)
Dividend on Equity Shares (Including Tax)	626.61	Nil
Balance Transferred to Balance Sheet	945.45	308.34
EPS (Rs.) (Considering face value of Rs. 10/- each i.e. before split)	6.76	(7.08)

### DIVIDEND

Your Directors are pleased to recommend final dividend of Rs.0.18 i.e. 9% (Rs.0.90 per equity share of Rs. 10/-) per equity share of face value of Rs. 2/- , subject to the approval of shareholders, which along with the interim dividend @ 18% i.e. Rs. 1.80 per equity shares of Rs. 10/- each adds upto a total dividend @ 27% per equity share for the current financial year i.e. 2009-10. The Company had not declared dividend for the last year i.e.2008-09.

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

Total dividend payout works out to Rs. 626.61 lacs including Rs. 89.25 lacs dividend tax on equity shares for the financial year 2009-10. The payout is 46.54 % of Profit after Tax for the year. It is indeed a prudent thought to retain the rest of the profits - by ploughing it back into the business itself to further develop and expand your company.

### BODAL'S BUSINESS

Bodal is well-known in the field of manufacturing Dyestuffs, Dyes Intermediates and other Chemicals falling under the broad category of Chemicals. Dyestuffs are further used in Textile, Lather and Paper Industry. Company has total 8 separate units having manufacturing facilities located in Gujarat. Out of the total production about 70% of Basic Chemicals and about 35% of Dye Intermediates is consumed captively. Balance production is sold 50% to local market and 50% to Export.

The broader area of operation of your company is as under:

#### Dyes

Your Company is a leading manufacturer of Reactive, Acid and Direct Dyes. Bodal has more than 150 different products of Dyes to cater to Textile, Leather and Paper Industry.

#### Dye Intermediates

Bodal is amongst the leading manufacturers of Dye Intermediates globally. Your Company manufactures more than 25 Dyes Intermediates. These Dye Intermediates are directly sold as well as consumed captively for manufacturing different kinds of Dyes.

## Other/Basic Chemicals

Bodal is also a manufacturer of Other Chemicals like Sulphuric Acid, CSA, Oleums, Beta Naphthol, Acetanilide, Para Nitro Aniline etc. These Chemicals are used as key raw materials for production of Dye Intermediates, which is highly beneficial in terms of improving profitability of the company.

### PERFORMANCE OF THE COMPANY

#### (1) The Year Under Review-2009-10

The year under review has been an outstanding year for the Dyes and Dye-Intermediates industry compared to the previous year. The recessionary phase is over and there was some indication of economic recovery like stability in financial market, increase in Industrial production, increase in consumption etc. in the financial year 2009-10. In line with global economic recovery, your Company has posted excellent and outstanding performance for the financial year 2009-10, compared to previous financial year. The major highlights of the financial performance for the financial year 2009-10, are as follows:

- Turnover and other Receipt increased from Rs. 405.11 crore to 486.60 crore
- EBIDTA jump from Rs. 4.49 crore to Rs. 52.85 crore – increased by 1077.06%
- Net Profit at Rs. 13.46 crore compared to Net Loss at Rs.11.14 crore

Hence, the company has recouped its entire loss of Rs.11 crore for the entire financial year 2008-09, in the current financial year i.e. 2009-10.

#### (2) Current Year-2010-11

Bodal has successfully implemented forward integration strategy i.e. commencement of Dyes Plant for generating more revenues and backward integration strategy i.e. producing as many key raw materials in house as possible like Sulphuric Acid, CSA, Oleums, Beta Naphthol, Acetanilide, Para Nitro Aniline etc. for improving profitability, during the last year as well as in the current year. Quality of products can be distinguished through Brand name. Bodal is planning to launch Branded Dyes in overseas as well as domestic market in the current year.

Bodal is confident of sustained growth in the overseas market during the current year by exploring newer international markets. The Company is also taking steps for increasing market share in domestic market for its products particularly for Dyestuffs. Your Company's innovative approach and focus on cost management has made your Company much more competitive compared to other players in the same industry. Successful positioning made your Company the preferred choice in Dyes & Dye Intermediates industry.

Hence, Your Company's well-planned business initiatives, brand building of products and strong Corporate Strategies will deliver an excellent financial performance for the current financial year i.e. 2010-11.





Your Company has performed well during the first quarter i.e. April-June, of the current financial year.

- Turnover and other Receipt increased from Rs. 103.57 crore to 130.56 crore
- EBIDTA jump from Rs. 12.11 crore to Rs. 14.70 crore – increased by 21.39%
- Net Profit increased from Rs. 3.48 crore to Rs.4.93 crore— increased by 41.67%

Our performance on every parameter therefore, reflects persistent improvement.

## **CORPORATE ACTIONS**

### **Preferential Issue**

The Board of Directors has allotted 67,50,000 (Sixty Seven Lacs and Fifty Thousand) warrants convertible into equivalent number of equity shares of Rs.10/- each at a price of Rs.63/- per share (including premium Rs.53/-per share) to Promoter Group/Non Promoters on 11<sup>th</sup> May, 2010, as per terms approved by shareholders vide EGM dtd. 28<sup>th</sup> April, 2010.

The Company has received Rs. 15.75 per warrant i.e. 25% of Rs. 63/-, aggregating Rs.10.63 crore for allotment of warrants from allottees and the said amount has been fully utilized for Long Term Working Capital/general corporate purposes.

The Company will receive balance amount i.e. Rs.47.25, aggregating Rs. 31.89 crore at the time of conversion of warrants into equity shares within 18 months from the date of allotment i.e. 11<sup>th</sup> May, 2010.

### **Subdivision (Stock Split) of equity shares**

With a View to provide more liquidity and encourage active participation of the retail investors, your Company has subdivided equity shares from 1(one) equity share of Rs. 10/- (Rupees Ten) each to 5(five) equity shares of Rs.2/-(Rupees Two) each. The Board of Directors had declared 11<sup>th</sup> June, 2010 as a Record date for said subdivision.

### **Redemption of Debentures**

The Company has approved and redeemed 1,02,510, 10% Unsecured Redeemable Non-Convertible Debentures of Rs.500/- each fully paid up at par during May, 2010.

### **COMMENCEMENT OF NEW PROJECT- SULPHURIC ACID PLANT**

A 450 TPD Sulphuric Acid plant has been successfully commenced at an investment of Rs. 62 crore at our Unit No. VII, Dudhwada, Ta. Padra, Dist. Vadodara, during July, 2010. Bodal has also manufacturing facility for production of Dyes and Dye Intermediates at the same location. Hence, the Company has an unique locational advantage, it helps in substantial saving of transportation cost, easy and timely availability of Acid for Dye Intermediates. This is an ambitious project of the company and matches perfectly with our strategy of backward integration for improving profitability.

This plant also generates steam, which can be used to run this plant and our dye plant. This is strategically vital for reduction of fuel consumption cost, thus improving the bottom line of the company.

The full impact of the same on the profitability will start reflecting from 3<sup>rd</sup> quarter i.e. October-December, 2010 onwards.

### **DIVERSIFICATION**

Your company is one of the leading manufacturer of Basic Chemicals, Dye Intermediates and Dyes. The Company has explored various business other than existing Chemicals business for growth of the company.

Considering the future growth planning and as a part of diversification strategy of the company, your company has identified the Technology based Agricultural Business for exploiting the opportunities for diversification. Traditionally, Indian Agriculture business is unorganized business and not recognised as a Industry in the corporate world. This scenario has been changing and the corporate world has now started focusing this area for growth. There are ample opportunities in Agriculture business and its related technologies business. The Agriculture business covers area of contract farming, fertilisers like SSP, plant development, agriculture equipments etc.

To exploit said business, "Bodal Agrotech Ltd" the wholly owned subsidiary company will be floated. The said name of the company has been approved by RoC, Gujarat.

#### **UPCOMING PROJECT— SINGLE SUPER PHOSPHATE (S.S.P.) PLANT**

Your company has identified SSP, as a first phase for business of our Bodal Agrotech Ltd., the wholly owned subsidiary company.

Single Super Phosphate (SSP) industry is the pioneering fertilizer industry in the country. Manufacturing of SSP is based on perhaps the simplest chemical reaction amongst chemical fertilizer industry. The main raw materials required are rock phosphate and sulphuric acid. SSP is a straight phosphatic multi-nutrient fertilizer which contains sulphur, calcium and some other essential micro nutrients in small proportions. SSP, which is a poor farmer's fertilizer (price-wise), is an option to optimise the use of phosphatic fertilizers. It also helps to treat sulphur deficiency in soils (40% Indian soil is sulphur deficient) as well for further enhancement of yields at the least cost. In various crops, which require more of sulphur and phosphate like oilseeds, pulses, sugarcane, fruits and vegetables, tea etc, SSP is an essential fertilizer.

Central government policy is liberalized for Fertilizers like SSP. Earlier there was cap on the market price. But now the cap has been removed and fix subsidy on sales is available for SSP manufacturers.

A 3.5 lacs MTPA, SSP Plant will be implemented, at a cost of about Rs. 31 crore, near by our existing manufacturing facility of Sulphuric Acid, Dye Intermediates and Dyes, located at our Padra unit, Vadodara. SSP plant will use Sulphuric Acid as key raw material for producing SSP. Our 450TPD Sulphuric Acid plant has already been commenced.

Your Company is producing major Dye Intermediates like Vinyl Sulphone Esater, DASA, F C Acid in huge quantity i.e. 2000 MT PM which generates 150MT PD of Spent Sulphuric Acid (Concentrate 25 to 30% ) and the same will be consumed as raw material in the SSP plant. It directly saves purification cost of about Rs. 1.00 Lac per day. So Spent Sulphuric Acid is available at free of cost as a part of raw material and there is also saving in purification cost.

The Company expects that SSP plant will generate Rs. 240 crore Turnover and having 20 to 25% operating profitability margin. The construction work of SSP plant will be started after necessary formalities/approvals. Once the construction work of SSP plant start, it will take a time of 15-18 months for commencement of production.

#### **PUBLIC DEPOSITS**

The Company has not accepted deposit from public during the year and there was no deposit outstanding from public as on 31<sup>st</sup> March, 2010.

#### **DIRECTORS**

Mr. Prakash B. Patel has been appointed as an Additional Director of the Company on 28<sup>th</sup> April, 2010. As per the provisions of section 260 of the Companies Act, 1956, this Director will hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notice under section 257 of the Act along with requisite deposit, in respect of above person, proposing appointment as a Director of the Company. Resolution seeking approval of members for the appointment of Mr. Prakash B. Patel, as a Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting.

Mr. Ankit S. Patel and Mr. Bipin R. Patel, retire by rotation at the Annual General Meeting. Being eligible, they offer themselves for re-appointment.

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

Mr. Hardik M. Shah has resigned as a Director as well as a member of all three committees i.e. Audit Committee, Remuneration committee and Shareholders Grievances Committee of the Company w.e.f. 28<sup>th</sup> April, 2010. The Board placed on record its appreciation of the contribution made by Mr. Hardik M. Shah, during his tenure as a Director of the company.

### **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 2010-11. 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 for current year and for the industry in which it operates including its position and 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 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures have been made from the same;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010. 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**

The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms a part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the Accounts are being sent to all shareholders of your Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the "Company Secretary" at the Registered office of the Company.

### **ACKNOWLEDGEMENT**

The Board greatly appreciates the commitment and dedication of employees at all levels who have contributed to the growth and success of the Company. We would also thank all our clients, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Government of India, Government of Gujarat and all other Government agencies for their support during the year and look forward to their continued support in the future.

For and on behalf of the Board of Directors

Place : Ahmedabad

Date : 02-08-2010

**SURESH J. PATEL**

*Chairman & Managing Director*



**Control Room of Sulphuric Acid Plant**

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE-'A'

TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

#### CONSERVATION OF ENERGY

##### Energy Conservation measures taken:

Reducing the HP of Motors where 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

	2009-10	2008-09
(i) Total consumption of Electric (Units)	382.18 lacs	259.86 lacs
Total Amount (Rs.)	2260.80 lacs	1462.53 lacs
Unit/Average Rate	Unit/Rs. 5.92	Unit/Rs. 5.63
(ii) Fuel	Kgs. 373.18 lacs	Kgs. 227.65 lacs
Quantity	Ltr. 0.23 lacs	Ltr. 0.93 lacs
	Scm 8.10 lacs	Scm 10.49 lacs
Total Amount (Rs.)	2205.27 lacs	1535.80 lacs
Unit /Average Rate	Kgs./Rs.5.54	Kgs./Rs.5.52
	Ltr/Rs. 32.4	Ltr/Rs. 39.17
	Scm/Rs. 16.20	Scm/Rs. 23.13

#### 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 for development of new products and improvements in the existing manufacturing process for better yield.

##### Expenditure on R & D :

(Rs. In Lacs)

	2009-10	2008-09
(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 at the forefront to make the best use of its technical capability for better success.
- II. Continuous endeavor to improve Product Quality & Process Yields.

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

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

##### (c) Details relating to imported technology: Nil

#### FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In lacs)

Particulars	2009-10	2008-09
(a) Foreign Exchange Inflow		
(i) Foreign Exchange Earning F.O.B. Value of Export	22737.97	16837.56
(ii) Commission	Nil	4.12
(b) Foreign Exchange outgo		
(i) Value of imported Raw materials calculated on CIF basis.	3890.22	2966.85
(ii) Foreign Traveling Expenditure	5.82	12.03
(iii) Export Sales Commission	608.81	485.70
(iv) Business Development Expenses	24.77	0.62
(v) Membership Fees	0.04	0.04
(vi) Advertisement	Nil	5.31
(vii) Interest	325.06	224.85
(viii) Bank Charges	1.17	Nil

## MANAGEMENT DISCUSSION AND ANALYSIS

### BODAL'S POSITION IN DYES AND DYE INTERMEDIATES INDUSTRY

The management has been implementing and reviewing corporate strategies like organic growth, forward integration, backward integration, inorganic growth, diversification etc in accordance with demand and market condition. Bodal is also exploring new markets for the growth.

Bodal has successfully implemented corporate strategies at regular intervals for growth of the company in Dyes and Dye Intermediates Industry. Hence, your company has successfully created and developed its position in the field of Dye & Dye Intermediates industry across the international markets. The major highlights of Bodal's position are as follows:

- Bodal is the only company in India having in-house manufacturing facility starting from Basic Chemicals to Wide range of Dye Intermediates to Dyestuffs.
- Fastest Growing Company in the Dyes and Dye Intermediates Industry.
- Bodal is one of the leading producers of Dye intermediates & Dyestuffs in the world.
- Export to more than 35 Countries.
- Well reputed for Consistency, Reliability, Quality and Timely Delivery among Global Dyestuffs Market.
- Bodal has total 8 manufacturing Units at different locations in Gujarat, India
- Bodal has identified three Strategic Business Units
  - ◆ Dyes (more than 150 products)
  - ◆ Dye Intermediates (more than 25 products)
  - ◆ Basic & Other Chemicals (more than 10 products)
- Bodal produces more than 150 dyes suitable for Textile, Leather & Paper industries.
- Bodal also produces Basic chemicals like Beta Naphthol, Sulphuric Acid, Para Nitro Aniline & Acetanilide etc. for captive consumption as well as direct sale.

Bodal enjoy an abundant supply of basic raw materials for production of Dye Intermediates and Dye Intermediates for Dyes. Bodal has build up on technical services, marketing capabilities and production in bulk quantities to face competition from domestic as well as global. In this way, Bodal enjoy a position of one of the leader in Dyes and Dye Intermediates Industry.

### COMMENCEMENT OF NEW PROJECT- SULPHURIC ACID PLANT

A 450 TPD Sulphuric Acid plant has been successfully commenced at our Unit No. VII, Dudhwada, Ta. Padra, Dist. Vadodara, during July, 2010. This plant produces Sulphuric Acid, Chloro Sulphonic Acid and Oleum, which are used to manufacture Dyes Intermediates. Bodal has also manufacturing facility for production of Dyes and Dye Intermediates at the same location.

Apart from its own profitability, the plant would prove as a cost beneficial to Bodal Chemicals as this facility generates power and steam which will be used to run this plant and our Dyes and Dye Intermediates plants. Hence there will be reduction in the overall fuel consumption. Further considering the unique locational advantage and High Volume, Low Value nature of products, there will be substantial saving in transportation cost and resultant lower production cost to a great extent. Availability of easy, timely and assured quality raw materials for Dye Intermediates plant are the added advantages.

This is an ambitious project of the company and is also perfect fit for its strategy of backward integration for improving profitability and stability. The full impact of the same on the profitability will start reflecting from 3<sup>rd</sup> quarter i.e. October-December, 2010 onwards.

## PERFORMANCE REVIEW

### 1) The Year Under Review-2009-10 :

The Company was in red in the financial year 2008-09, due to heavy loss of Rs. 19.52 crore on account of hasty Foreign Exchange Fluctuations.

However, Bodal's management has successfully tackled the Foreign Exchange fluctuation factor by immediate hedging and not keeping the foreign exchange exposure open applicable to all areas i.e. Export, Import and Foreign currency loans. The Company has successfully implemented backward and forward integration strategies for improving profitability, generating more revenues and making the company much stable. In addition, the company has taken benefits of economy of scale for production of Dyes and Dye Intermediates during the year. Your Company has posted excellent and outstanding performance for the financial year 2009-10, compared to previous financial year.

The major highlights of financial performance for the financial year 2009-10, are as follows :

- Turnover and other Receipt increased from Rs. 405.11 crore to 486.60 crore
- EBIDTA jump from Rs. 4.49 crore to Rs. 52.85 crore – increased by 1077.06%
- Net Profit at Rs. 13.46 crore compared to Net Loss at Rs.11.14 crore

### (2) Current Year-2010-11 :

The company has received Rs.10.63 crore, long term fund in the form of equity through Preferential allotment to Promoters Group and Non-Promoters during May, 2010. The said amount has been deployed for long term working capital and other general corporate purposes.

Bodal is one of the fastest growing company in Dyes and Dye Intermediates Industry. Bodal needs long terms funds for working capital as well as CAPEX for new projects. Hence, the Company is also exploring various options for long term fund like preferential allotment, Public Issue, Rights Issue, FCCB, QIP, etc. 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.

Bodal's well-planned business initiatives, brand building of its products and strong Corporate Strategies will deliver an excellent financial performance for the current financial year i.e. 2010-11.

Your Company has performed well during the first quarter i.e. April-June, of the current financial year.

- Turnover and other Receipt increased from Rs. 103.57 crore to 130.56 crore
- EBIDTA jump from Rs. 12.11 crore to Rs. 14.70 crore – increased by 21.39%
- Net Profit increased from Rs. 3.48 crore to Rs.4.93 crore— increased by 41.67%

Our performance on every parameter therefore, reflects persistent improvement.

## DIVERSIFICATION

Your company is one of the leading manufacturer of Basic Chemicals, Dye Intermediates and Dyes. The Company has explored various business other than existing Chemicals business for growth of the company.

Considering the future growth planning and as a part of diversification strategy of the company, your company has identified the Technology based Agricultural Business for exploiting the opportunities for diversification. Traditionally, Indian Agriculture business is unorganized business and not recognised as a Industry in the corporate world. This scenario has been changing and the corporate world has now started focusing this area for growth. There are ample opportunities in Agriculture business and its related technologies business. The Agriculture business covers area of contract farming, fertilisers like SSP, plant development, agriculture equipments etc.

To exploit said business, "Bodal Agrotech Ltd" the wholly owned subsidiary company will be floated. The said name of the company has been approved by RoC, Gujarat.

### **UPCOMING PROJECT— SINGLE SUPER PHOSPHATE (S.S.P.) PLANT**

Your company has identified SSP, as a first phase for business of our Bodal Agrotech Ltd., the wholly owned subsidiary company.

Single Super Phosphate (SSP) industry is the pioneering fertilizer industry in the country. Manufacturing of SSP is based on perhaps the simplest chemical reaction amongst chemical fertilizer industry. The main raw materials required are rock phosphate and sulphuric acid. SSP is a straight phosphatic multi-nutrient fertilizer which contains sulphur, calcium and some other essential micro nutrients in small proportions. SSP, which is a poor farmer's fertilizer (price-wise), is an option to optimise the use of phosphatic fertilizers. It also helps to treat sulphur deficiency in soils (40% Indian soil is sulphur deficient) as well for further enhancement of yields at the least cost. In various crops, which require more of sulphur and phosphate like oilseeds, pulses, sugarcane, fruits and vegetables, tea etc, SSP is an essential fertilizer.

Central government policy is liberalized for Fertilizers like SSP. Earlier there was cap on the market price. But now the cap has been removed and fix subsidy on sales is available for SSP manufacturers.

A 3.5 lacs MTPA, SSP Plant will be implemented, at a cost of about Rs. 31 crore, near by our existing manufacturing facility of Sulphuric Acid, Dye Intermediates and Dyes, located at our Padra unit, Vadodara. SSP plant will use Sulphuric Acid as key raw material for producing SSP. Our 450TPD Sulphuric Acid plant has already been commenced.

Your Company is producing major Dye Intermediates like Vinyl Sulphone Esater, DASA, F C Acid in huge quantity i.e. 2000 MT PM which generates 150MT PD of Spent Sulphuric Acid (Concentrate 25 to 30% ) and the same will be consumed as raw material in the SSP plant. It directly saves purification cost of about Rs. 1.00 Lac per day. So Spent Sulphuric Acid is available at free of cost as a part of raw material and there is also saving in purification cost.

The Company expects that SSP plant will generate Rs. 240 crore Turnover and having 20 to 25% operating profitability margin. The construction work of SSP plant will be started after necessary formalities/approvals. Once the construction work of SSP plant start, it will take a time of 15-18 months for commencement of production.

### **ENVIRONMENT**

The Chemical Industry is subject to various stringent regulatory requirements of 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.

### **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 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 voluntarily 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 level 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 2009-10 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 31<sup>st</sup> March, 2010. 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

Six Board meetings were held during the financial year 2009-2010. The dates on which Board Meetings were held viz; 30-6-09, 27-7-09, 29-8-09, 29-10-09, 30-1-10 and 10-3-10. The time gap between any two Board Meetings was less than 4 months. The 23<sup>rd</sup> Annual General Meeting was held on 30-9-09.

### c. Directors attendance and Directorship held

The table below provides the composition of the Board, their attendance at Board meetings (1-4-2009 to 31-3-2010) & AGM (30-9-2009) 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 31-03-10 & % of holding
Suresh J. Patel Chairman & Managing Director	Promoter Executive	Nil	None	6	Yes	67,11,946 33.72%
Bhavin S. Patel Executive Director	Promoter Executive	Nil	None	4	Yes	15,62,010 7.85%
Ramesh P. Patel Executive Director	Promoter Executive	Nil	None	4	Yes	14,10,560 7.09%
Ankit S. Patel Executive Director	Promoter Executive	Nil	None	4	Yes	Nil
Surendra N. Shah Independent Director	Independent Non-Executive	Nil	None	5	Yes	17,856 0.09%
Hardik M. Shah* Independent Director	Independent Non-Executive	Nil	None	3	Yes	Nil
Bipin R. Patel Independent Director	Independent Non-Executive	2#	Membership-2	3	Yes	Nil
Sunil K. Mehta Independent Director	Independent Non-Executive	Nil	None	4	No	98,090 0.49%
Prakash B. Patel^ Independent Director	Independent Non-Executive	Nil	None	N.A.	N.A.	Nil

#### Notes:

- (1) \* Mr. Hardik M. Shah has resigned as a Director of the Company w.e.f. 28-4-10.
- (2) ^ Mr. Prakash B. Patel has been appointed as a Director of the Company w.e.f. 28-4-10.
- (3) \*\*This number excludes the directorships/committee memberships held in private companies, a company registered u/s 25 of Companies Act and also of the Company.
- (4) # Mr. Bipin R. Patel has resigned as a Director of Kiri Dyes and Chemicals Ltd. w.e.f. 26-4-10. The said number include directorship of said company.
- (5) 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. All Board Members and senior managerial personnel have affirmed compliance with the code of conduct for the year ended on 31<sup>st</sup> March, 2010. A declaration to this effect duly signed by CEO of the Company is attached herewith and forms a part of Corporate Governance Report.

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

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

Name of the Director	Mr. Ankit S. Patel	Mr. Bipin R. Patel
Date of Birth	1-11-1982	1-3-1945
Date of Appointment	24-5-2008	14-8-2007
Qualification	Bachelor in Economics, MBA(Finance)	B.A., LL.B.
*Name of the Companies in which he is a Director other than Bodal Chemicals Ltd.	Nil	Jay Chemicals Industries Ltd Ami Pigment Pvt. Ltd
Specific Functional Areas/Experience	He has been giving his valuable services as Executive Director of the company. He has contributed significantly in development of Sulphuric Acid plant of the company. He is young and dynamic personality, who is son of Mr. Suresh J. Patel Chairman & M.D. of the Company.	He is an industrialist for more than 35 years standing in chemical industry and has held/is holding offices in several Industry Association and such other bodies.
** Chairmanship / Membership of Committee(s) of Director of the Company	Nil	Membership of all three committees
Chairman/Member of the Committee(s) of Board of Directors of other Public Limited Companies in which he is a Director	Nil	Nil
Shareholding in the company as on 2-8-10 & percentage of paid up capital	Nil	Nil

<b>Name of the Director</b>	<b>Mr. Prakash B. Patel</b>
Date of Birth	21.04.1951
Date of Appointment	28-4-2010
Qualification	Bachelor of Science (Chemical Engineering) from Institute of Technology, Banaras Hindu University, Varanasi.
*Name of the Companies in which he is a Director other than Bodal Chemicals Ltd.	Nil
Specific Functional Areas/Experience	He has more than 35 years experience in the field of technical knowledge, financial resources and project implementation. He is associated with National Capital Management Pvt. Ltd. Ahmedabad.
** Chairmanship / Membership of Committee(s) of Director of the Company	Membership of all three committees
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 2-8-10 & percentage of paid up capital	Nil

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

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

## COMMITTEE OF THE BOARD

### Audit Committee

Audit committee of the Company is functioning with the requirement of section 292A of the Companies Act, 1956 and the listing agreement. The members of Audit Committee are mentioned as below. During the year, six meetings were held on 30-6-09, 27-7-09, 29-8-09, 29-10-09, 30-1-10 and 10-3-10 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 30<sup>th</sup> September, 2009.

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

Name of Member	Designation	Category	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	6
Mr. Hardik M. Shah*	Member	Non-Executive Independent Director	4
Mr. Bipin R. Patel	Member	Non-Executive Independent Director	3
Mr. Prakash B. Patel <sup>^</sup>	Member	Non-Executive Independent Director	N.A.

#### Notes:

- (1) \* Mr. Hardik M. Shah has resigned as a Member of the committee w.e.f. 28-4-10.
- (2) <sup>^</sup> Mr. Prakash B. Patel has been inducted as a Member of the committee w.e.f. 28-4-10.

### 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 check 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, two meeting were held on 30-6-2009 and 30-1-2010.

#### Composition :

Name of Member	Designation	Category	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	2
Mr. Hardik M. Shah*	Member	Non-Executive Independent Director	1
Mr. Bipin R. Patel	Member	Non-Executive Independent Director	2
Mr. Prakash B. Patel <sup>^</sup>	Member	Non-Executive Independent Director	N.A.

#### Notes:

- (1) \* Mr. Hardik M. Shah has resigned as a Member of the committee w.e.f. 28-4-10.
- (2) <sup>^</sup> Mr. Prakash B. Patel has been inducted as a Member of the committee w.e.f. 28-4-10.

The details of remuneration paid to directors are provided below for the financial year 2009-10.

#### Remuneration paid to Directors

Name of Directors	Age	Designation	Remuneration (including perquisites) paid Rs.	Sitting Fees paid Rs.	Commission paid Rs.	Total Remuneration paid Rs.
Suresh J. Patel	54	Chairman & Managing Director	22,50,000	Nil	25,00,000	47,50,000
Bhavin S. Patel	29	Executive Director	9,00,000	Nil	Nil	9,00,000
Ankit S. Patel	28	Executive Director	6,00,000	Nil	Nil	6,00,000
Ramesh P. Patel	53	Executive Director	9,00,000	Nil	Nil	9,00,000
Surendra N. Shah	50	Independent Director	Nil	Nil	Nil	Nil
Hardik M. Shah	29	Independent Director	Nil	Nil	Nil	Nil
Bipin R. Patel	65	Independent Director	Nil	Nil	Nil	Nil
Sunil K. Mehta	50	Independent Director	Nil	Nil	Nil	Nil
<b>Total</b>			<b>46,50,000</b>	<b>Nil</b>	<b>25,00,000</b>	<b>71,50,000</b>

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's or investor's concerns. The members of Shareholders Grievance Committee are mentioned as below. During the year, four meetings were held on 30-6-09, 27-7-09, 29-10-09 and 30-1-10.

Name of Member	Designation	Category	No. of meeting attended
Mr. Surendra N. Shah	Chairman	Non-Executive Independent Director	4
Mr. Hardik M. Shah*	Member	Non-Executive Independent Director	3
Mr. Bipin R. Patel	Member	Non-Executive Independent Director	2
Mr. Prakash B. Patel <sup>^</sup>	Member	Non-Executive Independent Director	N.A.

#### Notes:

- (1) \* Mr. Hardik M. Shah has resigned as a Member of the committee w.e.f. 28-4-10.
- (2) ^ Mr. Prakash B. Patel has been inducted as a Member of the committee w.e.f. 28-4-10.

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

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

### Details of Shareholders/Investors Complaints

The Pinnacle Shares Registry Pvt. Ltd. (RTA) and the Company have received shareholders/investors complaints and resolved by the company / the RTA in consultation with the Company for the year 2009-10, the details are as follows :

Sr. No.	Nature of Complaints	Opening Balance 1-04-2009	Received during the year	Redressed/ attended	Pending as on 31-03-2010
1	Non receipt of share certificates after transfer etc.	Nil	Nil	Nil	Nil
2	Non receipt of Dividend Warrants	Nil	Nil	Nil	Nil
3	Query regarding demate credit	Nil	2	2	Nil
4	* Non receipt of duplicate share certificates after issue	Nil	Nil	Nil	Nil
5	Other	Nil	1	1	Nil
<b>Total</b>		Nil	3	3	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 2009-10, the details are as follows :

Description of Investors Grievances	No. of Grievances
Grievances Pending at the beginning of the year	Nil
Letters	11
Correction in Refund Instruments	Nil
B.S.E	Nil
S E B I	Nil
Total Grievances attended/redressed	11
Total Grievances pending at the end of the year	Nil

### SUBSIDIARY COMPANY :

The Company does not have any subsidiary Company as on 31-3-10.

### OTHER COMPLIANCES :

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

For details, about related parties transactions, see Note No. 8 of Notes on Accounts under Schedule 20 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 2009-10.

## 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 24<sup>th</sup> Annual General Meeting of the members of the company is scheduled to be held on Thursday, the 30<sup>th</sup> day of September, 2010 at 10.30 a.m. at ATMA Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009. All the members are invited to attend the meeting.

The Members / Proxies who intend to attend the meeting are requested to bring the Attendance slip sent herewith duly filled to the meeting.

**Financial Calendar** : Financial year 2009-10 ( April 1, 2009 to March 31, 2010)

Results were announced on

27 <sup>th</sup> July, 2009	- First quarter (Un-audited)
29 <sup>th</sup> October, 2009	- Second quarter (Un-audited)
30 <sup>th</sup> January ,2010	- Third quarter (Un-audited)
29 <sup>th</sup> May ,2010	- Annual (Audited)

Tentative Financial Calendar for the financial year 2010-11.

Results will be announced on

2 <sup>nd</sup> August, 2010	- First quarter
Last week of October 2010	- Second quarter and half year ended
Last week of January 2011	- Third quarter
Last week of May 2011	- Fourth quarter and annual (audited)

**Book Closures Dates** : From Saturday, the 25<sup>th</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010 (both days inclusive) for determining the entitlement of final dividend for the financial year 2009-2010.

(a) As beneficial Owners at the end of 24<sup>th</sup> September, 2010 as per the list to be furnished by the Depositories in respect of the shares held in electronic form and

(b) As members in the Register of Members of the company after giving effect to all valid share transfers in physical form which are lodged with the Company/Registrar & Share Transfer Agent on or before 24<sup>th</sup> September, 2010.

**Dividend Payment Date** : On or after 4<sup>th</sup> October, 2010.

**Annual General Meeting** : 30-9-2010 at 10.30 a.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 31-3-2010)

Market lot of shares : 1 equity share

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

Type of Securities	Code no.	ISIN (Demat Code)
Equity Shares	524370	INE338D01028
Debentures*	946014	INE338D08015

\*Debentures have been redeemed at par during May, 2010

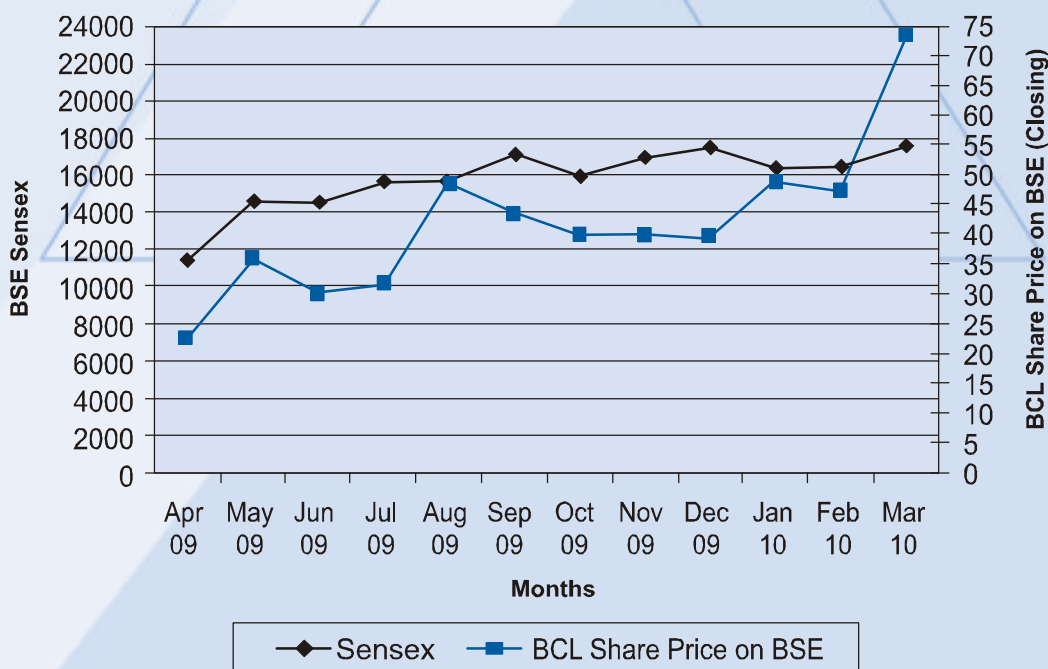
### Listing

: The Company's equity shares are listed on the Bombay Stock Exchange Ltd. The Company has paid listing fees to Bombay Stock Exchange for financial year 2010-2011.

### Stock Data : Monthly share price data on BSE for the financial year 2009-10, are as under.

Month	High Rs.	Low Rs.	Close Price Rs.	Volumes (No. of Shares)
April '09	23.95	17.50	22.45	46439
May '09	40.75	20.80	36.30	94729
June '09	37.90	25.10	30.25	120557
July '09	34.00	24.00	31.45	64136
August '09	51.70	29.50	48.50	239085
September '09	48.75	39.15	43.65	67056
October '09	44.00	36.30	39.90	42577
November '09	43.25	36.55	40.00	38692
December '09	43.00	35.95	39.65	115963
January '10	62.00	39.10	49.00	261112
February '10	51.35	43.85	47.45	80726
March '10	73.60	44.80	73.60	565584

### 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
2006-07 AGM	29-9-2007	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	3
EGM	26-12-2007	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	Approval of Amalgamation of Milestone Organic Ltd. with Bodal Chemicals Ltd.
2007-08 AGM	30-9-2008	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	1
2008-09 AGM	30-9-2009	5.30 P.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	4
EGM	28-4-2010	10.30 A.M.	ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009.	6

#### 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 31<sup>st</sup> March, 2010, 1,77,29,591 equity shares (89.08%) were held in dematerialized form and balance 21,72,711 equity shares (10.92%) 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 of Rs. 2/- each is INE – 338 D 01028.

#### 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
6.	2009-10(Interim)	28-04-2010	03-06-2017

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

### Distribution of Shareholding as on 31-3-10

#### According to number of Equity Shares

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total Shares	% of Total Shares
1-500	10492	93.32	768130	3.86
501-1000	335	2.98	256409	1.29
1001-2000	176	1.57	259191	1.30
2001-3000	59	0.52	151107	0.76
3001-4000	38	0.34	134206	0.67
4001-5000	26	0.23	120888	0.61
5001-10000	42	0.37	310372	1.56
10001-Above	75	0.67	17901999	89.95
<b>Total</b>	<b>11243</b>	<b>100.00</b>	<b>19902302</b>	<b>100.00</b>

#### Shareholding pattern of the Company as on 31-3-2010

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	2321961	11.67
<b>Total</b>	<b>9</b>	<b>0.08</b>	<b>14744941</b>	<b>74.09</b>
Indian Public-Individuals	10596	94.24	3452782	17.34
Mutual Fund, Nationalized Bank, Financial Institution and Co-operative Banks	4	0.04	7800	0.04
Domestic Companies	103	0.92	1531980	7.70
Non Resident Individuals	487	4.33	5230	0.03
Any others (Independent Directors & Relatives of Directors)	7	0.06	125475	0.63
Clearing Members	37	0.33	34094	0.17
<b>Total</b>	<b>11243</b>	<b>100.00</b>	<b>19902302</b>	<b>100.00</b>

### **Outstanding GDRs / ADRs /Warrants/any other Convertible Instruments**

The Company does not have any outstanding instruments of the captioned type except 3,37,50,000 convertible warrants into 3,37,50,000 Equity Shares of Rs. 2 each.

### **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, Gujarat.
- Unit VI** : Plot No. 606-607, G.I.D.C., Panoli, Nr. Ankleshwar, Dist. Bharuch, Gujarat.
- Unit VII** : Block No. 804, Village- Dudhwada, Ta. Padra, Dist. Vadodara, Gujarat.
- Unit VIII** : Block No.106-108, Ekalbara Village, Ta.Padra, Dist. Vadodara, Gujarat.

### **Branch Office**

Godown No.2, P-21, Transport Depot Road, Kolkata-700 088

### **Marketing Office**

1011-Venus Atlantis, Prahlad Nagar Road, Satellite, Ahmedabad-382210

### **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. Sharepro Services (India) Pvt Ltd., at address mentioned below.

### **Change of RTA**

Pursuant to the directions of Securities and Exchange Board of India (SEBI) and Securities Appellate Tribunal (SAT), the Company's present Registrar and Transfer Agent i.e. Pinnacle Shares Registry Pvt Ltd has decided to cease operations.

Hence, the Company has appointed M/s. Sharepro Services (India) Pvt. Ltd. as Registrar and Transfer Agent (RTA) of the company and new RTA of the company i.e. M/s. Sharepro Services (India) Pvt. Ltd has commenced its operation as RTA of the company in full fledge w.e.f. 16<sup>th</sup> April, 2010.

### **Investors Communication**

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

### **Sharepro Services (India) Pvt Ltd.**

#### **Unit : Bodal Chemicals Ltd.**

(Ahmedabad Branch)

416-420, 4th.Floor, Devnandan Mall, Opp.Sanyash Ashram, Ellisbridge, Ahmedabad-380006.

Tel Nos.079 26582381 to 84 , Fax No 079 26582385, Email sharepro@shareproservices.com, Contact Person:Mr.Nitin Joshi

### **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 Economic Times (English & Gujarati edition).

### **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	8	Rameshbhai P. Patel-HUF	14	Jayanti D. Patel
2	Bhavin S. Patel	9	Dipti R. Patel	15	Shakuntala J. Patel
3	Ankit S. Patel	10	Chintan R. Patel	16	Rakesh R. Patel
4	Meena S. Patel	11	Rushi R. Patel	17	Sunitaben R. Patel
5	Ankita B. Patel	12	Ramesh D. Patel	18	Bansi M. Patel
6	Sajani A. Patel	13	Champa R. Patel	19	Sangeeta B. Patel
7	Ramesh P. Patel				

### **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 : 02-08-2010

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 31<sup>st</sup> March, 2010 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.**  
Date : 02-08-2010

**Ramesh P. Patel**  
Chief Financial Officer  
Executive Director  
**Bodal Chemicals Ltd.**

## 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 31,2010, 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  
(Firm Registration No. 106109W)

Date : 02-08-2010  
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 31<sup>ST</sup> March, 2010 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 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010
    - (ii) In case of the Profit & Loss Account, of the profit for the year ended on that date and
    - (iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR MAYANK SHAH & ASSOCIATES**  
*CHARTERED ACCOUNTANTS*  
(Firm Registration No. 106109W)

PLACE : AHMEDABAD  
DATE : 29/05/2010

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

## **ANNEXURE TO THE AUDITORS' REPORT**

### **(Annexure referred to in paragraph 2 of our Auditors Report of even date on financial statements of Bodal Chemicals Ltd for the year ended on 31/03/2010)**

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

- 1
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
  - b) According to the information and explanation given to us, the Company has formulated a regular program of verification by which all the assets of the company shall be verified in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on the verification conducted during the year as compared with the book records.
  - c) During the year the Company has not disposed off a substantial part of its fixed assets, so as to affect its going concern.
- 2
  - a) As explained to us, the inventory except stocks in transit has been physically verified during the year by the Management at reasonable interval during the year. In our opinion the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the company and the nature of the business.
  - c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- 3
  - a) According to the information and explanation given to us, the company had not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - b) As the Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, the clause of rates of interest and other terms & condition is not applicable to the Company.
  - c) As the Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, the clause of repayment of principal amount is not applicable to the Company.
  - d) According to the information and explanations given to us, the Company had taken unsecured loan from the 3 (Three) parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 15.16 lacs & the year end balance of loans was Rs. 0.98 lacs.
  - e) According to the information and explanation given to us, repayment of the principal amount is as stipulated and payments of interest, wherever applicable, 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 31<sup>st</sup> March 2010 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 Tribunal
	Income Tax	1.42	A.Y. 2004-2005	Assessing Officer
	Income Tax	61.57	A.Y. 2007-2008	Commissioner of Income Tax (Appeal)
Central Excise Act, 1944.	Penalty	0.77	A.Y. 2002-2003	CESTAT, Mumbai
	Penalty	6.82	A.Y.2006-2007	The Comm. Of Central Excise (Appeals)- Surat
	Penalty	2.00	A.Y. 2009-2010	The Commissioner (Appeals), Central Excise – Ahmedabad
	Service Tax Duty	12.06	A.Y.2006-2007 to A. Y. 2010-2011	The Commissioner of Central Excise, Ahmedabad - I
	Duty	1.18	A. Y. 2010-2011	The Asst. Comm. Of Central Excise, Ahmedabad – I
	Penalty	0.10	A. Y. 2010-2011	The Deputy Comm. Of Central Excise, Ahmedabad
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 not incurred any cash losses during current financial year. In the immediately preceding financial year, the Company had incurred 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.
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 statute 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 utilized for the purposes 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. According to the information and explanations given to us, during the period covered by our audit report, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has unsecured debentures outstanding during the year on which no security or charge is required to be created.
20. The Company has not raised any money by way of a public issue during the year.
21. During the course of our examination of the books of account and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the management.

**FOR MAYANK SHAH & ASSOCIATES**  
*CHARTERED ACCOUNTANTS*  
(Firm Registration No. 106109W)

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

PLACE : AHMEDABAD  
DATE : 29/05/2010

## BALANCE SHEET AS AT 31ST MARCH,2010

[Rs. in Lacs]

PARTICULARS	SCHEDULE	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds :</b>			
Share Capital	1	1,990.23	1,990.23
Reserves and Surpluses	2	3,759.31	2,982.20
Deffered Grant	3	38.21	100.00
<b>Loan Funds :</b>			
Secured Loans	4	25,141.72	17,619.79
Unsecured Loans	5	1,247.21	992.85
Deferred Tax Liabilities (Net)		1,126.32	432.14
<b>TOTAL</b>		<b>33,303.00</b>	<b>24,117.21</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets :</b>			
Gross Block	6	23,439.10	14,648.79
Less : Depreciation		4,777.58	3,565.45
Net Block		18,661.52	11,083.34
Capital Work In Progress		4,765.28	5,753.91
		<b>23,426.80</b>	<b>16,837.25</b>
<b>Current Assets, Loans &amp; Advances :</b>			
Investments	7	68.35	71.14
Inventories	8	5,267.16	3,863.93
Debtors		10,381.86	7,748.82
Cash & Bank Balances		449.40	261.42
Loans & Advances		5,045.29	3,782.33
		<b>21,143.71</b>	<b>15,656.50</b>
Less: Current Liabilities & Provisions	9		
Current Liabilities		10,528.11	8,468.45
Provisions		831.29	15.00
		11,359.40	8,483.45
<b>Net Current Assets</b>		<b>9,784.31</b>	<b>7,173.05</b>
Miscellaneous Expenditure (To the extent not written off or Adjusted)	10	23.54	35.77
<b>TOTAL</b>		<b>33,303.00</b>	<b>24,117.21</b>
Notes to the Accounts	20		

As Per Our Report of even date attached

**For Mayank Shah & Associates**  
Chartered Accountants  
(Firm Registration No. 106109W)

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

Place : Ahmedabad  
Date : 29.05.2010

For and on behalf of the Board of Directors

**(Suresh J. Patel)**  
Chairman & Managing Director

**(Ramesh P. Patel)**  
Executive Director

**(Chirag G. Shah)**  
Company Secretary

Place : Ahmedabad  
Date : 29.05.2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

[Rs. in Lacs]

PARTICULARS	SCHEDULE	Current year	Previous Year
<b>INCOME</b>			
Sales	11	46,754.50	39,548.62
Goods Burnt Due to Fire		79.45	59.58
Other Income	12	1,826.15	902.54
<b>TOTAL</b>		<b>48,660.10</b>	<b>40,510.74</b>
<b>EXPENDITURE</b>			
Material Consumed and Stock Variation	13	32,265.25	30,632.56
Manufacturing Expenses	14	5,938.94	3,943.32
Administrative & General Expenses	15	740.40	2,488.13
Payment to Employees	16	2,111.83	1,311.18
Selling & Distribution Expenses	17	2,319.02	1,686.62
Financial Charges	18	2,018.88	1,303.28
Depreciation and Amortisation	19	1,212.53	833.09
Misc. Expenditure Written Off		12.23	12.23
<b>TOTAL</b>		<b>46,619.08</b>	<b>42,210.41</b>
<b>Profit / (Loss) Before Taxes</b>		2,041.02	(1,699.67)
<b>Provision For Taxation</b>			
Current		204.68	0.44
Deferred Tax (Asset) / Liability		694.17	(601.07)
Fringe Benefit Tax		Nil	14.56
		898.85	(586.07)
Less : MAT Credit Entitlement		(204.20)	Nil
		694.65	(586.07)
<b>Profit / (Loss) After Taxes</b>		<b>1,346.37</b>	<b>(1,113.60)</b>
Balance Brought Forward		308.34	1,814.84
Prior Period Items		57.78	1.03
Excess Tax Provision for earlier years		(0.43)	2.78
<b>Amount Available For Appropriation</b>		<b>1,712.06</b>	<b>705.05</b>
<b>Appropriation :</b>			
Interim Dividend on Equity Shares		358.24	Nil
Proposed Final Dividend on Equity Shares		179.12	Nil
Provision for Dividend Tax		89.25	Nil
Transfer to Capital Redemption Reserve		Nil	396.71
Transfer to General Reserve		140.00	Nil
Balance Carried to Balance Sheet		945.45	308.34
		<b>1,712.06</b>	<b>705.05</b>
<b>Basic Earning per Share before Prior period item</b>		6.76	(7.08)
<b>Basic Earning per Share after Prior period item</b>		7.05	(7.06)
<b>Diluted Earning per Share before Prior period item</b>		6.76	(7.03)
<b>Diluted Earning per Share after Prior period item</b>		7.05	(7.01)

Notes to the Accounts

20

As Per Our Report of even date attached

For and on behalf of the Board of Directors

**For Mayank Shah & Associates**
*Chartered Accountants*

(Firm Registration No. 106109W)

**(Suresh J. Patel)**
*Chairman & Managing Director*
**(M.S. Shah)**
*Partner*
**Membership No. 44093**
**(Ramesh P. Patel)**
*Executive Director*
**(Chirag G. Shah)**
*Company Secretary*

Place : Ahmedabad

Date : 29.05.2010

Place : Ahmedabad

Date : 29.05.2010

## SCHEDULES FORMING PART OF THE BALANCE SHEET

[Rs. in Lacs]

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
3,00,00,000 (P.Y. 3,00,00,000) Equity Shares of Rs.10/- each	3,000.00	3,000.00
40,00,000 (P.Y. 40,00,000) Preference Share of Rs. 10/- each	400.00	400.00
	<b>3,400.00</b>	<b>3,400.00</b>
<b>Subscribed &amp; Paid up Share Capital</b>		
19902302(P.Y. 19902302) Equity shares of Rs.10/- each.	1,990.23	1,990.23
[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)		
<b>TOTAL</b>	<b>1,990.23</b>	<b>1,990.23</b>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUSES</b>		
<b>Investment Allowance Reserve - Utilised Account</b>		
Balance as per last Balance Sheet	4.78	4.78
Share Premium		
Balance as per last Balance Sheet	1,203.20	260.00
Add:Share Premium Received on Right issue & exercise of Share warrants	Nil	943.20
	1,203.20	1,203.20
Capital Reserves	0.36	0.36
Capital Redemption Reserve Fund		
Balance as per last Balance Sheet	396.71	Nil
Add:Transfer from Profit and Loss Account	Nil	396.71
(The company had created said reserve due to redemption of Preference Shares at par.)		
	396.71	396.71
<b>General Reserve :</b>		
Balance as per last Balance Sheet	1,068.81	1,108.98
Add:Transfer from Profit and Loss Account	140.00	Nil
Less : Exchange Gain on FCTL of previous year transferred to fixed assets	Nil	(40.17)
	1,208.81	1,068.81
Profit & Loss Account	945.45	308.34
<b>TOTAL</b>	<b>3,759.31</b>	<b>2,982.20</b>

[Rs. in Lacs]

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 3 : DEFERRED GRANT</b>		
Grant From World Bank :	100.00	100.00
Less : Transfer to current year's Profit & Loss Account	(5.28)	Nil
Less : Transfer to prior period items account	(56.51)	Nil
<b>TOTAL</b>	<b>38.21</b>	<b>100.00</b>

**SCHEDULE 4 : SECURED LOANS**
**From Banks**

Term loan	13,656.26	8,210.74
Cash Credit Facility	1,913.66	2,529.23
Packing Credit Facility	2,464.39	2,169.01
Bills Discounting Facility	4,979.93	3,634.63
Buyers Credit Facility	2,127.48	1,076.18
<b>TOTAL</b>	<b>25,141.72</b>	<b>17,619.79</b>

(1) Term loan includes Vehicle Loan of Rs. 128.95 lacs (P.Y. Rs. 87.27 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 Plot No. 804 & Block No. 800, 803/1, 797, 796, 795, 532, 555, 556, 560, 561/1 and 525, 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 futher secured by equitable mortgage on Immovable property and Hyp. Of P&M of the company and personal guarantees of the Chairman and Managing Director and Executive directors.

**SCHEDULE 5 : UNSECURED LOANS**

Debentures 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.)	512.55	512.55
Loan From Directors	0.98	15.13
Loan From Members	275.00	275.00
Loans From Corporates	458.68	190.17
<b>TOTAL</b>	<b>1,247.21</b>	<b>992.85</b>

**SCHEDULE 6 : FIXED ASSETS**

[Rs. in Lacs]

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At 01/04/09	Addition	Deduction	As At 31/03/10	As At 01/04/09	Addition	Deduction	As At 31/03/10	As At 31/03/10	As At 31/03/09
<b>TANGIBLE FIXED ASSETS:</b>										
Land	314.30	72.60	Nil	386.90	Nil	Nil	Nil	Nil	386.90	314.30
Factory Building	1,953.39	2,850.88	Nil	4,804.27	138.05	141.59	Nil	279.64	4,524.63	1,815.34
Office Building	109.27	3.32	Nil	112.59	6.88	1.82	Nil	8.70	103.89	102.38
Plant & Machinery	10,553.58	5,238.15	0.76	15,790.97	2,423.26	773.85	0.21	3,196.90	12,594.07	8,130.33
Furniture & Fixture	158.77	186.54	Nil	345.31	31.84	20.95	Nil	52.79	292.52	126.93
Office Equipment	81.41	28.39	0.32	109.48	30.18	9.38	0.03	39.53	69.95	51.23
Vehicles	277.18	93.02	0.50	369.70	61.47	31.34	0.16	92.65	277.05	215.69
E.T.P.	104.70	192.13	Nil	296.83	36.12	13.29	Nil	49.41	247.42	68.58
Laboratory equipments	46.91	89.20	Nil	136.11	12.37	6.42	Nil	18.79	117.32	34.54
<b>INTANGIBLE FIXED ASSETS :</b>										
Good will	1,046.80	Nil	Nil	1,046.80	824.25	209.36	Nil	1,033.61	13.19	222.55
Computer Software	2.48	2.66	Nil	5.14	1.03	1.03	Nil	2.06	3.08	1.46
Licence	Nil	35.00	Nil	35.00	Nil	3.50	Nil	3.50	31.50	Nil
<b>Total</b>	<b>14,648.79</b>	<b>8,791.89</b>	<b>1.58</b>	<b>23,439.10</b>	<b>3,565.45</b>	<b>1,212.53</b>	<b>0.40</b>	<b>4,777.58</b>	<b>18,661.52</b>	<b>11,083.34</b>
<b>Previous Year</b>	<b>12,470.03</b>	<b>2,184.20</b>	<b>5.44</b>	<b>14,648.79</b>	<b>2,733.95</b>	<b>833.09</b>	<b>1.59</b>	<b>3,565.45</b>	<b>11,083.34</b>	<b>9,736.08</b>
Capital Work in Progress									4,765.28	5,753.91
<b>TOTAL FIXED ASSETS</b>									<b>23,426.80</b>	<b>16,837.25</b>

[Rs. in Lacs]

	As at 31st March, 2010	As at 31st March, 2009
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**SCHEDULE 7 : INVESTMENTS**
**LONG TERMS INVESTMENTS**
**Quoted**

100 (P.Y. 100) Equity Shares of Beta Nephthol Ltd. Of Rs. 10/- Each Fully Paid Up	0.03	0.03
50000 (P.Y. 50000) Equity Shares of Dynamic Industries Ltd. Of Rs. 10/- Each Fully Paid Up	52.05	52.05
	52.08	52.08
Less : Provision for diminition in Investments	0.03	Nil
<b>TOTAL</b>	<b>52.05</b>	<b>52.08</b>

**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. 112350) Equity Shares of Bharuch Enviro Infrastructure Ltd of Rs. 10/- each Fully Paid Up	11.23	11.23
100 (P.Y.100) Equity Shares of Guj.Ind. Waste Mng. Co. Ltd. of Rs. 10/- Each Fully Paid Up	0.01	0.01
2902 (P.Y.2332) Equity Shares of The Bhagoyday Co-op. Bank Ltd. of Rs. 100/- Each Fully Paid Up	2.90	2.33
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
<b>TOTAL</b>	<b>16.30</b>	<b>15.73</b>
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>68.35</b>	<b>67.81</b>

[Rs. in Lacs]

	As at 31st March, 2010	As at 31st March, 2009
<b>CURRENT INVESTMENTS</b>		
Mutual Fund		
UTI Liquid Cash plan	Nil	3.33
Nil (P.Y.166.387) (166.387 units sold during the year)		
<b>TOTAL CURRENT INVESTMENTS</b>	<b>Nil</b>	<b>3.33</b>
<b>TOTAL</b>	<b>68.35</b>	<b>71.14</b>
<b>Aggregate of Quoted Investments:</b>		
At Book value	<b>52.05</b>	<b>52.08</b>
At Market Price	<b>6.28</b>	<b>3.18</b>
<b>Aggregate of Unquoted Investments:</b>	<b>16.30</b>	<b>15.73</b>
<b>Aggregate of Investment in Mutual Fund:</b>		
At Book value	<b>Nil</b>	<b>3.33</b>
At Market Price	<b>Nil</b>	<b>3.73</b>
<b>SCHEDULE 8 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Inventories</b>		
Raw Materials (inclusive of Goods In Transit of Rs. 125.70 lacs (P.Y. Rs. 84.44 lacs)	1,950.31	1,669.02
Finished Goods	1,294.14	1,099.26
Work In Process	1,749.89	930.88
Packing Materials (inclusive of Goods In Transit of Rs. 0.06 lacs (P.Y.Rs. 0.96 lacs)	83.37	24.55
Stock of Fuel	19.91	10.25
Stores Materials	169.54	129.97
<b>TOTAL(A)</b>	<b>5,267.16</b>	<b>3,863.93</b>
<b>Debtors( Unsecured &amp; Considered Good)</b>		
More than Six Months	252.28	897.28
Others	10,129.58	6,851.54
<b>TOTAL(B)</b>	<b>10,381.86</b>	<b>7,748.82</b>
<b>Cash &amp; Bank Balances</b>		
Cash on hand	48.61	6.45
Balance with Scheduled Banks		
In Current Account	16.52	29.94
In Deposit Account	384.27	225.03
<b>TOTAL(C)</b>	<b>449.40</b>	<b>261.42</b>
<b>Loans &amp; Advances (Unsecured &amp; Considered Good)</b>		
Advance Receivable in cash or kind	763.99	1,032.69
Balance with Statutory Authorities	2,992.41	1,972.94
Advance Taxes Paid	330.51	286.42
MAT Credit Entitlement	204.20	Nil
Deposits	270.84	218.65
Export Benefit Receivable	483.34	271.63
<b>TOTAL(D)</b>	<b>5,045.29</b>	<b>3,782.33</b>
<b>TOTAL(A+B+C+D)</b>	<b>21,143.71</b>	<b>15,656.50</b>

[Rs. in Lacs]

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 9 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Creditors for Goods	6,858.63	5,189.26
Creditors for Expenses	2,222.44	1,787.82
Creditors for Capital Goods	586.56	142.27
Unclaimed Dividends	11.57	12.50
Other Current Liabilities	845.84	1,325.08
Advance received from Customers	3.07	11.52
<b>TOTAL(A)</b>	<b>10,528.11</b>	<b>8,468.45</b>
<b>Provision</b>		
Provision for Tax	204.68	15.00
Provision for Interim Dividend	358.24	Nil
Proposed Final Dividend	179.12	Nil
Tax on Dividend	89.25	Nil
<b>TOTAL(B)</b>	<b>831.29</b>	<b>15.00</b>
<b>TOTAL(A+B)</b>	<b>11,359.40</b>	<b>8,483.45</b>
<b>SCHEDULE 10 : MISC. EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses	35.77	48.00
Less : Transferred to P & L Account	12.23	12.23
	23.54	35.77
<b>TOTAL</b>	<b>23.54</b>	<b>35.77</b>



## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	[Rs. in Lacs]	
	Current Year	Previous Year
<b>SCHEDULE 11 : SALES</b>		
Gross Sales	51,257.07	44,798.27
Less : Excise Duty	3,316.96	4,106.58
Value Added Tax	1,185.61	1,143.07
<b>TOTAL</b>	<b>46,754.50</b>	<b>39,548.62</b>
<b>SCHEDULE 12 : OTHER INCOME</b>		
Interest Income	28.55	27.54
Scrap Sales	55.05	44.83
Export Benefit	1,180.84	816.56
Exchange Rate Difference (Net)	553.36	Nil
Other Income	8.35	13.61
<b>TOTAL</b>	<b>1,826.15</b>	<b>902.54</b>
<b>SCHEDULE 13 : MATERIAL CONSUMED AND STOCK VARIATION</b>		
<b>RAW MATERIAL CONSUMPTION</b>		
Opening Stock	1,669.02	2,265.55
Add. Purchases during the year	33,482.72	29,604.17
	<b>35,151.74</b>	<b>31,869.72</b>
Less : Closing Stock	1,950.31	1,669.02
<b>TOTAL RAW MATERIAL CONSUMED</b>	<b>33,201.43</b>	<b>30,200.70</b>
<b>COST OF MATERIAL TRADED</b>		
Opening Stock	Nil	Nil
Add. Purchases during the year	34.67	161.23
	<b>34.67</b>	<b>161.23</b>
Less : Closing Stock	Nil	Nil
<b>TOTAL COST OF MATERIAL TRADED</b>	<b>34.67</b>	<b>161.23</b>
<b>STOCK VARIATION</b>		
Closing Stock Finished Goods	1,294.14	1,099.26
Closing Stock Work In Process	1,749.89	930.88
<b>TOTAL (A)</b>	<b>3,044.03</b>	<b>2,030.14</b>
Less : Opening Stock Finished Goods	1,099.26	1,264.13
Opening Stock Work In Process	930.88	1,124.88
<b>TOTAL (B)</b>	<b>2,030.14</b>	<b>2,389.01</b>
<b>TOTAL (A) - (B)</b>	<b>1,013.89</b>	<b>(358.87)</b>
Add / (Less) : Variation in Excise Duty on Closing and Opening Stock of Finished Goods	<b>(43.04)</b>	<b>88.24</b>
<b>STOCK VARIATION</b>	<b>970.85</b>	<b>(270.63)</b>
<b>TOTAL</b>	<b>32,265.25</b>	<b>30,632.56</b>

[Rs. in Lacs]

	Current Year	Previous Year
<b>SCHEDULE 14 : MANUFACTURING EXPENSES</b>		
Power & Fuel Consumption	4,466.07	2,998.33
Stores Consumption	442.22	227.43
Repairs to		
Machinery	517.21	366.35
Building	39.88	16.22
Others	14.64	16.04
Pollution Control Expenses	339.72	221.29
Other Manufacturing Expenses	119.20	97.66
<b>TOTAL</b>	<b>5,938.94</b>	<b>3,943.32</b>
<b>SCHEDULE 15 : ADMINISTRATIVE &amp; GENERAL EXPENSES</b>		
Payment to Auditors	7.50	4.25
Director Remuneration & Commission Expenses	71.50	41.13
Listing fees	0.46	2.83
Insurance Expenses	26.89	20.69
Rent & Tax	13.38	11.52
Legal & Professional Fees	74.06	78.59
Loss Due To Fire	13.70	12.17
Postage & Telephone Expenses	43.61	38.89
Provision for diminution in investments	0.03	Nil
Premium / Discount on Forward Contracts	90.15	112.19
Travelling & Conveyance Expenses	35.40	40.28
Vehicle Maintenance	100.21	93.73
Business Development Expenses	50.38	31.23
Exchange Rate Difference	Nil	1,839.47
Miscellaneous Expenses	213.13	161.16
<b>TOTAL</b>	<b>740.40</b>	<b>2,488.13</b>
<b>SCHEDULE 16 : PAYMENT TO EMPLOYEES</b>		
Salary, Wages & Bonus	1,976.06	1,227.04
Contribution to Provident & Other Funds	121.95	74.86
Staff Welfare Expenses	13.82	9.28
<b>TOTAL</b>	<b>2,111.83</b>	<b>1,311.18</b>

	[Rs. in Lacs]	
	Current Year	Previous Year
<b>SCHEDULE 17 : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Packing Material Consumption	580.77	353.37
Clearing & Forwarding Charges	505.80	441.27
Sales Commission	827.24	616.44
Outward Freight Expenses	332.38	207.59
Bad Debts Written off	Nil	2.87
Other Selling and Distribution expenses	72.83	65.08
<b>TOTAL</b>	<b>2,319.02</b>	<b>1,686.62</b>
<b>SCHEDULE 18 : FINANCIAL CHARGES</b>		
Bank Charges	204.68	196.89
Bank Interest	1,697.93	1,062.01
Other Interest Expenses	116.27	44.38
<b>TOTAL</b>	<b>2,018.88</b>	<b>1,303.28</b>
<b>SCHEDULE 19 : DEPRECIATION AND AMORTISATION</b>		
Depreciation	998.64	623.23
Amortisation of Intangible Assets	213.89	209.86
<b>TOTAL</b>	<b>1,212.53</b>	<b>833.09</b>

## **SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2010**

### **SCHEDULE 20: 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 (net of modvat/cenvat/value added tax) less Accumulated Depreciation and impairment loss if any. Cost of acquisition includes non refundable taxes, duties, freight and other costs that are directly attributable to bringing assets to their working condition for their intended use. All costs, including financing costs till commencement of commercial production and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

###### **II) Intangible**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and accumulated impairment loss, if any.

##### **c) Depreciation / Amortization**

###### **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. Licence fees is amortized over a period of ten 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. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.
- (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 and the exchange difference arising on such contracts are recognized as income or expenditure along with the exchange differences on the underlying assets/liabilities except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of fixed assets. Profit or Loss on cancellations/renewals of forward contracts is accounted for during the year.

**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, Focus Licence 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) Employee 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, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **n) Taxes on Income**

Tax expense for a year comprises of current tax and deferred tax.

Current tax are measured at the amount expected to be paid to the tax authorities, after taking into consideration, the applicable deductions and exemptions admissible under the provisions of the Income tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

#### **o) Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

#### **p) Governments Grants/Subsidy**

Government Grants is recognized when there is a reasonable assurance that the company will comply with the conditions attached to them and grants will be received.

Grants related to depreciable assets are treated as deferred income which is recognized in Profit & Loss Account over the period and in the proportions in which depreciation on related assets is charged.

Government Grants which is in the nature of promoters contribution are credited to Capital Reserve.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

**B) Notes to Accounts :**
**1) Contingent Liabilities not provided in respect of:**

Nature of Liabilities	(Rs. In Lacs)	
	2009-10	2008-09
a. Disputed matters in appeals/contested in respect of:		
I) Income Tax	63.18	19.28
II) Excise Department	22.94	9.07
III) Custom Department	10.11	10.11
b. Bonds/Undertakings given by the Company under Concessional duty/exemption to Customs/Excise Authorities(Net of redemption applied for)	0.63	12.60
c. Letter of credit	550.18	622.12
d. Estimated amount of Contracts, remaining to be executed on capital account (net of advances)	851.91	1950.30

**2)** The Company has exercised the option of implementing the Provisions of Paragraph 46 of Accounting Standard 11 " Accounting for the Effects of changes in Foreign Exchange Rates" prescribed by Companies (Accounting Standards) Amendment Rules , 2009 in the F.Y. 2008-09 and accordingly Company has deducted the foreign exchange gain of Rs. 73.15 lacs in respect of foreign currency loans from the Fixed Assets during the current Financial Year, consequently profit for the year is lower by the equivalent amount. Company had capitalized Exchange Difference Loss of Rs. 761.38 lacs in the previous year in respect of foreign currency loans.

**3) Grant from World Bank**

Grant from World Bank of Rs. 1 Crore received earlier has been, in the current year considered as grant related to depreciable assets and accordingly have been treated as Deferred Income which is recognized in Profit & Loss Account for the period and in the proportions in which depreciation on related assets is charged. Accordingly Rs. 5.28 lacs have been recognized in the current year's Profit & Loss Account and Rs. 56.51 lacs which pertains to prior year deferred income in the proportion in which depreciation on related assets had been charged in the prior years have been considered as prior period income.

**4) Micro, Small, Medium Enterprises Development Act, 2006**

There are no Micro, Small and Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**5)** Sundry debtors include Rs. 64.35 lacs the recovery of which is 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.

**6) Remuneration to Directors**
**a) Remuneration to Managing Director / Executive Directors**

Particulars	(Rs. In Lacs)	
	2009-10	2008-09
a) Salaries	36.00	29.13
b) HRA	10.50	12.00
c) Commission	25.00	Nil
<b>Total</b>	<b>71.50</b>	<b>41.13</b>

**b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956**

Particulars	2009-10 (Rs. in Lacs)
Profit Before Tax	2041.02
<b>Add:</b> Managerial Remuneration (Including Commission)	71.50
Provision for diminutions in value of Investments	0.03
Loss on cancellation of Forward Contracts	88.82
	<b>2201.37</b>
<b>Less:</b> Profit on sale of Investments	0.45
Capital Profit on Fix Assets	0.45
	<b>2200.47</b>
Commission Eligible @ 2%	44.01
Commission Restricted to	25.00

7) Auditors Remuneration	(Rs. in lacs)	
	2009-10	2008-09
I) As statutory Auditor	6.00	2.75
II) Other Services	1.50	1.50

**8) Related Party Disclosure**
**a) Names of related parties and nature of relationship**
**I. Key Management Personnel**

1. Shri Suresh J. Patel	Chairman & Managing Director
2. Shri Bhavin S. Patel	Executive Director
3. Shri Ankit S. Patel	Executive Director
4. Shri Ramesh P. Patel	Executive Director

**II. Enterprise under significant influence of key management personnel**

(i) Inorgo Chem (Guj) Pvt. Ltd.

**b) Transactions with related parties**

Nature of Transactions	(Rs. in lacs)	
	Key Management Personnel	Enterprise under significant influence of key management personnel
Remuneration	71.50	NIL
Loan Taken	0.03	NIL
Purchases of Materials	NIL	348.85
Rent Paid	NIL	1.20
Sales	NIL	194.70
Payable / (Receivable) at year end	0.98	(48.82)

**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.



**9) Segment Reporting:**

	(Rs. in lacs)	
	2009-10	2008-09
<b>a) Primary Segment</b>		
The company has only one segment i.e., "Dyes and Dyes Intermediates".		
<b>b) Secondary Segment (By Geographical segment)</b>		
<b>Sales and Operating Income:-</b>		
India	234,90.38	217,71.76
Outside India	232,64.12	177,76.86
<b>Total</b>	<b>467,54.50</b>	<b>395,48.62</b>

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

**10) Deferred Taxation**

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

Nature of Timing Difference	(Rs. in lacs)		
	Deferred Tax (Liability) / Asset as at 01/04/2009	For the year	Deferred Tax (Liability) / Asset as at 31/03/2010
<b>Deferred Tax Assets</b>			
Carry Forward Business Loss	798.67	(26.61)	772.06
<b>Deferred Tax Liabilities</b>			
Depreciation	(1227.14)	(692.29)	(1919.43)
Retirement Benefits	(3.67)	2.10	(1.57)
Unpaid Bonus & Leave Encashment	Nil	22.62	22.62
<b>Total</b>	<b>(432.14)</b>	<b>(694.18)</b>	<b>(1126.32)</b>

**11) Employees' 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 Insurance 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.

1 Assumptions	(Rs. in Lacs)	
	As on 31/03/2010	As on 31/03/2009
Discount Rate	8%	8%
Salary Escalation	7%	7%
<b>2 Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	18.04	12.42
Interest cost	1.44	0.85
Current Service Cost	11.96	5.43
Benefits Paid	(0.30)	(0.07)
Actuarial (gain)/Loss on obligations	0.45	(0.59)
Present value of obligations as at end of year	31.59	18.04

		(Rs. in Lacs)	
<b>3 Table showing changes in the fair value of plan assets</b>	<b>As on 31/03/2010</b>	<b>As on 31/03/2009</b>	
Fair value of plan assets at beginning of year	33.02	15.70	
Expected return on plan assets	3.55	2.10	
Contributions	16.29	15.30	
Benefits paid	(0.30)	(0.08)	
Actuarial Gain / (Loss) on Plan assets	Nil	Nil	
Fair value of plan assets at the end of year	52.56	33.02	
<b>4 Table showing fair value of plan assets</b>			
Fair value of plan assets at beginning of year	33.02	15.70	
Actual return on plan assets	3.55	2.10	
Contributions	16.29	15.30	
Benefits Paid	(0.30)	(0.08)	
Fair value of plan assets at the end of year	52.56	33.02	
Funded status	20.97	14.98	
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	
<b>5 Actuarial Gain/Loss recognized</b>			
Actuarial gain/(Loss) for the year -Obligation	(0.45)	0.59	
Actuarial (gain)/Loss for the year - plan assets	Nil	Nil	
Total (gain)/Loss for the year	0.45	(0.59)	
Actuarial (gain)/Loss recognized in the year	0.45	(0.59)	
<b>6 The amounts to be recognized in the balance sheet and statements of profit and loss</b>			
Present value of obligations as at the end of year	31.59	18.04	
Fair value of plan assets as at the end of the year	52.56	33.02	
Funded status	20.97	14.98	
Net Asset/(liability) recognized in balance sheet	<b>(20.97)</b>	<b>(14.98)</b>	
<b>7 Expenses Recognised in statement of Profit &amp; loss</b>			
Current Service cost	11.96	5.43	
Interest Cost	1.44	0.85	
Expected return on plan assets	3.55	2.10	
Net Actuarial (gain)/Loss recognised in the year	0.45	(0.59)	
Expenses recognised in statement of Profit & loss	<b>10.30</b>	<b>3.59</b>	

**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	92.12
Employer's contribution to E.S.I.	17.89

**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.

## 12) 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)	
	2009-10	2008-09
<b>Profit attributable before Prior period items</b>	<b>1346.37</b>	<b>(1113.60)</b>
Add /(Less) : Prior period items	57.35	3.81
<b>Profit attributable after Prior period items</b>	<b>1403.72</b>	<b>(1109.79)</b>
Weighted average number of Equity Shares	19,902,302	15,834,366
<b>Basic Earnings per Share before prior period items (in Rs.)</b>	<b>6.76</b>	<b>(7.08)</b>
<b>Basic Earnings per Share after prior period items (in Rs.)</b>	<b>7.05</b>	<b>(7.06)</b>
<b>Diluted Earnings per Share before prior period items (in Rs.)</b>	<b>6.76</b>	<b>(7.03)</b>
<b>Diluted Earnings per Share after prior period items (in Rs.)</b>	<b>7.05</b>	<b>(7.01)</b>
Nominal Value per Share	10	10

## 13) Foreign Currency Exposure

The company has entered in following forward exchange contracts that are outstanding as at 31st March, 2010 to hedge the foreign currency risks of firm commitments.

Category	Currency	Buy/sell	Foreign Currency Value (in Lacs)	Foreign Currency Value (Rs. in Lacs)
Forward Contract	USD	Buy	113.60	5128.00
Forward Contract	USD	Sell	14.28	644.76
Forward Contract	EURO	Sell	0.45	27.49

All Derivative and Financial instruments acquired by the company are for Hedging purpose only.

Details of unhedged foreign currency exposure as on 31-03-2010.

Particulars	Currency	Foreign Currency Value (in Lacs)	Foreign Currency Value (Rs. in Lacs)
Debtors	EURO	€ 2.23	134.86
Debtors	USD	\$ 14.50	654.51
Creditors	USD	\$ 39.61	1788.17
Packing Credit Loans	USD	\$ 28.01	1264.47

## 14) Debenture

10% Non Convertible Debentures of Rs. 512.55 lacs will be due for redemption on 29/09/2011. However, the same has been redeemed on 06/05/2010 which is before the date of signing of the Balance Sheet.

**15) Additional information pursuant to the Provisions 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	31/03/2010		31/03/2009	
	Qty. Kg.	Value	Qty. Kg.	Value
1 Aniline Oil	29.03	1,679.68	19.85	1,227.21
2 Chloro	251.56	1,658.31	163.20	1,845.33
3 Ethylene Oxide	31.23	1,849.83	23.20	1,563.50
4 Caustic Soda Lye	165.56	1,241.28	109.78	1,246.73
5 Thionyl Chloride	62.29	846.32	47.56	911.38
6 Acetanilide	27.86	1,750.83	26.00	1,859.59
7 Beta Nephthol	10.13	1,132.14	15.73	2,079.18
8 Caustic Soda Flakes	87.14	1,746.98	62.83	1,575.74
9 P.N.C.B.	13.43	596.67	5.58	196.54
10 H. Acid	6.54	1,305.05	4.95	1,175.14
11 Para Nitro Aniline	14.44	943.21	13.10	964.00
12 Napthelene	49.91	2,772.57	23.96	1,439.39
13 Sulpher	0.40	1.99	58.06	1,908.63
14 Others		15,676.57		12,208.34
<b>Total</b>		<b>33,201.43</b>		<b>30,200.70</b>

(Rs. In Lacs)

**(II) PACKING MATERIAL :**

**Rs. 580.77**

**Rs. 353.37**

**[B] COMPOSITION OF RAW MATERIALS CONSUMPTION**

Raw Materials	31/03/2010		31/03/2009	
	Rs. In Lacs Rs.	Percentage	Rs. In Lacs Rs.	Percentage
Imported	3,800.84	11.45%	3,457.36	11.45%
Indigenous	29,400.59	88.55%	26,743.34	88.55%
<b>TOTAL</b>	<b>33,201.43</b>	<b>100.00%</b>	<b>30,200.70</b>	<b>100.00%</b>

**[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.		
<b>Dyes and Dyes Intermediates</b>										
Vinyl Sulphone	0.48 (0.73)	49.12 (115.81)	129.68 (102.90)	88.80 (82.16)	9,910.03 (11,976.57)	41.22 (20.99)	0.14 (0.48)	19.16 (49.12)		
Acetanilide	1.49 (1.30)	78.85 (90.73)	39.47 (24.29)	Nil (0.64)	Nil (51.20)	38.73 (23.46)	2.23 (1.49)	142.15 (78.85)		
D.A.S.A.	1.11 (0.22)	166.04 (45.91)	26.08 (19.78)	21.41 (14.35)	3,204.48 (2,662.99)	5.63 (4.54)	0.15 (1.11)	28.89 (166.04)		
F.C. Acid	0.20 (0.08)	29.04 (15.81)	7.09 (5.98)	6.22 (5.07)	1,013.41 (881.16)	1.03 (0.79)	0.04 (0.20)	7.10 (29.04)		
Gamma Acid	0.05 (0.05)	13.67 (15.66)	12.25 (6.10)	9.89 (5.25)	2,522.49 (1,448.31)	2.39 (0.85)	0.02 (0.05)	5.82 (13.67)		
H.Acid	0.17 (0.17)	26.38 (33.84)	47.30 (37.76)	31.02 (28.97)	4,956.00 (4,912.27)	16.13 (8.79)	0.32 (0.17)	51.01 (26.38)		
6Nitro	0.13 (0.15)	19.95 (25.76)	7.26 (11.44)	3.48 (8.10)	563.92 (1,733.32)	3.91 (3.36)	Nil (0.13)	Nil (19.95)		
Beta Naphthol	Nil Nil	Ni Ni	10.65 Nil	0.11 Nil	14.45 Nil	10.46 Nil	0.08 Nil	12.22 Nil		
S.P.V.S.	0.28 (0.23)	26.57 (32.55)	13.00 (10.71)	11.35 (10.12)	1,268.92 (1,530.12)	1.73 (0.54)	0.20 (0.28)	23.46 (26.57)		
Para Nitro Aniline	Nil Nil	Ni Ni	4.43 (1.44)	0.36 Nil	57.13 Nil	3.85 (1.44)	0.22 Nil	18.67 Nil		
Reactive /Acid Dyes	2.87 (2.92)	454.74 (496.11)	130.87 (78.33)	111.57 (59.00)	16,222.40 (10,090.17)	16.32 (19.38)	5.85 (2.87)	882.21 (454.74)		
Others intermediates	1.79 (6.53)	230.84 (368.05)	134.87 (287.08)	22.01 (37.43)	4,970.43 (3,031.51)	114.13 (254.39)	0.52 (1.79)	69.20 (230.84)		
Others	- -	4.06 (23.89)	- -	- -	210.83 (166.18)	- -	- -	34.25 (4.06)		
<b>TOTAL</b>		<b>1,099.26</b> <b>(1,264.12)</b>			<b>44,914.49</b> <b>(38,483.80)</b>			<b>1,294.14</b> <b>(1,099.26)</b>		

**(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	0.17	34.67	0.17	37.16	NIL	NIL
	NIL	NIL	(0.75)	(161.23)	(0.75)	(190.46)	NIL	NIL
<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.17</b>	<b>34.67</b>	<b>0.17</b>	<b>37.16</b>	<b>NIL</b>	<b>NIL</b>
	<b>NIL</b>	<b>NIL</b>	<b>(0.75)</b>	<b>(161.23)</b>	<b>(0.75)</b>	<b>(190.46)</b>	<b>NIL</b>	<b>NIL</b>

**(III) DETAILS OF RAW MATERIAL TRADED**
**(in Lacs)**

ITEM	SALES	
	Gross Value Rs.	
Raw Material	1,796.64	(871.20)
<b>TOTAL</b>	<b>1,796.64</b>	<b>(871.20)</b>

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

ITEM	(in Lacs)	
	KGS	RS.
<b>Dyes and Dyes Intermediates</b>		
3:6:8 Trisulphonic Acid	0.06 (0.03)	2.00 (0.94)
Sulpho Tobias Acid	0.22 (0.03)	3.06 (0.06)
Gamma Acid	NIL (0.22)	NIL (2.16)
M.U.A.	0.04	1.15
Others	NIL	NIL
	NIL	NIL
<b>TOTAL</b>	<b>0.32</b> <b>(0.28)</b>	<b>6.21</b> <b>(3.16)</b>

**[E] LICENCED and INSTALLED CAPACITY**

	31/03/2010	31/03/2009
<b>A. Licenced Capacity</b>	N.A	N.A
<b>B. Installed Capacity</b>	<b>(Figures in MT P.A)</b>	<b>(Figures in MT P.A)</b>
Dyes and Dyes Intermediates	53,835	33,435
Product wise Break up		
Vinyl Sulphone	12,800	12,800
Reactive/Direct/Acid Dyes#	17,000	5,000
Other Chemicals##	8,400	Nil
Other Intermediates	15,635	15,635
<b>TOTAL</b>	<b>53,835</b>	<b>33,435</b>

# 12000 MT P.A Installed capacity of Reactive/Direct/Acid Dyes is operative from April 2009

## 6000 MT P.A. installed capacity of Other Chemicals is operative from May 2009 and 2400 MT P.A. installed capacity of other chemicals is operative from October 2009.

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

	31/03/2010	31/03/2009
<b>[F] VALUE OF IMPORTS ON CIF BASIS (in Lacs)</b>	Rs. 3890.22	Rs. 2966.85
<b>[G] EARNING IN FOREIGN CURRENCY (in Lacs)</b>		
F.O.B. Value of Exports	Rs. 22737.97	Rs. 16837.56
Commission	Nil	Rs. 4.12
<b>[H] EXPENDITURE IN FOREIGN CURRENCY (in Lacs)</b>		
Travelling	Rs. 5.82	Rs. 12.04
Commission	Rs. 608.81	Rs. 485.70
Business Development Expense	Rs. 24.77	Rs. 0.62
Membership Fee	Rs. 0.04	Rs. 0.04
Advertisement	Nil	Rs. 5.31
Interest Expense	Rs. 325.06	Rs. 224.85
Bank Charges	Rs. 1.17	Rs. Nil

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

**17) 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	31/03/2010

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

Public Issue	Rs. Nil	Private Placement	Rs. Nil
Bonus Issue	Rs. Nil	Right Issue	Rs. Nil

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

<b>Total Liabilities</b>	3,330,300	<b>Total Assets</b>	3,330,300
<b>* Sources of Funds</b>		<b>(Amount Rs in Thousands)</b>	
Paid up Capital	199,023	Deferred Tax Liability	112,632
Reserve & Surplus	375,930	Secured Loans	2,514,172
Deferred Grant	3,821	Unsecured Loans	124,722
<b>* Application of funds</b>		<b>(Amount Rs in Thousands)</b>	
Net Fixed Assets	1,866,152	Net Current Assets	978,430
Capital Work In Progress	476,528	Misc. Expenditure	2,355
Investments	6,835		

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

Turnover (including other income)	4,866,009	Total Expenditure	4,661,907
Profit Before Tax	204,102	Profit After Tax	134,637
Earning Per Share (in Rs.)	6.76	Dividend rate %	27%

**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 20.

As Per Our Report of even date attached

**For Mayank Shah & Associates**  
 Chartered Accountants  
 (Firm Registration No. 106109W)

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

 Place : Ahmedabad  
 Date : 29.05.2010

For and on behalf of the Board of Directors

**(Suresh J. Patel)**  
 Chairman & Managing Director

**(Ramesh P. Patel)**  
 Executive Director

 Place : Ahmedabad  
 Date : 29.05.2010

**(Chirag G. Shah)**  
 Company Secretary

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

(Rs. in Lacs)

PARTICULARS	Year Ended 31/03/2010	Year Ended 31/03/2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (loss) before Tax and Extra ordinary items	2,041.02	(1,699.67)
Adjustment for		
Add :Depreciation	998.64	623.23
Amortisation of Goodwill	213.89	209.86
Interest	2,018.88	1,303.28
Miscellaneous Expenditure w/o Prior Period Item	12.23	12.23
Less: Interest/Dividend/Rent received	31.12	31.07
Profit on sale of Investments	0.45	0.50
Profit on sale of Fixed Assets	0.03	0.67
Grant Income	5.28	Nil
Prior Period Item	(1.27)	(1.03)
Operating profit before Working Capital Changes	5,249.05	417.72
Adjustment for :		
Add : (Increase) / Decrease in Inventories	(1,403.23)	919.42
(Increase) / Decrease in Trade Receivables	(2,633.05)	2,697.04
(Increase) / Decrease in Loans & Advances	(1,026.09)	(283.61)
Less: Increase / (Decrease) in Trade Payables	1,616.31	(202.70)
Cash generated from Operations	1,802.99	3,547.87
Less: Fringe Benefit Tax	14.94	7.66
Direct Taxes Paid	44.57	345.63
<b>Net Cash from Operating Activities (A)</b>	<b>1,743.48</b>	<b>3,194.58</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(8,791.89)	(2,224.37)
Decrease/(Increase) in Capital Work in Progress	1,444.34	(5,307.80)
Sale of Fixed Assets	1.21	4.52
Interest/Dividend/Rent received	31.12	31.07
Sale of Investment	3.78	7.65
Purchase of investment	(0.54)	(4.43)
<b>Net Cash used in Investing Activities (B)</b>	<b>(7,311.98)</b>	<b>(7,493.36)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Long Term Borrowings	5,699.89	4,941.54
Increase / (Decrease) in Short Term Borrowings	2,076.40	(395.47)
Redemption of Preference Shares	-	(396.71)
Equity Share Capital & Share Premium	-	1,886.40
Deferred Revenue expense paid	-	(32.02)
Interest Paid	(2,018.88)	(1,303.28)
Dividend Paid	(0.93)	(376.18)
<b>Net Cash received from Financing Activities (C)</b>	<b>5,756.48</b>	<b>4,324.28</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; EQUIVALENTS</b>	<b>187.98</b>	<b>25.50</b>
CASH & CASH EQUIVALENTS- OPENING BALANCE	261.42	235.93
CASH & CASH EQUIVALENTS- CLOSING BALANCE	<b>449.40</b>	<b>261.42</b>

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 and on behalf of the Board of Directors

**For Mayank Shah & Associates**

 Chartered Accountants  
 (Firm Registration No. 106109W)

**(Suresh J. Patel)**

Chairman &amp; Managing Director

**(M.S. Shah)**

 Partner  
 Membership No. 44093

**(Ramesh P. Patel)**

Executive Director

**(Chirag G. Shah)**

Company Secretary

 Place : Ahmedabad  
 Date : 29.05.2010

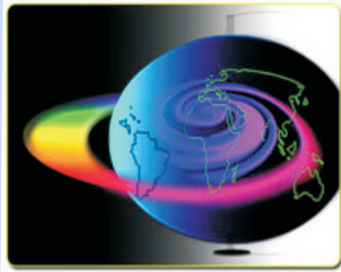
 Place : Ahmedabad  
 Date : 29.05.2010







# 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 endeavouring to develop lesser and lesser polluting products.*





# **Bodal Chemicals Ltd.**

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



**Sulphuric Acid Plant**



## BODAL CHEMICALS LTD.

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

### NOTICE

**Notice is hereby** given that the 24<sup>th</sup> Annual General Meeting of the Members of **BODAL CHEMICALS LTD.** will be held on **Thursday, the 30<sup>th</sup> September, 2010 at 10.30 A.M.** at ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad -380 009 to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity shares.
3. To appoint a Director in place of Mr. Ankit S. Patel, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Bipin R. Patel, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS :

6. **To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution**

**"RESOLVED THAT** Mr. Prakash B. Patel, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28<sup>th</sup> April, 2010 and who holds office upto the date of forthcoming Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company pursuant to section 255 and other applicable provisions of the Companies Act, 1956, whose period of office shall be liable to retire by rotation."

By Order of Board of Directors  
For Bodal Chemicals Limited

Place : Ahmedabad  
Date : 02-08-2010

**Chirag G. Shah**  
Company Secretary

#### NOTES :

1. A member entitled to attend and vote at the Annual General Meeting of the company may appoint a proxy to attend and vote on a poll on his behalf. Proxies in order to be effective must be received at the Registered office of the company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statements under section 173(2) of the companies Act, 1956 is enclosed.
3. The Register of Members and Share Transfer Book of the company will be closed from Saturday, 25<sup>th</sup> September, 2010 to Thursday, 30<sup>th</sup> September, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of final dividend on equity shares for the year ended 31<sup>st</sup> March, 2010, if approved in the Annual General Meeting of the company to the shareholders whose name appear :-
  - (a) As beneficial Owners at the end of 24<sup>th</sup> September, 2010 as per the list to be furnished by the Depositories in respect of the shares held in electronic form and
  - (b) As members in the Register of Members of the company after giving effect to all valid share transfers in physical form which are lodged with the Company/Registrar & Share Transfer Agent on or before 24<sup>th</sup> September, 2010.
4. Members are requested to contact our Registrar and Transfer Agent for any query related to shares, dividend and other inquiry at following address.  
**M/s. Sharepro Services (India) Pvt Ltd.**  
**Unit : Bodal Chemicals Ltd.**  
(Ahmedabad Branch)  
416-420, 4th.Floor, Devnandan Mall,  
Opp.Sanyas Ashram, Ellisbridge,  
Ahmedabad-380006.  
Tel Nos.079 26582381 to 84  
Fax No 079 26582385  
Email sharepro@shareproservices.com  
Contact Person : Mr.Nitin Joshi
  - Please Quote folio no. / DP ID & CL. ID for any communication for their shareholding.
  - Bring the copy of Annual Report at the meeting.
5. The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. up to the date of A.G.M.
6. The Company's shares are presently listed at Bombay Stock Exchanges Ltd. (BSE). The Company has paid the listing fees to Bombay Stock Exchange for the financial year 2010-11.

7. Members wishing to claim their unclaimed dividend of 2005-06, 2006-07 (Interim Dividend as well as Final), 2007-08 (Interim Dividend as well as Final) and 2009-10 (Interim Dividend), are requested to correspond with said Registrar and Transfer Agent (RTA) or Secretarial Department at the Registered office of the Company.
8. The details of Directors seeking appointment / re-appointment in the Annual General Meeting to be held on 30<sup>th</sup> September, 2010 are covered in the Corporate Governance Report.
9. **Any member desiring any clarification/explanation in respect of the information given in this annual report is requested to submit query to the company at least 7 days in advance before the meeting so as to enable the management to keep information ready.**

**Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 :**

**Item No. 6**

Mr. Prakash B. Patel was appointed as an additional director on the Board of Directors of the Company on 28<sup>th</sup> April, 2010. According

to the provisions of section 260 of the Companies Act, 1956. he holds office as a Director up to the date of ensuing annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Prakash B. Patel's appointment as a Director of the Company along with a deposit of Rs. 500/-. Brief data of Mr. Prakash B. Patel, is mentioned elsewhere in this Annual Report. The Board considers that it is in the interest of the Company to avail his services as a non-executive independent director. The Board of Directors recommends the resolution for approval of the members.

Your Directors recommend his appointment as a Director. Except Mr. Prakash B. Patel, none of the other Directors of the company is, in any way concerned or interested in the Resolution.

By Order of Board of Directors  
For Bodal Chemicals Limited

Place : Ahmedabad

Date : 02-08-2010

**Chirag G. Shah**  
*Company Secretary*

**Attendance Slip / Proxy Form**



**BODAL CHEMICALS LTD.**

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

**ATTENDANCE SLIP**

24<sup>th</sup> ANNUAL GENERAL MEETING – Thursday, 30<sup>th</sup> September, 2010 at 10.30 A.M.

Folio No./DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

I certify that I am a registered equity shareholder / Proxy for the registered equity shareholder of the company. I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company, held at ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad-380 009. Gujarat, on Thursday, 30<sup>th</sup> September, 2010 at 10.30 A.M.

\_\_\_\_\_  
Member's/Proxy's name in BLOCK letters

\_\_\_\_\_  
Member's/Proxy's Signature

Note : (Please fill in this Attendance slip and hand it over at the entrance of the meeting hall.)

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Tear Here  
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**BODAL CHEMICALS LTD.**

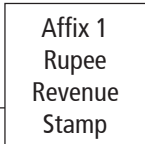
Reg. Office : Plot No. 123 & 124, Phase-I, G.I.D.C., Vatva, Ahmedabad-382 445.

**PROXY FORM**

24<sup>th</sup> ANNUAL GENERAL MEETING – Thursday, 30<sup>th</sup> September, 2010 at 10.30 A.M.

I/We \_\_\_\_\_ of \_\_\_\_\_ of being  
a member/members of the above named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of  
\_\_\_\_\_ in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General  
Meeting of the Company to be held Thursday on 30<sup>th</sup> September, ,2010. at 10.30 A.M. and any adjournment thereof.

Signature (s) \_\_\_\_\_



Date : \_\_\_\_\_

L.F. No. \_\_\_\_\_ DP ID : \_\_\_\_\_ Client ID : \_\_\_\_\_

No of Shares held : \_\_\_\_\_

Notes : The proxy form duly completed should be deposited at the Registered Office of the company before 48 hours of the meeting.