



DAIKAFIL
CHEMICALS INDIA LIMITED

17th ANNUAL REPORT
2008-2009

Board of Directors : Amit J.Patel - Executive Chairman.
: Sishir R. Amin - Managing Director.
: Jayant G. Patel
: Yoshiaki Tagami
: Sudhir M. Patel
: Jagdish J. Vasa
: Giuseppe Seccomandi

Bankers Karnataka Bank Ltd.,

Auditors Gaurang Merchant & Company

Registrars and Share Transfer Agents Link Intime India Private Limited
C-13, Panalal Silk Mills Compound
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

Corporate Office D-13, 5th Floor, Everest, Tardeo Main Road,
Tardeo, Mumbai-400 034.

Registered Office and Plant Plot No.E-4, M.I.D.C.
Tarapur, Boisar,
Dist : Thane – 401 506.
MAHARASHTRA

ANNUAL GENERAL MEETING

Date : September 30, 2009

Time : 11.30 A.M.

Venue : E-4, M.I.D.C. Tarapur, Boisar,
District Thane, Maharashtra-401506

Members are requested to direct all correspondence relating to share matters to the Company's Registrars and Share Transfer Agents.

DAIKAFFIL CHEMICALS INDIA LIMITED**Regd. Office: E-4, M.I.D.C. Tarapur, Boisar, District Thane Maharashtra - 401 506****NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of **DAIKAFFIL CHEMICALS INDIA LIMITED** will be held on Wednesday, the 30th day of September, 2009 at 11.30 A.M. at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Amit J. Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sudhir M. Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and any amendment and / or re-enactment thereof and subject to further such approvals as may be required, Consent of the Company be and is hereby granted to the re-appointment Shri Sishir R. Amin as Managing Director of the Company for a period of five years with effect from 1st April, 2009 on the salary, remuneration and perquisites as set out in the letter issued to him and laid before the meeting with liberty and powers to the Board of Directors to increase, alter and vary the salary, commission and perquisites in such manner as the Board in its absolute discretion deem fit and acceptable to Shri Sishir Amin within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments, modifications or re-enactments made from time to time by the Central Government in this behalf. The terms and conditions in accordance with Schedule XIII to the Companies Act, 1956 are as set out below

REMUNERATION:

- (i) Monthly Salary of Rs. 83000/- (Rupees eighty Three Thousand Only) per month in the grade of Rs. 83000-8000-115000 with power to the Board to grant one or more increments within aforesaid grade.
- (ii) Bonus as per rules & regulations of the Company and at the discretion of the Board of Directors.
- (iii) In addition to above salary, in the years in which the Company has sufficient profit, Shri Sishir Amin be paid commission on the annual net profits of the Company as may be decided by the Board at the end of each financial year, computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to ceiling laid down in Section 198 and 309 of the Companies Act, 1956 on the total remuneration.

PERQUISITES:

Perquisites shall be restricted to an amount equal to the annual salary.

CATEGORY "A"

- (i) **Housing I:** The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling:

60 per cent of the salary, over and above 10 per cent payable by the Managing Director.

Housing II: In case the accommodation is owned by the Company, ten percent of salary of the Managing Director shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

EXPLANATION: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules. This shall however be subject to a ceiling of 10 per cent of the salary of the Managing Director.

- (ii) **MEDICAL REIMBURSEMENT:** Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) **LEAVE TRAVEL CONCESSION:** For the Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
- (iv) **CLUB FEES:** Fee of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fee.

CATEGORY "B"

- (i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either or single or put together are not taxable under the Income Tax Act. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- (ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling of perquisites.

CATEGORY "C"

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 and as may be decided by the Board of Directors of the Company.

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956 and any amendment and / or re-enactment thereof and subject to further such approvals as may be required, Consent of the Company be and is hereby granted to the appointment of Shri Amit Patel as Executive Chairman of the Company for a period of three years with effect from 1st April, 2009 on the salary, remuneration and perquisites as set out in the letter issued to him and laid before the meeting with liberty and powers to the Board of Directors to increase, alter and vary the salary, commission and perquisites in such manner as the Board in its absolute discretion deem fit and acceptable to Shri Amit Patel within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments, modifications or re-enactments made from time to time by the Central Government in this behalf. The terms and conditions in accordance with Schedule XIII to the Companies Act, 1956 are as set out below.

REMUNERATION:

- (i) Monthly Salary of Rs. 50,000/- (Rupees Fifty Thousand Only) per month.
- (ii) Bonus as per rules & regulations of the Company and at the discretion of the Board of Directors
- (iii) In addition to above salary, in the years in which the Company has sufficient profit, Mr. Amit Patel be paid commission on the annual net profits of the Company as may be decided by the Board at the end of each financial year, computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to ceiling laid down in Section 198 and 309 of the Companies Act, 1956 on the total remuneration.

PERQUISITES:

Perquisites shall be restricted to an amount equal to the annual salary.

CATEGORY "A"

(i) Housing I: The expenditure incurred by the Company on hiring furnished accommodation for the Executive Chairman will be subject to the following ceiling: 60 per cent of the salary, over and above 10 per cent payable by the Managing Director.

Housing II: In case the accommodation is owned by the Company, ten percent of salary of the Executive Chairman Director shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the Executive Chairman shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

EXPLANATION: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules. This shall however be subject to a ceiling of 10 per cent of the salary of the Executive Chairman.

- (ii) **MEDICAL REIMBURSEMENT:** Expenses incurred for the Executive Chairman and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) **LEAVE TRAVEL CONCESSION:** For the Executive Chairman and his family once in a year incurred in accordance with any rules specified by the Company.
- (iv) **CLUB FEES:** Fee of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fee.

CATEGORY "B"

- (i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either or single or put together are not taxable under the Income Tax Act. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- (ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling of perquisites.

CATEGORY "C"

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Chairman.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay to the Executive Chairman a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 and as may be decided by the Board of Directors of the Company.

By Order of the Board
for **DAIKAFFIL CHEMICALS INDIA LIMITED**

SISHIR R. AMIN
(MANAGING DIRECTOR)

Registered Office:

Plot No : E-4, M.I.D.C. Tarapur,
Boisar, District Thane
Maharashtra-401506

Date: June 30, 2009

Place: Mumbai

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Shares Transfer Books of the Company will be closed from Saturday, the 19th day of September, 2009 to Wednesday, the 30th day of September, 2009 (both days inclusive).
3. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 1st October, 2009 to those Members whose names stand registered on the Company's Register of Members:
 - i. As Beneficial Owners as at the end of the business hours on 18th September, 2009 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in Dematerialized form.
 - ii. As Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before 19th September, 2009.
4. The members are requested to:
 - (a) Intimate to the Company's Registrars and Share Transfer Agents M/s Link Intime India Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date;
 - (b) Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
 - (c) Approach the Company for consolidation of folios, if shareholdings are under multiple folios;
 - (d) Get the shares transferred in joint names, if they are held in single name to avoid inconvenience;
 - (e) Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - (f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
 - (g) Furnish their Bank Account Number, the name of the Bank and the Branch where they would like to deposit the Dividend Warrants for encashment. These particulars will be printed on the cheque portion of Dividend Warrants, besides the name of the Shareholders so as to avoid fraudulent encashment of warrants. The above mentioned details should be furnished by the first / sole shareholder, directly to the Registrar & Share Transfer Agents, quoting the folio number.
5. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed dividend for the financial year ended 31st March, 1997 have been transferred to the Investor Education and Protection Fund of the Central Government (the "Fund") during the financial year.
6. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 6 set out above is annexed hereto.

EXPLANATORY STATEMENT IN RESPECT OF ITEMS NOS. 6 TO 7 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 6**

The Shareholders will recall approving re-appointment of Shri Sishir R. Amin as Managing Director of the Company for a period of 5 years w.e.f. 1st November, 2004 at the Annual General Meeting of the Company held on 30th September, 2004.

Before the expiry of his term of office and considering the growth and progress of the Company during his tenure as Managing Director, the Remuneration Committee and the Board of Directors of the Company, at their meeting held on 29th April, 2009, considered and recommended his re-appointment and payment of remuneration as mentioned in the resolution for a period of 5 years w.e.f. 1st April, 2009 subject to the approval of the Shareholders in the ensuing Annual General Meeting.

This may be treated as an abstract of the terms and Memorandum of Interest under Section 302(7) of the Companies Act, 1956 with respect to the appointment of Shri Sishir Amin as Managing Director of the Company.

The Managing Director as long he functions as such, shall not be paid any fees for attending the meeting of the Board of Directors or any committee thereof.

The Board commends passing of the Resolutions as set out in Item No. 6 of the accompanying Notice.

None of the Directors except Shri Sishir R. Amin are in any way concerned and interested in the aforesaid resolution.

ITEM NO. 7

The Remuneration Committee of the Board of Directors and the Board of Directors at their Meeting held on 29th April, 2009 decided to appoint Mr. Amit Patel as Executive Chairman of the Company w.e.f. 1st April, 2009 for a period of three years considering his total commitments and devotion to the Company for managing corporate affairs and particularly looking after technical side of production and the proposed expansion in hand. The Company has achieved much of the growth and progress under his tenure as Chairman. The Remuneration Committee and the Board has recommended his appointment on payment of remuneration as mentioned in the resolution for a period of 3 years w.e.f. 1st April, 2009 subject to the approval of the Shareholders in the ensuing Annual General Meeting.

This may be treated as an abstract of the terms and Memorandum of Interest under Section 302(7) of the Companies Act, 1956 with respect to the appointment of Shri Sishir Amin as Managing Director of the Company.

The Executive Chairman as long he functions as such, shall not be paid any fees for attending the meeting of the Board of Directors or any committee thereof.

The Board commends passing of the Resolutions as set out in Item No. 7 of the accompanying Notice.

None of the Directors except Shri Jayant G. Patel and Shri Amit J. Patel are in any way concerned and interested in the aforesaid resolution.

By Order of the Board
for **DAIKAFFIL CHEMICALS INDIA LIMITED**

SISHIR R. AMIN
(MANAGING DIRECTOR)

Registered Office:
Plot No: E-4, M.I.D.C. Tarapur,
Boisar, District Thane
Maharashtra-401506

Date: June 30, 2009

DAIKAFFIL CHEMICALS INDIA LIMITED
REGD. OFFICE : - PLOT NO: E/4 M.I.D.C. TARAPUR, BOISAR
DIST : THANE 401 506 MAHARASHTRA

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Seventeenth Annual Report together with the Audited statement of Accounts along with the Report of the Auditors for the year ended 31st March, 2009

FINANCIAL RESULTS:

	2008-2009 (Rupees)	2007-2008 (Rupees)
Sales etc. and other income	<u>16,27,66,840</u>	<u>14,34,28,748</u>
Profit before Depreciation, Interest and Tax	2,10,10,519	1,40,58,131
Less: Depreciation	29,61,474	38,41,986
Interest	<u>10,89,676</u>	<u>10,29,048</u>
Profit before Tax	<u>40,51,150</u>	48,71,034
Less : Provision for Tax	1,69,59,369	<u>91,87,097</u>
Current Tax	58,45,000	35,50,000
Deferred Tax	<u>1,89,453</u>	<u>(4,40,000)</u>
Fringe Benefit Tax	62,200	90,000
Short Provision of Tax	39,678	-
Prior Period Expenses	<u>1,94,188</u>	-
Profit after Tax	<u>1,06,28,850</u>	<u>59,87,097</u>
Add: Balance Brought forward from the previous year	44,13,110	29,35,863
Profit available for Appropriation	<u>1,50,41,960</u>	<u>89,22,960</u>
Appropriation		
Transfer to General Reserve	20,00,000	10,00,000
Proposed Dividend	42,00,000	30,00,000
Corporate Dividend Tax Thereon	7,13,790	5,09,850
Balance carried forward	<u>81,28,170</u>	<u>44,13,110</u>
	<u>1,50,41,960</u>	<u>89,22,960</u>

DIVIDEND:

With a view to conserve the financial resources for expansion on hand, the Board of Directors are pleased to recommend a dividend of 7 % for the year at a rate of Rs. 0.70 per Share on 60,00,000 Equity shares of the nominal value of Rs. 10/- each aggregating to Rs. 42.00 Lacs, excluding dividend tax on expectation that the economy may start growing again towards the end of the year.

PERFORMANCE:

The Company had good inflow of orders particularly in the second half of the year, however due to the global slowdown which also impacted the Indian economy and liquidity crunch emanating from sub-prime crisis in USA, repeat contracts from our existing clientele and new orders from our prospective customers, particularly industrial customers, were either deferred or postponed indefinitely. Company's order booking increased by 10% to Rs. 5 Crores in the first quarter of 2009-2010.

Revenues during the year at Rs. 16.28 Crores, a growth of 14 % over the previous year of Rs.14.34 Crores. Reduced order inflows, increased credit risk and request from certain customers to defer the supplies affected the overall rate of revenue growth. Due to the introduction of certain new optical brighteners there was significant growth in export orders and revenues. Profit before tax was Rs.169.59 lakhs, 84.59% higher than Rs.91.87 lakhs in the previous year. Planned addition of new machinery as well as revamping manufacturing capacities together with matching addition in human resources and expanded sales organisation aimed at higher expected sales operations resulted in better performance. In the last quarter of the year, management initiated several cost optimisation measures which substantially helped in improving the profitability. Earning per equity share [face value Rs.10/-] was higher at Rs.1.77 compared to Rs.1.14.

In view of attractive long term returns, the Company has been currently executing significant manufacturing capacities expansion / diversification projects aimed at expanded range of offering and introducing several new products. Investment in fixed assets during the next financial year is planned to be to the tune of Rs.2 Crores.

H.G.E. CHEMICAL COMPANY S.A. LUXEMBOURG:

As reported earlier, H.G.E. through their main associated Company ERCA ITALY have now proposed to produce some "Speciality Chemicals" under their Technology and supplied some essential equipment which have been under installation. Trial production is likely to start by the third quarter of the fiscal year and would be marketed domestically by ERCA Speciality Chemicals Private Limited. Your Company holds 25% of the subscribed Equity capital of ERCA SPECIALITY CHEMICALS PRIVATE LIMITED. Company is also expanding OBA production, in order to meet domestic demand.

OUTLOOK:

A new Government with a strong mandate to turn the economy around is in place. Indicators point to an up turn in economy during the current year. It is admitted that Export Sectors have been hit by the currency fluctuation, but with more export credit available now, and political stability, it is likely to bring greater confidence in Indian Economy. Your Company has been engaged mainly in export business but with local demand also picking up now plans to enter domestically driven Indian market.

With the current state of global and Indian economy, the expected drop in Country's GDP growth rate to around 6.5% for the current fiscal and continued liquidity crunch, short term outlook for the Company remains uncertain. On the positive side, the Company has got good order booking, increasing local volumes, adequate manufacturing capacities which shall lead to increase in turnover and in turn to better profitability. The Management is optimistic to maintain better profitability and growth of the Company in medium and long term.

DIRECTORS:

Mr. Amit Patel and Mr. Sudhir Patel, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Their re-appointment would immensely benefit the Company looking at their business knowledge and expertise.

Mr. Aditya Patel, Alternate Director to Mr. Yoshiaki Tagami has resigned w.e.f. 29th June, 2009 due to pre-occupation. The Board has placed on record the valuable services rendered and able guidance given by Mr. Aditya Patel during the tenure of his office.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance and a certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, forms part of the Annual Report.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee of the category specified in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDIT COMMITTEE:

As per the requirements of the Companies Act, 1956 and Listing Agreement, the Company has an Audit Committee consisting of two Independent Directors and One Executive Director namely Mr. Sudhir Patel, Mr. Jagdish J. Vasa and Mr. Sishir Amin.

The Audit Committee met on four occasions on 30-06-2008, 31-07-2008, 24-10-2008 and 29-01-2009.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2008-2009 are in full conformity with the requirement of the Companies Act, 1956. They believe that the Financial Statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Your Directors further confirm that:

- (1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (2) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 or loss of the company for that period;
- (3) The directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (4) The directors have prepared the annual accounts on a going concern basis.

SAFETY AND ECOLOGY:

Your Company continues to accord the highest priority to Environment, Occupational Health and Safety with a view to progressively achieve international standards while ensuring compliance with statutory requirements.

FIXED DEPOSITS:

The Company has not accepted any Deposit from the Public during the year under review. As on 31st March, 2009, no unclaimed deposits are lying with the Company.

INSURANCE:

All the Fixed Assets have been adequately insured.

FOREIGN COLLABORATORS:

Daika Japan Limited and , Kiwa Chemicals Industries (Japan) continue to give their active support in the development of the Company and the Directors put on record their full appreciation for the co-operation being extended by them.

AUDITORS:

The Members are requested to appoint Auditors for the current year and to fix their remuneration. M/s Gaurang Merchant & Co., the retiring Auditors, are eligible for re-appointment and have furnished a certificate to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

AUDITORS REPORT:

The Auditors have vide para 4(d) of their Report, made qualification about non compliance of Accounting Standard 28 in respect of Impairment of Assets.

The Board is of the opinion that no impairment in carrying amount of assets has occurred as on the date of the Balance Sheet.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

As required under Section 217(1)(e) of the Companies Act, 1956 read together with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 the relevant information is given below.

The Company's operations involve high energy consumption. Wherever possible, energy conservation measures have already been implemented. The Company is making all efforts to optimise the use of energy improved operational methods.

Diesel Generating Set worked satisfactorily during the year whenever there was power failure on feeder lines of MSEB.

Relevant data in respect of energy consumption is as below.

(I) Power & Fuel Consumption	2008-2009	2007-2008
1. Electricity		
Purchased Units	4,67,146	4,79,722
Total Amount	Rs. 21,50,579	Rs. 26,52,846
Rate / Unit (Rs.)	Rs. 4.60	Rs. 5.53
2. Light Diesel Oil / Furnance Oil		
Quantity (Litres)	6,400	3,600
Total Amount	Rs. 2,45,696	Rs. 1,22,826
Average Rate (Rs. / Ltrs)	Rs. 33.39	Rs. 34.12
3. Coal		
Quantity (Kgs)	8,43,988	10,74,770
Total Amount	Rs. 41,59,018	Rs. 46,42,345
Average Rate (Rs./ Kgs)	Rs. 4.92	Rs. 4.32
(II) Consumption per Unit of Production		
1. Electricity	Rs. 2.23/kg	Rs. 1.84 /kg

FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in Lacs)
Foreign Exchange Earnings:	1330.44
Foreign Exchange Outgo :	513.04

LISTING AGREEMENT COMPLIANCE:

Pursuant to the requirements of the Listing Agreement, the Company declares that its Equity Shares are listed on the Stock Exchange, Mumbai.

PERSONNEL:

Industrial relations at the Company's factory and other establishments remained cordial during the year. We appreciate the contribution made by the employees towards achieving improved productivity and flexibility in operation.

The wage Agreement with the workers union has been finalized and the same is valid up to 31st Decemeber,2010

ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciations for the continued support and co-operations by Government Authorities, Financial Institutions, Banks and our valued customers along with dedicated service of all the workers, staff and the officers, whose continuous support is a pillar of strength which have largely contributed to the efficient management of the Company. Suffice it to say, that your co-operation as our shareholders is hereby acknowledged with gratitude.

For and on behalf of the Board,

Mumbai
Mumbai, June 30, 2009

(AMIT J. PATEL)
EXECUTIVE CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

1) BUSINESS OF THE COMPANY

A) Information about the Company:

Daikaffil Chemicals India Ltd. was established on 19/06/1992, Daikaffil has been consistently meeting challenges of the dynamic business, rising costs, industry demands and competitive scenario, in order to meet profitability and manage the resources more effectively, meeting customer's expectations at the same time.

The main strength of the Organisation lies in its employees and the technological superiority of the products manufactured, which has enabled the Company to maintain a steady growth over the years and also create and establish its brand name "DIKAPHOR" in the Industry.

B) How the Industry Fared

GDP growth during 2008-2009 at 6.5% was lower than the growth of 8.7% in the previous year. This was largely attributable to a deceleration in the growth of both agriculture and industry. The deceleration in the industrial production was primarily due to a slowdown in the manufacturing sector-particularly in the last quarter of the year. Against this backdrop the Company was able to achieve positive growth in performance.

	(Rs. Lakhs) 2008-2009	(Rs. Lakhs) 2007-2008
Sales	1627.66	1434.29
PBT	169.59	91.87
PAT	106.29	59.87
EPS (Rs.)	1.77	1.14

C) SWOT Analysis

Daikaffil is continuously on the vigil of introducing New Optical brighteners for the Textiles & Paper Industries as well as establishing "DIKAPHOR" in new markets / customers. The Quality of Dikaphor is found to be of International standards. Delivering the products at the prices which are competitive, inspite of rise in Raw Material cost and still maintain profitability is an ongoing challenge requiring a continuous working on improving internal operational efficiencies. Daikaffil has been therefore continuously working in the areas of product improvements, innovation in products and services. Various Brighteners have been offered addressing the needs of the Industry both on quality and price.

There is a growing competition visible with more and more players entering the industry and leading to pressure in the prices of Finished Goods.

D) Segment wise performance:-

The Company operates in one segment, namely Dyes / intermediates comprising Optical Brighteners / Naphthols in accordance one with the definition of "Segment" as per the Accounting Standards 17 issued by the Institute of Chartered Accountants of the India . The Performance of the Company is discussed separately in this report.

E) Risks & Concerns

The entry of several new players and capacity augmentation by existing players is likely to increase competitive pressure and adversely affect margins. Cost of raw materials-notably Cyanuric Chloride, DASDA, Bon ACID, DEA have risen steeply without commensurate increases in products prices.

F) Research & Development [R&D] and Technology

Research & Development is the prime objective and lot of activity in development of new Brighteners for Textiles & Naphthols for Pigment is being carried out, the Company hopes to commercially introduce New Brighteners / Naphthols during the year.

G) Internal control audit system and Risk Management

The Company has in place effective systems of internal control ensuring accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with laws and regulations.

The Company has budgetary control system and the management regularly reviews actual performance. The Company has also put in place a well-defined organisation structure, clear authority levels and detailed internal guidelines for conducting business transactions. The Company has an internal audit system that conducts regular audits to ensure adequacy of the control system, adherence to management instructions and legal compliance. Audit plans are prepared in advance based on risk management. Internal Audit also conducts reviews to ensure implementation of its recommendations and suggestions. The Audit Committee of the Board of Directors periodically reviews the audit reports, observations and recommendations of the internal and external auditors with reference to the significant risk areas and adequacy of internal controls.

As per the requirements of Clause 49 of the listing agreement with the Stock Exchange, the management has established adequate internal control procedures over financial reporting.

H) Financials performance & Analysis:

Gross Sales for the Year aggregated to Rs. 1627.66 lakhs as against the previous year turnover of Rs. 1434.29 lakhs.

Profit before Depreciation, Interest and Taxes for the year is higher at Rs.210.11 lakhs as compared to Rs. 140.58 lakhs of previous year reflecting a growth of 49.45 %

Depreciation for the year is lower at 29.61 lakhs as compared to Rs 38.41 lakhs of previous year.

Profit before tax is at Rs. 169.59 lakhs as compared to Rs. 91.87 lakhs which is a growth of 84.59%

I) Human Resource Development / Industrial Relations:

Improving employee engagement and thereby increasing the productivity has been the key focus of the Human Resource function adopted by the management. As in the past, the industrial relations continued to remain cordial in all departments of the Company. The focus is primarily on the engaging motivating and improving the productivity of all its employees.

J) Cautionary Statement:

Statements relating to projections & objectives are made on certain assumptions, forecasts and visible trends in the industry, subject to change, due to several uncertain factors prevailing in the economy.

CORPORATE GOVERNANCE

Company's Policies on the Corporate Governance and due Compliance Report on specific areas wherever applicable for the year ended 31st March, 2009 are hereunder divided into the following areas:-

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Company's Philosophy of Corporate Governance is intended to bring about

- Transparency and Professionalism in activities of the organization.
- Implementation of policies and procedures prescribed by the Company to ensure high ethical standards in all its business activities and responsive management.

II. BOARD OF DIRECTORS:**(a) Composition of the Board**

The Board of Directors of the Company consists of eminent persons with considerable expertise and experience in business and industry.

The composition of the Board of Directors with reference to Executive and Non Executive Directors meets the requirement of code of Corporate Governance.

Out of Seven Directors, there is One Non-Promoter Executive Director namely Mr. Sishir R. Amin, One Promoter Non - Executive Director namely Mr. Jayant G. Patel and One Promoter Executive Director Mr. Amit J. Patel. There are four independent Directors namely Mr. Yoshiaki Tagami, Mr. Jagdish J. Vasa. Dr. Giuseppe Seccomandi and Mr. Sudhir M. Patel. Mr. Aditya Patel was appointed as an Alternate Director to Mr. Yoshiaki Tagami on 31st January, 2005 has now resigned as such from 29th June'2009

(b) Number of Board Meetings held and attended by Directors

Board Meetings are held at least four times during the year coinciding with the presentation of each quarterly result. During the last financial year, six Board Meetings were held on 10th April, 2008, 31st May, 2008, 30th June, 2008, 31st July, 2008, 24th October, 2008 and 29th January, 2008.

The Meetings were attended as follows.

Mr. Jayant G. Patel, Mr. Sishir R. Amin, Mr. Aditya Patel (Alternate to Mr. Yoshiaki Tagami) attended all the six Meetings.

Mr. Amit Patel attended five Meetings.

Mr. Sudhir Patel attended four Meetings.

Mr. Jagdish Vasa attended three Meetings.

Mr. Giuseppe Seccomandi attended only one meeting since his appointment as Director w.e.f. 31st March, 2008.

Mr. Amit Patel, Mr. Sishir Amin and Mr. Aditya Patel attended the last Annual General Meeting held on 30th September, 2008.

(c) The details of other Directorships and Committee Membership:

Name of the Directors	Category of Directors	No. Of Other Directorships held	No. of other Board Committee(s) Of which He/she is	
			Member	Chairman
Jayant G. Patel	Promoter – Non Executive	1	0	0
Amit J. Patel	Chairman – Promoter – Executive	1	0	0
Sishir R. Amin	Non Promoter – Executive	1	0	0
Sudhir M. Patel	Independent – Non- Executive	10	4	1
Jagdish J. Vasa	Independent – Non- Executive	6	1	0
Yoshiaki Tagami	Independent – Non- Executive	0	0	0
Dr. Giuseppe Seccomandi	Independent – Non- Executive	0	0	0

(d) Details of the Directors seeking re-appointment:-

Details of the Directors seeking re-appointmen at the ensuing Annual General Meeting are given hereunder: -

Name of Director	Mr. Amit Patel	Mr. Sudhir Patel
Date of appointment	19-06-1992	29-03-2003
Expertise in specific Functional Areas	Industrialist having business experience in Chemical Industry.	Industrialist having vast experience in Engineering Industry.
List of other Directorship	1) Caffil Private Limited	1) ABC Bearing Limited 2) MIPCO Seamless Rings (Gujarat) Ltd 3) MIPCO Investments Private Limited 4) Manoway Investments Private Limited 5) Maple Investments Co. Private Ltd. 6) Emsons Leasing Co. Private Limited 7) Taveta Properties Private Limited 8) Essex Holdings Private Limited 9) Namur Properties Private Limited 10) NSK-ABC Bearings Limited

III AUDIT COMMITTEE:

- (i) The Audit Committee of the Board of Directors of the Company, inter-alia, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures. The scope of the Audit Committee is in accordance with as specified in Clause 49 of the Listing Agreement. The broad terms of reference include.
- (a) To review compliance with internal control systems.
 - (b) To review the quarterly, half yearly, annual financial results of the Company before submission to the Board.
 - (c) To review Company's financial reporting process and disclosure of financial information.
 - (d) Recommending the appointment of statutory and internal auditors.
- (ii) The Audit Committee at present comprises of two independent directors namely Mr. Sudhir Patel and Mr. Jagdish J. Vasa and one Executive Director namely Mr. Sishir Amin.

Mr. Jagdish Vasa is the Chairman of the Audit Committee.

- (iii) The Audit Committee Meetings were held on 4 occasions viz:-June 30, 2008, July 31, 2008, October 24, 2008 and January 29, 2009.

All Directors in Audit Committee attended four meetings except Mr. Jagdish Vasa who attended two Meetings.

IV. REMUNERATION COMMITTEE:

- (i) The Remuneration Committee considers the policy and the matter relating to the remuneration including commission payable to managerial persons including Managing Director and Whole Time Directors.
- (ii) The Remuneration Committee at present comprises of Three Independent Directors namely Mr. Jagdish J. Vasa, Mr. Sudhir Patel and Mr. Yoshiaki Tagami.
- Mr. Jagdish Vasa is the Chairman of the Committee.
- (iii) No Meeting of Remuneration Committee was held during the year under review.
- (iv) The Company paid sitting fees of Rs. 5000/- per meeting to Non-Executive Directors and no other remuneration has been paid to the Non Executive Directors during the year under review.

Managing Director is being paid remuneration as approved by the Shareholders and as recommended by the Remuneration Committee and approved by the Board of Directors from time to time, subject to the approval of other appropriate authority, as may be required.

Remuneration to Executive Directors:

The Company has paid the gross remuneration of Rs. 7.19 lakhs /- (including perquisites and other benefits) to Mr. Sishir Amin, Managing Director of the Company during the year.

Note: The contract of employment with Mr. Sishir Amin, Managing Director is for a period of five years. There is no notice period specified to determine the contract.

Further Mr. Jayant Patel, Mr. Amit Patel, Executive Chairman and Mr. Aditya Patel, hold 300950, 661500 and 104599 Equity Shares in the Company respectively.

V. SHAREHOLDERS' COMMITTEE:

- a) The Company has constituted a Share Transfer cum Shareholders / Investors Grievance Committee consisting of Executive and Non Executive directors Mr. Jayant G. Patel, Mr. Amit J. Patel and Mr. Sishir R. Amin. The Committee normally meets twice a month as required. Mr. Amit Patel is the Chairman of the Shareholders' Committee

The Committee approves, transfer / transmission / transposition / consolidations / splitting, issue of duplicate certificates, allotment of shares and debentures, shareholders grievances pertaining to non receipt of transferred share certificates, non receipt of balance sheet and non receipt of dividend / interest warrant etc.

- (b) The Board has designated Mr. Sishir Amin as the Compliance Officer.
- (c) The Company has approximately 3530 shareholders. The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 6 (Six). There were no outstanding complaints as on March 31, 2009.

VI GENERAL BODY MEETINGS:

a. The details of the Annual General Meeting held in last three years are as under: -

AGM	DAY	DATE	TIME	VENUE
14th	Monday	25.09.2006	10.30 A.M.	M.C. Ghia Hall, Bhogilal Hargovidas Building, 18/20, Kaikhushru Marg, Mumbai-1.
15th	Thursday	20.09.2007	10.30 A.M.	M.C. Ghia Hall, Bhogilal Hargovidas Building, 18/20, Kaikhushru Marg, Mumbai-1.
16th	Tuesday	30.09.2008	11.30 A.M.	E-4, MIDC Tarapur, Boisar, Dist. Thane, Maharashtra-401506.

- b. No Special Resolution was passed at the last three Annual General Meetings.
- c. A special resolution pertaining to shifting of Registered Office of the Company from the District of Mumbai to the District of Thane was passed through postal ballot and the results of the postal ballot were announced on 30th April, 2008.

A total of 158 forms for 2253583 numbers of shares were received during the postal ballot process. Out of above 2 forms for 700 shares were invalid. 141 forms for 2240047 numbers of shares granted their assent for the said special resolution and 15 forms for 12836 numbers of shares dissented for the resolution.

Mr. Dinesh Kumar Deora, a practicing Company Secretary was appointed as Scrutinizer to conduct the postal ballot.

- d. No special resolution is proposed to be put through postal ballot this year.

VII DISCLOSURES:

- (i) The Company has properly disclosed the significant material transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives at the appropriate places in the Annual Accounts. However these transactions are not likely to have any conflict with the Company's interest.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchange or The Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.
- (iii) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them.
- (iv) Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

VIII MEANS OF COMMUNICATION:

(i)	Quarterly Results	Communicated to all the Stock Exchanges with whom the Company is listed.
(ii)	Newspapers wherein Results normally published	The Free Press Journal, & Navshakti, Mumbai
(iii)	Any web site, where displayed	No
(iv)	Whether it also displays official News releases and presentations made to Institutional investors / analysts	No
(v)	Whether MD & A is a part of annual report	Yes

IX GENERAL SHAREHOLDER INFORMATION:

(a) ANNUAL GENERAL MEETING TO BE HELD:

The 17th Annual General Meeting will be held on Wednesday, the 30th day of September, 2009 at 11.30 A.M. at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506.

(b) FINANCIAL CALENDAR 2009-2010 (TENTATIVE):

Annual General Meeting	30 th September, 2009
First Quarterly Results:	Before end of July, 2009
Second Quarterly Results:	Before end of October, 2009.
Third Quarterly Results:	Before end of January, 2010.
Audited yearly Results for The year ended 31 st March, 2010	Before end of June, 2010.

(c) DATES OF BOOK CLOSURE:

19th September, 2009 to 30th September, 2009 (Both days inclusive).

(d) DIVIDEND PAYMENT DATE:

On or after 1st October 2009 to those members whose names stand registered on the Company's Register of Members as on 18th September 2009.

(e) Stock Exchange Listing:

The Company's shares are presently listed on the Bombay Stock Exchange.

(f) STOCK CODE:

	Physical	Demat
Trading code of Bombay Stock Exchange	30825	530825

(g) STOCK MARKET DATA:

The Monthly high and low quotations and volume of shares traded at The Stock Exchange Mumbai is as follows.

Period	BSE		
	High (Rs.)	Low(Rs.)	Volume (Nos.)
April,2008	11.97	8.85	59373
May,2008	12.00	9.54	38643
June,2008	12.93	9.01	168834
July,2008	11.55	8.59	123084
August,2008	14.90	8.52	298121
September,2008	15.89	10.14	174244
October,2008	10.80	6.68	55595
November,2008	11.05	7.42	38847
December,200	8.35	6.86	28603
January,2009	7.85	6.06	71075
February,2009	6.64	5.31	19272
March,2009	6.45	5.09	50904

(h) REGISTRAR AND TRANSFER AGENTS: The Registrar and Transfer Agents of the Company are M/s Link Intime India Private Limited and they have their Office at :-

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078. Tel No.: 25963838 Fax No.: 25946969 Email: isrl@intimespectrum.com	203, Davar House, Dr. D.N. Road, Mumbai-400 001 Tel No : .22694127
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(i) SHARE TRANSFER SYSTEM:

Share transfer requests received in physical form are registered within 30 days from the date of receipt and Demat requests are normally confirmed within an average period of 10 days from the date of receipt.

(j) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2009:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares	% of Shareholding
1-500	2768	78.4136	498355	8.3059
501-1000	380	10.7649	337415	5.6236
1001-2000	152	4.3059	244528	4.0755
2001-3000	59	1.6714	152357	2.5393
3001-4000	26	0.7365	94337	1.5723
4001-5000	32	0.9065	154236	2.5706
5001-10000	49	1.3881	360129	6.0022
10001 & above	64	1.8131	4158643	69.3106
Grand Total	3530	100.00	6000000	100.00

DISTRIBUTION OF SHAREHOLDING (CATEGORY WISE)

Sr. No	Particulars	No. of Shares	% of Shareholding
A	Promoters and Promoter Group		
1	Indian Promoters		
(a)	Individuals/HUF	1498949	24.98
(b)	Bodies Corporate	503300	8.39
2	Foreign Promoters		
(a)	Bodies Corporate	245000	4.08
B	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	1500	0.03
(b)	Financial Institutions / Banks	7900	0.13
2	Non Institutions		
(a)	Bodies Corporate	534258	8.90
(b)	Individuals	2340319	39.00
(c)	Clearing Member(s)	43938	0.73
(d)	Non Resident Indians	70868	1.19
(e)	Foreign Company	753968	12.57
		6000000	100.00

(k) DEMATERIALISATION OF EQUITY SHARES:

The Company's Equity Shares are included in the list of companies whose scrips have been mandated by SEBI for settlement only in dematerialised form by all institutions and all investors. The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders. As on 31st March, 2009 about 63.43% of Equity Share Capital of the Company has been dematerialized.

(l) PLANT LOCATIONS:

The Company has a single plant located at Plot No. E/4, MIDC, Tarapur, Boisar, Dist. Thane, Maharashtra - 401506

(m) ADDRESS FOR CORRESPONDENCE:

Company's Corporate Office	Registrar and Transfer Agents
Mr. Devidas N. Tendolkar - Compliance Officer D-13, EVEREST, 5th Floor, 156 Tardeo Main Road, Tardeo, Mumbai Central, Mumbai-400 034. Tel Nos. 022-23530325 / 23530326 Fax: 022-23530329 E-mail: info@daikaffil.com	M/s Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup(West), Mumbai-400 078. Tel No. 022 25963838 Fax No. 022 25962691

DECLARATION

As provided under Clause 49 of the Listing Agreement with Stock Exchange, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2009

FOR DAIKAFFIL CHEMICALS INDIA LIMITED

Mumbai, June 30, 2009

**SISHIR AMIN
(MANAGING DIRECTOR)**

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Members,
Daikaffil Chemicals India Limited.

We have examined the compliance of conditions of Corporate Governance by Daikaffil Chemicals India Limited, for the year ended March 31, 2009 as stipulated in clause 49 of the listing agreement of the said Company with The Stock Exchange, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **GAURANG MERCHANT & CO.**
Chartered Accountants

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 30th June, 2009

AUDITORS' REPORT

To the Members of Daikaffil Chemicals India Ltd.

1. We have audited the attached Balance Sheet of **DAIKAFFIL CHEMICALS INDIA LIMITED** as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our Comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) The Balance Sheet, Profit and 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 and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except the Accounting Standard 28 "Impairment of Assets", as provision for loss on impairment in carrying amount of assets is not made as the same is not ascertained.**
 - (e) On the basis of written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2009 from being appointed as a 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, **subject to note no. 4 in schedule 18 relating to provision for impairment of assets**, the accounts read with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009 and;
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **GAURANG MERCHANT & CO.**
Chartered Accountants

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 30th June, 2009.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- (i) a. Records showing full particulars including quantitative details and situation of fixed assets have not been maintained adequately by the Company.
- b. As explained to us, the fixed assets have been physically verified by the management once during the year and in our opinion the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) a. As explained to us, the inventories have been physically verified by the management during the year at reasonable intervals.
- 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 are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of the inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the size of the Company and the same have been properly dealt with in the books of account.
- (iii) a. According to the information and explanations given to us, the Company has not granted / taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b. As the Company has not granted / taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, provisions of clauses (iii)(b), (iii)(c) and (iii)(d) of Para 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain services rendered are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations for the same, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls.
- (v) a. According to the information and explanations given to us, we are of the opinion that transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions for items purchased/sold, services rendered/obtained in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations, however the value thereof did not exceed five lakh rupees in respect of any party during the year.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Section 58A and 58AA of the Companies Act 1956 and rules made thereunder. Hence clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.

- (ix) a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
- b. According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts in case of dues of sales tax/income tax/custom tax/wealth tax/excise duty/cess and hence the clause (ix)(b) of Para 4 of the Order is not applicable.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions and debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore the provisions of Clause (xiii) of Para 4 of the Order is not applicable to the Company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of Para 4 of the Order is not applicable to the Company.
- (xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, and according to the information and explanations given to us, the company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised monies by public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **GAURANG MERCHANT & CO**
Chartered Accountants

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 30th June, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	Rupees	Rupees	Rupees	As at 31/3/2008 Rupees
SOURCES OF FUNDS :-					
(1) Share Holders' Funds :					
(a) Capital	1	6,00,00,000		5,25,03,000	
(b) Reserves and Surplus	2	<u>1,70,60,190</u>		<u>78,96,510</u>	
			7,70,60,190		6,03,99,510
(2) Loan Funds :					
Secured Loans	3		3,47,310		1,86,26,584
(3) Deferred Tax Liability (Net)			24,14,862		22,25,409
	TOTAL		<u>7,98,22,362</u>		<u>8,12,51,503</u>
APPLICATION OF FUNDS :-					
(1) Fixed Assets	4				
(a) Gross Block.		8,94,07,685		8,69,85,366	
(b) Less : Depreciation Net Block.		<u>5,83,77,930</u>		<u>5,54,16,456</u>	
(c) Capital Work-in-progress		<u>1,36,987</u>		<u>3,60,338</u>	
			3,11,66,742		3,19,29,248
(2) Investments	5		22,51,000		-
(3) Current Assets, Loans and Advances					
(a) Inventories	6	2,01,31,588		2,47,90,101	
(b) Sundry Debtors	7	2,51,05,366		4,10,81,530	
(c) Cash and Bank Balances	8	1,83,07,240		19,64,919	
(d) Loans and Advances	9	<u>1,51,54,338</u>		<u>1,72,27,275</u>	
		<u>7,86,98,532</u>		<u>8,50,63,825</u>	
Less: Current Liabilities and Provisions	10				
(a) Current Liabilities		1,65,64,922		2,66,33,720	
(b) Provisions		<u>1,57,28,990</u>		<u>91,07,850</u>	
Net Current Assets		<u>3,22,93,912</u>	4,64,04,620	<u>3,57,41,570</u>	4,93,22,255
	TOTAL		<u>7,98,22,362</u>		<u>8,12,51,503</u>
Notes forming part of Accounts	19				

**As per our report attached of even date
For GAURANG MERCHANT & CO.**
Chartered Accountants

(G. V. MERCHANT)
Proprietor
Membership No. 17345
Mumbai: June 30, 2009

For and on behalf of the Board

AMIT J. PATEL Executive Chairman

SISHIR R. AMIN Managing Director
Mumbai: June 30, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	Rupees	Rupees	Rupees	As at 31/3/2008 Rupees
INCOME :-					
Sales, etc.	11	15,65,73,116		14,05,16,964	
Other Income	12	61,93,724		29,11,784	
			16,27,66,840		14,34,28,748
Increase /(Decrease) in stocks of finished goods and process stock.	13		(31,72,153)		63,49,853
			15,95,94,687		14,97,78,601
EXPENDITURE :-					
Material Costs	14		9,48,74,110		9,24,07,588
Manufacturing Expenses	15		1,08,57,791		1,20,79,722
Payments to & Provisions for Employees	16		1,07,12,766		85,24,224
Selling, Distribution, Administration & Other Expenses	17		2,21,39,501		2,27,08,937
Interest	18		10,89,676		10,29,048
Depreciation			29,61,474		38,41,986
			14,26,35,318		14,05,91,504
Profit before taxation			1,69,59,369		91,87,097
Less: Income tax Expense					
Current Tax		(58,45,000)		(35,50,000)	
Deferred Tax		(1,89,453)		4,40,000	
			(60,34,453)		(31,10,000)
Prior-Period Exps.			(1,94,188)		--
Short Provision of Tax			(39,678)		--
Fringe Benefit Tax			(62,200)		(90,000)
Profit after taxation			1,06,28,850		59,87,097
Surplus Brought forward form previous year			44,13,110		29,35,863
Surplus available for appropriation			1,50,41,960		89,22,960
Appropriations :					
Transfer to General Reserve			20,00,000		10,00,000
Proposed Dividend			42,00,000		30,00,000
Corporate Dividend Tax Theron			7,13,790		5,09,850
Balance carried forward			81,28,170		44,13,110
			1,50,41,960		89,22,960
Basic and diluted earning per share (Rs.)			1.77		1.14
(Refer schedule 19 - Note B(16))					
Notes forming part of Accounts	19				

As per our report attached of even date

For GAURANG MERCHANT & CO

Chartered Accountants

(G.V.MERCHANT)

Proprietor

Membership No. 17345

Mumbai: June 30, 2009

For and on behalf of the Board

AMIT J. PATEL

Executive Chairman

SISHIR R. AMIN

Managing Director

Mumbai: June 30, 2009

Schedules forming part of the Balance Sheet as at 31st March, 2009

	Rupees	As at 31/3/2008 Rupees
Schedule : 1		
SHARE CAPITAL		
Authorised :		
65,00,000 (P.Y. 60,00,000) Equity Shares of Rs 10/- each	<u>6,50,00,000</u>	<u>6,50,00,000</u>
Issued, subscribed and Paid up :		
60,00,00 Equity Shares of Rs 10/- each	<u>6,00,00,000</u>	<u>5,25,03,000</u>
(Of the above, 242,900 shares are allotted as fully paid up for consideration other than cash)	<u>6,00,00,000</u>	<u>5,25,03,000</u>
 Schedule : 2		
RESERVES AND SURPLUS		
Revaluation Reserve	24,83,400	24,83,400
Share Premium	34,48,620	-
General Reserve		
Opening Balance	10,00,000	-
Add : Transfer from profit & Loss A/c.	<u>20,00,000</u>	10,00,000
Balance in Profit & Loss Account	<u>81,28,170</u>	<u>44,13,110</u>
	<u>1,70,60,190</u>	<u>78,96,510</u>
 Schedule : 3		
SECURED LOANS		
From Bank :		
i) Working Capital		
- Cash Credit	-	23,72,438
- Export Packing Credit	-	89,08,332
- Bill Discounting	-	63,50,000
(The Working Capital Loans are secured against hypothecation of Stock in Trade, Book Debts, Export Receivable, Plant and Machinery, Other Fixed Assets, Mortgage by Deposit of Title Deeds of Leasehold Land, Personal Gurantee of a Director and Collateral offered by a related party)		
ii) Kotak Mahindra Prime Ltd.,	3,47,310	9,95,814
(Secured against Hypothecation of Motor Cars)		
	<u>3,47,310</u>	<u>1,86,26,584</u>

Schedules forming part of the Balance Sheet as at 31st March, 2009

**Schedule : 4
FIXED ASSETS**

Name of Assets	Gross Block			Depreciation				Net Block		
	As at 31/03/2008	Additions	Deductions	As at 31/03/2009	Provided Upto 31/03/2008	Provided this year	Adjustment/ Deduction during the year	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008
LAND (LEASEHOLD)	39,00,000	-	-	39,00,000	-	-	-	39,00,000	39,00,000	39,00,000
FACTORY BUILDING	1,70,62,153	-	-	1,70,62,153	60,73,764	5,69,876	-	66,43,640	1,04,18,513	1,09,88,389
FLAT	3,07,556	-	-	3,07,556	64,730	5,013	-	69,743	2,37,813	2,42,826
PLANT & MACHINERY	5,71,94,961	14,25,453	-	5,86,20,414	4,68,53,235	18,79,968	-	4,87,33,203	98,87,211	1,03,41,726
ELECTRICAL INSTALLATIONS	45,86,161	6,62,194	-	52,48,355	15,46,357	1,53,264	-	16,99,621	35,48,734	30,39,804
LABORATORY EQUIPMENT	3,41,896	-	-	3,41,896	85,127	11,419	-	96,546	2,45,350	2,56,769
OFFICE EQUIPMENTS	4,63,512	96,859	-	5,60,371	1,82,136	25,538	-	2,07,674	3,52,697	2,81,377
FURNITURE & FIXTURES	4,59,120	1,87,574	-	6,46,694	1,11,610	18,609	-	1,30,219	5,16,475	3,47,510
COMPUTER & FAX MACHINE	5,76,948	50,239	-	6,27,187	1,96,917	98,947	-	2,95,864	3,31,323	3,80,031
VEHICLES	20,93,059	-	-	20,93,059	3,02,580	1,98,841	-	5,01,421	15,91,638	17,90,479
Total	8,69,85,366	24,22,319	-	8,94,07,685	5,54,16,456	29,61,474	-	5,83,77,930	3,10,29,755	3,15,68,910
Previous year	8,33,70,300	49,14,257	12,99,191	8,69,85,366	5,21,26,639	38,41,986	(5,52,169)	5,54,16,456		
Capital Work-in-Progress									1,36,987	3,60,338
									3,11,66,742	3,19,29,249

Note : The Company had revalued its Land at market value as at 31/03/94 which resulted in a net increase of Rs.24,83,400/- to its value.

Rupees	As at 31/3/2008 Rupees
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**Schedule : 5
INVESTMENTS**

225100 (Nil) Equity Shares of the face Value of Rs. 10/- each of Erca Speciality Chemical Private Limited	22,51,000	-
	22,51,000	-

**Schedule : 6
INVENTORIES**

(As taken, valued & certified by the management)

A) Raw Materials	86,20,275	1,01,03,292
B) Finished Goods	20,31,000	61,40,130
C) Work-In-Process	90,68,492	81,31,515
D) Stores	1,27,440	1,03,800
E) Packing Materials	2,84,381	3,11,364
	2,01,31,588	2,47,90,101

**Schedule : 7
SUNDRY DEBTORS**

(Unsecured and Considered Good)

(i) Debts outstanding for a period exceeding six months	-	15,26,095
(ii) Other debts	2,51,05,366	3,95,55,435
	2,51,05,366	4,10,81,530

**Schedule : 8
CASH AND BANK BALANCES**

1. Cash and cheques on hand	1,44,234	27,516
2. Balance with Scheduled Banks		
In Current Accounts	23,30,603	7,83,999
In Fixed Deposit Account	1,58,32,403	11,53,404
	1,83,07,240	19,64,919

Schedules forming part of the Balance Sheet as at 31st March, 2009

	Rupees	As at 31/3/2008 Rupees
Schedule : 9		
LOANS AND ADVANCES		
(Unsecured and Considered Good)		
1. Advances/Claims recoverable in cash or in kind or for value to be received	31,21,609	29,18,756
2. Balances with Central Excise etc.	30,57,141	64,63,320
3. Security & other deposits	17,07,795	35,89,795
4. Advance Payment of Taxes	72,67,793	42,55,404
	<u>1,51,54,338</u>	<u>1,72,27,275</u>
 Schedule : 10		
CURRENT LIABILITIES AND PROVISIONS		
1. Current Liabilities		
(i) Sundry Creditors		
- Small and medium enterprise	-	-
- Micro, Small and Medium Enterprises - (Refer Note 12 on Schedule 18)	-	-
- Others	1,38,58,161	2,46,45,290
(ii) Unpaid Expense	27,06,761	19,88,430
	<u>1,65,64,922</u>	<u>2,66,33,720</u>
2. Provisions		
Provision for Taxation	1,08,15,200	55,98,000
Provision for Dividend	42,00,000	30,00,000
Provision for Corporate Dividend Tax	7,13,790	5,09,850
	<u>1,57,28,990</u>	<u>91,07,850</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2009

	Rupees	Rupees	Rupees	Year Ended 31/3/2008 Rupees
Schedule : 11				
SALES, ETC.				
Sales (Net of Returns) :	16,65,98,309		15,35,41,287	
Less: Excise Duty	<u>1,01,86,874</u>		<u>1,37,82,308</u>	
		15,64,11,435		13,97,58,979
Processing Charges		<u>1,61,681</u>		<u>7,57,985</u>
		<u>15,65,73,116</u>		<u>14,05,16,964</u>
Schedule : 12				
OTHER INCOME				
Export Incentives		7,01,720		5,98,907
Interest received		8,93,678		1,01,118
Gain on Foreign Exchange Rate Fluctuations		38,08,222		19,72,212
Miscellaneous Income		<u>7,90,104</u>		<u>2,39,547</u>
		<u>61,93,724</u>		<u>29,11,784</u>
Schedule : 13				
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND PROCESS STOCK				
Closing Stock :-				
FINISHED GOODS	20,31,000		61,40,130	
WORK IN PROCESS	<u>90,68,492</u>		<u>81,31,515</u>	
		1,10,99,492		1,42,71,645
Less: Opening Stock:-				
FINISHED GOODS	61,40,130		26,61,667	
WORK IN PROCESS	<u>81,31,515</u>		<u>52,60,125</u>	
		<u>1,42,71,645</u>		<u>79,21,792</u>
		<u>(31,72,153)</u>		<u>63,49,853</u>
Schedule : 14				
MATERIAL COSTS				
(1) Raw Materials consumed :				
Opening Stock	1,01,03,292		66,07,008	
Add : Purchases and incidentals(Net)	<u>9,37,97,395</u>		<u>9,52,93,934</u>	
	10,39,00,687		10,19,00,942	
Less: Sales	<u>4,60,353</u>		-	
	10,34,40,334		10,19,00,942	
Less: Closing Stock	<u>86,20,275</u>		<u>1,01,03,292</u>	
		9,48,20,059		9,17,97,650
(2) Merchenting Goods (Cost of goods sold) :				
Opening Stock	-		-	
Add : Purchases (Net)	<u>54,051</u>		<u>6,09,938</u>	
	54,051		6,09,938	
Less: Closing Stock	<u>-</u>		<u>-</u>	
		54,051		6,09,938
		<u>9,48,74,110</u>		<u>9,24,07,588</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2009

	Rupees	Year Ended 31/03/2008 Rupees
Schedule : 15		
MANUFACTURING EXPENSES		
Electrical Maintenance.	69,312	37,835
Laboratory Expenses	92,940	87,051
Power & Fuel	65,55,293	74,18,017
Repairs to Building	1,57,723	67,050
Repairs to Plant & Machinery	15,05,676	14,21,886
Stores and Spare parts consumed	3,22,911	3,00,145
Water Consumption	7,03,261	8,01,064
Water Treatment	14,28,479	19,34,165
Handling Loss (Materials)	22,196	12,509
	<u>1,08,57,791</u>	<u>1,20,79,722</u>
Schedule : 16		
PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
(a) Salaries, Wages, Bonus and Allowances	96,45,323	76,24,598
(b) Contribution to Provident & Other Funds	6,64,009	5,67,266
(c) Staff Welfare Expenses	4,03,434	3,32,359
	<u>1,07,12,766</u>	<u>85,24,223</u>
Schedule : 17		
SELLING, DISTRIBUTION, ADMINISTRATION & OTHER EXPENSES		
Auditors' Remuneration	2,34,500	1,10,000
Bank Commission & Charges	4,98,081	5,38,962
Clearing & Forwarding Charges	3,88,241	3,71,987
Freight & Transport Charges	26,63,614	29,33,618
Foreign Travel Expenses	-	4,03,843
Export Credit Guarantee Commission	55,364	52,475
Commission on Export Sales	64,73,058	63,34,441
Export Freight	45,04,060	37,34,637
Electricity charges	1,08,760	1,54,514
Insurance	3,57,301	4,06,889
Loss on sale of Fixed Assets	-	3,24,416
Legal & Professional Fees.	6,39,505	4,66,839
Other Miscellaneous Expenses.	12,93,715	6,92,512
office Rent	6,26,667	31,125
Vehicle Expenses	2,21,879	2,70,411
Membership & Filing Fees	2,03,863	1,57,784
Packing Materials	24,32,156	42,58,462
Sundry Balances written off-net	-	2,33,821
Printing & Stationery	2,08,142	2,14,869
General Repairs & Maintenance	1,19,770	64,837
Communication Expenses	3,23,428	2,93,941
Terminal Handling Charges	5,75,909	5,75,822
Travelling & Conveyance	1,23,059	82,732
Value Added Tax	88,429	-
	<u>2,21,39,501</u>	<u>2,27,08,937</u>
Schedule : 18		
INTEREST		
Bank	10,82,776	10,21,442
Others	6,900	7,606
	<u>10,89,676</u>	<u>10,29,048</u>

Schedule: 19**NOTES FORMING PART OF ACCOUNTS****A) SIGNIFICANT ACCOUNTING POLICIES:****1) BASIS OF ACCOUNTING :**

The financial statements are prepared under historical cost convention on an accrual basis and are generally in accordance with the requirements of the Companies Act, 1956, as adopted consistently by the Company.

2) FIXED ASSETS :

Fixed Assets are stated at the original cost including other expenses related to acquisition and installation, net of tax / duty credits availed less accumulated depreciation.

3) DEPRECIATION :

(a) Depreciation on fixed assets is provided on straight line method at the rates and in the manner laid down in Schedule XIV of the Companies Act, 1956.

(b) Depreciation on assets acquired / purchased during the year has been provided on pro rata basis according to the period each asset was put to use during the year.

4) FOREIGN CURRENCY TRANSACTIONS.

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate prevailing on the last date of the accounting year. Gain or loss arising out of translation / conversion is taken credit for or charged to Profit and Loss Account.

5) INVESTMENTS :

Long term investments are stated at cost.

6) INVENTORIES :

Items of Inventory are valued on the basis given below:

(a) Raw Materials, Work-in-Process and Finished Goods at lower of cost or net realisable value.

(b) Stores and Packing materials at cost.

7) SALES :

Sales are recognised net of returns and exclude Excise Duty and Sales Tax. Processing charges are recognised net of sales tax.

8) EMPLOYEE RETIREMENT BENEFITS :

The gratuity and Leave-encashment liability is funded with Life Insurance Corporation of India and contribution towards the fund is charged to Profit and Loss Account.

Company's monthly contribution to Provident Fund is also charged to Profit and Loss Account.

9) TAXES ON INCOME :

The Income tax expense comprises Current tax, Deferred tax and Fringe Benefit Tax. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

10) CONTINGENT LIABILITIES:

The Company recognizes a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is a made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

B) Other Notes:

- 1) The figures for the previous year have been regrouped and rearranged wherever necessary.
- 2) Payment to Auditors (Excl. Service Tax)

Audit Fees	Rs. 95,000/-	(P.Y. Rs. 70,000/-)
Tax Audit Fees	Rs. 35,000/-	(P.Y. Rs. 30,000/-)
Taxation	Rs. 59,500/-	(P.Y. Rs. NIL/-)
Certification Fees/Other Services	Rs. 45,500/-	(P.Y. Rs. 10,000/-)
- 3) (a) The Company has been advised that the computation of net profits for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to a Director as per Schedule XIII of the Companies Act, 1956.

 (b) Director's Remuneration: Rs. 6,53,610/- (P.Y. Rs. 6,01,110/-)

 Perquisites : Rs. 65,522/- (P.Y. Rs. 78,490/-)
- 4) The Company has not made provision for impairment, if any, in the carrying amount of assets as the same is not ascertained.
- 5) Estimated amount of contract remaining to be executed on capital Account and not provided for Rs. 200 Lakhs (P.Y. Rs. 100 Lakhs)
- 6) The stock in trade at the year end is as per inventories taken, valued and certified by the management.
- 7) Depreciation provided in the accounts is calculated on the straight line method basis as per the provisions of section 205(2)(e) of the Companies Act 1956 at the rates specified in schedule XIV of the said Act.
- 8) The excise duty payable if any on finished goods held in the factory is neither included in expenditure nor valued in such stock but is accounted for on clearance of goods from factory. This accounting treatment has no impact on profits.
- 9) Sundry Debtors and Loans and Advances are subject to confirmation.
- 10) Contingent Liabilities not provided for : Rs. Nil (P.Y. Rs. Nil)
- 12) The Company has not received any information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.
- 13) Related Party Disclosures :

A. Associated Companies/Firms :

M/s. Caffil Private Limited
 M/s. Amichem
 M/s. Tristar Corporation
 M/s Erca Speciality Chemicals Private Limited

B. Key Management Personnel :

Mr. Sishir Amin
 Mr. Amit Patel
 Mr. Jayant Patel

	<u>2008-2009</u>	<u>2007-2008</u>
	(Rs.)	(Rs.)
Transactions during the year:		
1. Sales	Nil	22,46,400
2. Purchases-Materials	63,650	Nil
3. Charges received for Processing Goods	1,61,681	7,57,981
4. Remuneration to Directors:		
- Sitting Fees	1,05,000	71,750
- Managing Director	7,19,132	6,79,600
5. Outstanding Balances:		
- Debtors	2,48,852	40,07,205
- Refundable Security Deposit given	5,00,000	25,00,000

Except item no.4 above, the rest of the items relate to parties stated in (A) above.

14) Segment Information has not been given as the Company does not have any segment.

15) The major components of deferred tax assets/liabilities are as under:

	<u>2008-09</u>	<u>2007-08</u>
	Rs.	Rs.
Deferred Tax Assets:		
Others	58,718	2,48,163
	<u>58,718</u>	<u>2,48,163</u>
Deferred Tax Liability:		
Depreciation differences	24,73,580	24,73,572
	<u>24,73,580</u>	<u>24,73,572</u>
Net Deferred Tax (Liability)/ Asset	<u>(24,14,862)</u>	<u>(22,25,409)</u>

16) Basic and diluted earning per share has been calculated by dividing net profit after taxation for the year by 60,00,000(52,50,300) equity shares of nominal value of Rs.10/- each outstanding as on March 31, 2009

INFORMATON UNDER PARAGRAPH 3 AND 4 OF THE PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956

	QTY MT	2008-2009 VALUE Rs.	QTY MT	2007-08 VALUE Rs.
1 TURNOVER				
Class of Goods Dyes & Intermediates				
- Manufactured Goods	965	15,63,22,353	1452	13,90,40,112
- Merchenting Goods	0	89,082	3	7,18,866
- Processing Charges	20	1,61,682	119	7,57,985
2 (A) RAW MATERIALS CONSUMED				
Bon Acid	69	1,33,32,534	61	1,06,18,416
P.N.B.A	10	18,54,317	97	67,41,336
Miscellaneous	2025	7,96,33,208	3623	7,44,37,898
		<u>9,48,20,059</u>		<u>9,17,97,650</u>
(B) PURCHASE OF GOODS				
For Trading (Kgs)	50	54,051	3000	6,09,938
3 OPENING & CLOSING STOCK OF FINISHED GOODS				
OPENING STOCK				
Organic Intermediates	7	19,43,611	4	9,68,448
Optical Whitening Agents	33	41,96,519	24	16,93,219
CLOSING STOCK				
Organic Intermediates	2	7,73,561	7	19,43,611
Optical Whitening Agenets	18	12,57,439	33	41,96,519
4 PRODUCTION				
Class of Goods	INSTALLED CAPACITY		PRODUCTION (MT)*	
	AS AT	AS AT	2008-2009	2007-2008
	31/3/2009	31/3/2008		
1 Organic Intermediates	900 MT	900 MT	118	152
2 Optical Whitening Agents				
-Powder	300 MT	300 MT	80	56
-Liquid	1,500 MT	1,500 MT	767	1,235
* Excludes Quantity manufactured for captive consumption.				
5 VALUE OF RAW MATERIALS CONSUMED;		2008-09		2007-08
		Value (Rs.)		Value (Rs.)
1 IMPORTED	54.25%	5,14,40,617	53.00%	4,86,56,464
2 INDIGENOUS	45.75%	4,33,79,442	47.00%	4,31,41,186
	<u>100.00%</u>	<u>9,48,20,059</u>	<u>100.00%</u>	<u>9,17,97,650</u>
6 CIF VALUE OF IMPORTS				
Raw Materials		5,13,42,889		5,08,25,822
7 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :-				
- Traveling		--		1,31,633
- Commission		67,12,422		63,34,441
8 EARNING IN FOREIGN CURRENCY				
FOB Value of Exports		12,37,00,096		10,84,91,692
9 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND				
(a) Number of Non-Resident Shareholders		2		--
(b) Number of Equity shares held by them		9,94,700		--
(c) (i) Amount of dividend Paid (Gross)		4,97,350		--
Tax deducted at source		--		--
(ii) Year to which dividend relates		2007-2008		--

SIGNATURE TO SCHEDULES 1 TO 19

As per our report attached of even date
For **GAURANG MERCHANT & CO.**
Chartered Accountants

(G.V.MERCHANT)
Proprietor
Membership No. 17345
Mumbai: June 30, 2009

For and on behalf of the Board
AMIT J. PATEL Executive Chairman
SISHIR R. AMIN Managing Director
Mumbai: June 30, 2009

**ANNEXURE "A" TO DIRECTORS' REPORT
CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT (Rs. in lacs)**

	2008-2009	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items	169.59	91.87
ADJUSTMENTS FOR :		
Depreciation -	29.61	38.42
Interest Paid	10.90	10.29
Loss/(Profit) on Sale of Fixed asset	0.00	3.24
	<u>40.51</u>	<u>51.95</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.	210.10	143.82
ADJUSTMENTS FOR :		
Trade and other Receivables	210.56	(85.78)
Inventories	46.59	(97.22)
Trade payable	(100.69)	25.76
Repayment of Short Term Borrowings (Cash Credit)	(176.31)	98.79
	<u>(19.85)</u>	<u>(58.45)</u>
Cash Generated from Operations	190.25	85.37
Interest paid	(10.90)	(10.29)
Direct Taxes paid	(37.37)	(26.03)
	<u>(48.27)</u>	<u>(36.32)</u>
Cash flow before extraordinary items.	141.98	49.06
Extraordinary Items	(1.94)	
NET CASH FROM OPERATING ACTIVITIES (A)	140.04	49.06
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital WIP)	(21.99)	(50.02)
Purchase of investments	(22.51)	-
Sale of Fixed Assets	0.00	4.23
	<u>(44.50)</u>	<u>(45.79)</u>
NET CASH USED IN INVESTING ACTIVITIES (B)	(44.50)	(45.79)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan	(6.49)	2.97
Increase in Paid-up Capital	109.46	-
Dividends paid	(35.10)	-
	<u>67.87</u>	<u>2.97</u>
NET CASH FROM FINANCING ACTIVITIES(C)	67.87	2.97
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	163.41	6.24
Opening Balance at Beginning of the year	19.65	13.41
Closing Balance at the End of the year	183.06	19.65
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	163.41	6.24

As per our report attached of even date
For **GAURANG MERCHANT & CO**
Chartered Accountants

For and on behalf of the Board of Directors.

AMIT J. PATEL
Executive Chairman

(G.V.MERCHANT)
Proprietor
Membership No. 17345
Mumbai: June 30, 2009

AUDITORS' CERTIFICATE

To
The Board of Directors
DAKAFFIL CHEMICALS INDIA LTD.
E-4, M.I.D.C.TARAPUR,
BOISAR,
MAHARASTRA-401506

We have examined the attached Cash Flow Statement of **DAKAFFIL CHEMICALS INDIA LIMITED** for the year ended March 31, 2009. The statement has been prepared by the Company in accordance with Clause 32 of the Listing Agreement with Bombay Stock Exchange and is in agreement with the Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For **GAURANG MERCHANT & CO.**
Chartered Accountants

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 30th June, 2009

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS :-

Registration No.	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="-"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="9"/>	State code	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="-"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/>	Date	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
		Month	
		Year	

II. CAPITAL RAISED DURING THE YEAR :- (Rs. In Lacs)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="·"/> <input type="text" value="9"/> <input type="text" value="7"/>

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :-

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="·"/> <input type="text" value="2"/> <input type="text" value="2"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="·"/> <input type="text" value="2"/> <input type="text" value="2"/>
SOURCES OF FUNDS :-		Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="·"/> <input type="text" value="6"/> <input type="text" value="0"/>
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="·"/> <input type="text" value="0"/> <input type="text" value="0"/>	Deferred Tax Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="·"/> <input type="text" value="1"/> <input type="text" value="5"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="·"/> <input type="text" value="4"/> <input type="text" value="7"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
APPLICATION OF FUNDS :-		Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="·"/> <input type="text" value="5"/> <input type="text" value="1"/>
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="·"/> <input type="text" value="6"/> <input type="text" value="7"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="·"/> <input type="text" value="0"/> <input type="text" value="4"/>	Deferred Tax Asset	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="·"/> <input type="text" value="0"/> <input type="text" value="0"/>

IV. PERFORMANCE OF COMPANY :-

Turnover & Other Income	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="·"/> <input type="text" value="6"/> <input type="text" value="7"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="·"/> <input type="text" value="0"/> <input type="text" value="8"/>
Profit Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="·"/> <input type="text" value="5"/> <input type="text" value="9"/>	Profit After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="·"/> <input type="text" value="2"/> <input type="text" value="9"/>
Earnings Per Share (Rs.)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="·"/> <input type="text" value="7"/> <input type="text" value="7"/>	Dividend Rate (%)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value=" %"/>

**V. GENERIC NAME OF PRINCIPAL PRODUCT/SERVICES OF THE COMPANY
(AS PER MONETARY TERMS)**

Item Code No.(ITC Code)

Product Description

For and on behalf of the Board

AMIT J. PATEL Executive Chairman

SISHIR R. AMIN Managing Director

Mumbai, June 30, 2009



DAIKAFFIL
CHEMICALS INDIA LIMITED

Registered office : E-4, M.I.D.C. Tarapur, Boisar District Thane, Maharashtra-401506

PROXY FORM

Reg. Folio No....

I/We _____

of _____ in the district of _____

_____ being a member/members of the above named Company

hereby appoint _____ of _____

_____ in the district of _____

_____ or failing him _____

of _____ in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the 17th ANNUAL GENERAL MEETING of the Company to be held on 30th September, 2009 and any adjournment thereof.

Signed this _____ day of _____ 2009.

Signature _____

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



DAIKAFFIL
CHEMICALS INDIA LIMITED

Registered office : E-4, M.I.D.C. Tarapur, Boisar District Thane, Maharashtra-401506

ATTENDANCE SLIP

17th Annual General Meeting : September 30, 2009.

Reg.Folio No.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 17th ANNUAL GENERAL MEETING of the Company at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506 at 11.30 a.m. on Wednesday, September 30, 2009.

Signature of the Shareholder/Proxy _____

Note : Please fill in this attendance slip and hand it over at the ENTRANCE

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Tel.: 022 - 40075454