

DHVANIL CHEMICALS LIMITED

ANNUAL REPORT

2009-2010

**REGD OFF: UL - 10, Ankur Complex, Opp. X-ray House, B/h. Town Hall, Ellisbridge,
Ahmedabad - 380006**

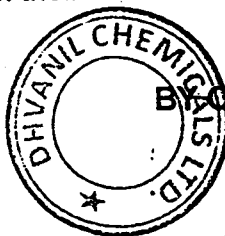
NOTICE

NOTICE is hereby given that Annual General Meeting of DHVANIL CHEMICALS LIMITED will be held on 30th September, 2010 at 03.45 p.m. at the Registered office of the Company at UL - 10, Ankur Complex, Opp. X - ray House, B/h. Town Hall, Ellisbridge, Ahmedabad - 380 006 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors and auditors thereon.
2. To appoint a Director in place of Mr. Tushar S. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

Dated : 31.08.2010
Place : AHMEDABAD



BY ORDER OF THE BOARD

[Signature]
CHAIRMAN

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 PROXY NEED NOT BE A MEMBER. Proxy in order to be valid must be received by the company not less than forty-eight hours before the time of holding the Meeting.
2. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 27.09.2010 to 30.09.2010 (both days inclusive)
4. Members desiring any information regarding the accounts are requested to write to the Company at least Seven Days before the meeting so as to enable the management to keep the same ready.

DIRECTOR'S REPORT

To,
The Members
Dhvani! Chemicals Ltd.

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

The summarized financial results for the year ended 31st March, 2010 are as under:

	(Rs. in Lacs)	
Particulars	2009-2010	2008-2009
1. Profit before Interest, Depreciation and Tax	2.68	-0.00
2. Interest	--	--
3. Depreciation	1.68	1.94
4. Profit (Loss) Before Tax	1.00	-1.94
5. Provision for taxation	--	--
6. Profit (loss) after Tax	1.00	-1.94

DIRECTORS :

Mr. Tushar S. Shah, Director of the Company retires by rotation at this annual general meeting and being eligible, offers him self for reappointment. The board of directors recommend the appointment of the director.

DIVIDEND :

Your director do not recommend dividend for the year.

FIXED DEPOSITS:

The company has not accepted the fixed deposits during the year under report.

AUDITORS :

Nirav S. Shah & Co., Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible, are recommended for reappointment.

AUDITORS REPORT:

The Auditors report is self-explanatory and so far, there is no negative remark by the Auditors.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217 (2AA) of the Companies Amendment Act, 2000 with respect to Director Responsibility Statement it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

CORPORATE GOVERNANCE :

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance there to is set out in the Annexure forming part of this report.

LISTING:

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited. However the trading of the shares of company was suspended.

PARTICULARS OF THE EMPLOYEES :

The Company has no employee to whom the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 apply and so it is not applicable to the company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :

The additional information required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of energy, technology absorption and foreign exchange earnings or outgoes is annexed herewith and forming part of this report.

ACKNOWLEDGMENT :

The Directors wish to thank and deeply acknowledge the cooperation and assistance received from the Bankers, Suppliers and shareholders. The Director also wishes to place on record their appreciation of the devoted services of employees of the Company.

DATE : 31.08.2010
PLACE: AHMEDABAD

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

SSM
CHAIRMAN



DHVANIL CHEMICALS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Overall Review

The Growth rate has been on the upward trend as compared to the previous year with favorable market conditions which reflect the positive market.

2. Financial Review

During the year the company has started its business activities and earned the profit of Rs. 100441 against the previous year loss of Rs. 194685.

3. Risk and Concern

Bullish trend in Equity Markets, Commodities and Real estate will effect volume and profitability of Government Securities business. Changes in rate of Interest will effect Company's Profitability.

4. Internal Control System and their adequacy

The internal control system is looked after by Directors themselves, who also looked after the day to day affairs to ensure compliance of guide lines and policies, adhere to the management instructions and policies to ensure improvements in the system. The Internal Audit reports are regularly reviewed by the management.

5. Environmental Issues

As the company is not in the field of manufacture, the matter relating to produce any harmful gases and the liquid effluents are not applicable.

6. Financial Performance with Respect to Operation Performance

The Company has all the plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind borrowing where ever possible.

7. Cautionary Statement

Statement in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

The company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under :

Company's Philosophy on Code of Governance

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

BOARD OF DIRECTORS

a) Size and Composition of the Board:

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. As of the year ended 31st March, 2010, the Board of Directors had 5 members comprising of 2 Executive Directors and 3 Non-Executive Directors. 1 Executive Director and 2 Non – Executive Directors are Independent Director.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	Directorships in other Indian Public Companies* as at 31 st March 2010	Other Mandatory Committee** membership as at 31 st March 2010.	
					Chairman	Member
Mr. Ashish N. Shah	Executive Director	7	Yes	NIL	NIL	NIL
Ms. Tarunaben Shah	Non - Executive Director	7	Yes	NIL	NIL	NIL
Mr. Sureshkumar V. Khalas	Non-Executive Director	5	Yes	NIL	NIL	NIL
Mr. Sanjay S. Shah	Executive Director	7	Yes	NIL	NIL	NIL
Mr. Tushar S. Shah	Non-Executive Director	7	Yes	NIL	NIL	NIL

*Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

****Represents Membership/Chairmanship of the Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of other companies.**

CMD-Chairman & Managing Director, WTD- Whole Time Director, NE- Non Executive.

b) Management & Function of the Board:

The day-to-day management of the Company is conducted by the Chairman & Managing Director in consultation with four Whole Time Directors and subject to the supervision and control of the Board of Directors. The required information as enumerated in Annexure 1 to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews the Board Minutes of its Subsidiary Company.

c) Details of Board Meetings held during the Financial Year and the number of Directors present:

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors Present
1	30.04.2009	5	5
2	15.06.2009	5	4
3	31.07.2009	5	5
4	01.09.2009	5	5
5	31.10.2009	5	5
6	31.01.2010	5	5
7	31.03.2010	5	4

d) Committees of the Board

Currently the Board has three committees viz:

1) Audit Committee

Composition:

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause - 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of two Independent & one Director. Details of the composition, number of meetings held during the year and attendance thereat are as under :

Name	Position held	Attendance at Audit Committee meeting held on			
		30.06.2009	31.07.2009	31.10.2009	31.01.2010
Mr. Sanjay S. Shah	Chairman	Yes	Yes	Yes	Yes
Mr. Tushar S. Shah	Member	Yes	Yes	Yes	Yes
Mr. Ashish N. Shah	Member	Yes	Yes	Yes	Yes

Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

Powers of the audit committee includes:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference are broadly as under :

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.

- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

2) Shareholders'/Investors' Relations Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises of three directors. Details of the composition, number of meetings held during the year and attendance thereat as under:

Name	Category of Director	Position held	Attendance at Shareholders' Committee meeting held on				
			30.04.2009	30.07.2009	30.09.2009	31.10.2009	31.01.2010
Mr. Ashish N. Shah	Executive Director	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Tushar S. Shah	Non – Executive Director	Member	Yes	Yes	Yes	Yes	Yes
Ms. Tarunaben Shah	Non - Executive Director	Member	Yes	Yes	Yes	Yes	Yes

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

During the year complaints were received from SEBI or shareholders were resolved satisfactory.

No requests for share transfers are pending except those that are disputed or sub-judice.

Mr. Sanjay S. Shah, Director of the company is the Compliance Officer of the Company.

3) Remuneration Committee:

The Remuneration Committee of the Company comprises of two members, all being non-executive directors. Details of composition, number of meetings held during the year and attendance thereat are as under:

Name	Position held	Attendance at Remuneration Committee meeting held on			
		30.04.2009	30.07.2009	30.10.2009	31.03.2010
Mr. Tushar S. Shah	Chairman	Yes	Yes	Yes	Yes
Mr. Sureshkumar V. Khalas	Member	Yes	Yes	Yes	Yes
Ms. Tarunaben Shah	Member	Yes	Yes	Yes	Yes

The terms of reference of the Remuneration Committee, inter alia consists of to recommend to the Board and to the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including any compensation payment if required and shall review the same from time to time if required.

e) Remuneration Policy & Remuneration paid to Board of Directors:

Remuneration Policy

At present the company has decided not to pay any remuneration to any directors of the company unless and until the company will achieve good financial performance.

The Company does not have any scheme for grant of stock option to its Directors or Employees nor it pay any commission to any of its Directors.

Code of Conduct for Senior Management

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner.

All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

CEO Certification

Chief Executive Office (CEO) certification on financial statements pursuant to the provisions of Clause 49 of the listing agreement is annexed and forms part of the Annual Report of the company.

SHAREHOLDERS INFORMATION::

Location and time of Annual General Meetings held in last three years

For the Year	Location	Date & Time	Special Resolution passed Yes Or No
2008-09	750/A, Khara Kuvani Pole, B/h. Calico Dom., Relief Road, Ahmedabad – 380 001	30th September, 2009 3.45 p.m.	No
2007-08	750/A, Khara Kuvani Pole, B/h. Calico Dom., Relief Road, Ahmedabad – 380 001	30th September, 2008 3.45 p.m.	No
2006-07	750/A, Khara Kuvani Pole, B/h. Calico Dom., Relief Road, Ahmedabad – 380 001	29th September, 2007 3.45 p.m.	No

Financial year : 1st April 2009 to 31st March 2010

Date & Time of Annual General Meeting : 30th September 2010 at 3.45 p.m.

Venue : UL – 10, Ankur Complex, Opp. X – ray House,
Bh. Town Hall, Ellisbridge, Ahmedabad -
380006

Book closure date : 27th September 2010 to 30th September 2010
(both days inclusive) for Annual General Meeting.

Dividend payment date : N.A.

Registered office : UL – 10, Ankur Complex, Opp. X – ray House,
Bh. Town Hall, Ellisbridge, Ahmedabad -
389006

Compliance officer : Mr. Sanjay S. Shah, Director

Financial calendar

The Company has announced/expects to announce the unaudited quarterly results for the year 2010-11 as per the following schedule:

First quarter : on or before 31st July, 2010
Second quarter : on or before 31st October, 2010
Third quarter : on or before 31st January, 2011
Fourth Quarter : on or before 30th April, 2011

Means of communication

The quarterly and half-yearly financial results are published in newspapers.

Listing on Stock Exchange

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited. However the trading of the securities were suspended.

Stock Code - BSE : 531695

ASE : 14069

Dematerialization Information

The shares of your Company are held in the physical mode and no shares are in the form of demat.

Distribution of Shareholding as on March 31st, 2010

No. of Equity shares held	No of share holders	% of shareholders	No of shares held	% of holding
1-500	355	60.68	177500	2.61
501-1000	70	11.97	55700	0.82
1001-2000	19	3.25	25200	0.37
2001-3000	9	1.54	21000	0.31
3001-4000	1	0.17	3100	0.05
4001-5000	0	0.00	0	0.00
5001-10000	10	1.71	76900	1.13
10001 & above	121	20.68	6440781	94.71
Total	585	100.00%	6800181	100.00%

Categories of Shareholders as on March 31st, 2010

	Category	No. of Shares	% of Shares
A	Promoter's Holding		
1	Indian Promoters	1603630	23.58
2	Foreign Promoters	--	--
	Sub total	1603630	23.58
B	Non-Promoters		
3	Institutional Investors		
	A Mutual Funds and UTI	--	--
	B Banks, Financial Inst., Insurance Com. (Central State Gov. Inst. /Non- Gov Inst.)	--	--
	C FIIS	--	--
	Sub total	--	--
4	Non - Institutional Investors		
	A Private corporate Bodies	194700	2.86
	B Indian Public	5001851	73.56
	C NRIs / Clearing Member/OCBs	--	--
	Sub total	5196551	76.42
	GRAND TOTAL	6800181	100.00

Disclosures

(1) There are no materially significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large.

(2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 1st April 2009 to 31st March 2010 : NIL.

Unclaimed Dividends

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. However there is no such unclaimed/unpaid dividend for which Company has to transfer the same to the Investor Education & Protection Fund in this financial year.

Address for Correspondence

Shareholders can do the correspondence at:

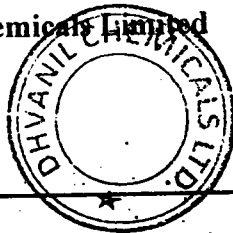
To,
Compliance Officer
Dhvanil Chemicals Limited
UL - 10, Ankur Complex,
Opp. X-ray House,
B/h. Town Hall, Ellisbridge,
Ahmedabad - 380 006

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board members and Senior Management have affirmed compliance with the code of conduct.

For, Dhvanil Chemicals Limited


DIRECTOR



CEO CERTIFICATION

We, Mr. Sanjay S. Shah, Director certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2010 and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

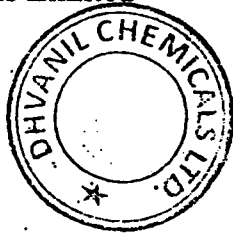
(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For Dhvanil Chemicals Limited



DIRECTOR





NIRAV S. SHAH & CO

CHARTERED ACCOUNTANT

NIRAV SHAH
B.Com. A.C.A.

139/1665, Shivalaya Apartment, Nr. Sola Housing Complex, Sola Road,
Ahmedabad - 380 063. (M) : 98256 09734 E-mail : shah.shahasscciares@gmail.com

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

1. We have examined the Compliance of conditions of Corporate Governance by Dhvanil Chemicals Limited ("the Company") for the period from during the year ended 1st April, 2009 to 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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.
4. As required by the Guidance Note issued by the Institute of Chartered Accountant of India we have to state that based on the report given by the Registrar of the Company to the Investor's Grievance Committee, as on 31st March, 2010, there were no investor grievance matter against the Company remaining unattended / pending for more than 30 days.
5. 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.

Place : Ahmedabad

Date : 01.09.2010



For. Nirav S. Shah & Co.
Chartered Accountants

Nirav Shah
Proprietor
Nirav Shah

Membership # 133345



NIRAV S. SHAH & CO.

CHARTERED ACCOUNTANTS.

NIRAV SHAH
B.Com, A.C.A.

139/1665, Shivalaya Appartment, Nr. Sola Housing Complex, Sola Road,
Ahmedabad - 380 063. (M) : 98256 09734 E-mail : shah.shahassociates@gmail.com

AUDITORS' REPORT

TO:

THE MEMBERS OF
DHAVNIL CHEMICALS LIMITED

We have audited the attached BALANCE SHEET of **DHAVNIL CHEMICALS LIMITED** as at **31.03.2010**, the Profit & Loss Account for the period 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- (1) (a) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4 A) of section 227 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.
- (2) Further to our comments in the Annexure referred to above, we report that:-





NIRAV SHAH
B.Com, A.C.A.

NIRAV S. SHAH & CO.

CHARTERED ACCOUNTANTS.

139/1665, Shivalaya Apartment, Nr. Sola Housing Complex, Sola Road,
Ahmedabad - 380 063. (M) : 98256 09734 E-mail : shah.shahassociates@gmail.com

- (f) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (g) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.
- (h) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (i) In our opinion, the Balance Sheet, and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (j) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956. Given 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;





NIRAV S. SHAH & CO.

CHARTERED ACCOUNTANTS.

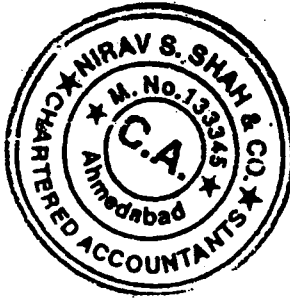
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B.Com. A.C.A.

139/1665, Shivalaya Apartment, Nr. Soia Housing Complex, Sola Road,
Ahmedabad - 380 063. (M) : 98256 09734 E-mail : shah.shahassociates@gmail.com

- (iii) In. the case of the Balance sheet of the state of affairs of the company as at 31.03.2010 and;
- (iv) In case of Profit and Loss Account of the **PROFIT** for the period ended on that date;

For NIRAV S. SHAH & Co.
CHARTERED ACCOUNTANTS

Nirav
(NIRAV S. SHAH)
Proprietor
Membership # 133345

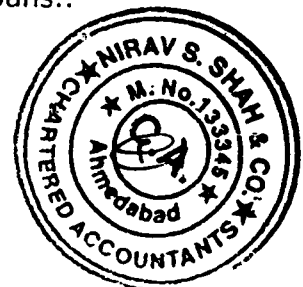


PLACE : AHMEDABAD.
DATE : 01/09/2010.

ANNEXURE

(Referred to in paragraph 1 of our report of even date)

- i.
 - a. The Company has maintained proper records showing full particulars including quantities details and situation of Fixed Assets.
 - b. All the Assets have not been physically verified by the management during the year but there is regular program of Verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. In our opinion and according to the information and explanation given to us the company has not disposed off substantial part of fixed assets during the year. Moreover In Previous Year Depreciation on the Fixed provided, but we not provided Depreciation on the Fixed Assets for the Particular Financial Year. On the value of the last audited Balance Sheet. Because as per management given explanation to us the company has not done any Business during the year.
- ii. There is no inventory at the year end.
- iii.
 1. As informed to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. However, year end Balance of Loan taken from relatives of director is. Rs **NIL**-
 2. The company had no taken loan from any other companies covered in the register maintained under section 301 of the Companies Act, 1956. And the year end balance of loans taken from such parties was Rs. NIL There are to firms covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans..

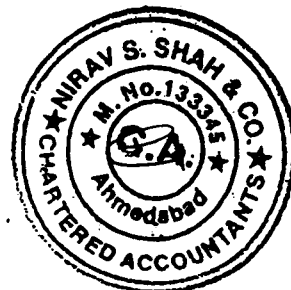


3. In our opinion the rate of interest and other terms and conditions on which loans have been taken from/ granted to companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
4. In respect of the aforesaid loans, the amount is payable on demand, the company is repaying the principal amount as & when demanded & has not been paying any interest.
5. The aforesaid loan is repayable on demand & therefore the question of overdue amount does not arise.
- iv. In our opinion and according to information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and Fixed assets and for the sale of goods. During the course of audit, no major weakness has been noticed in these internal controls.
- v. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.
- vi. In our opinion, according to the information and explanations given to us, the company has not taken any deposit from the public during the year.
- vii. In our opinion the company has an internal audit system commensurate with its size and nature of its business.
- viii. As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the products of the company.
- ix. (a) The company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Income tax, Sales-tax, Excise Duty, investors education and protection fund, wealth Tax, Custom Duty, Cess and other material Statutory dues applicable to it except



Income Tax Liability of Rs.NIL./-. There were no arrears for a period of more than six month from the date they became payable as at 31st March 2010.

- x. As on 31-03-2010 undisputed amount of Rs.534456/- Rs.327102/- and Rs.78062/- were outstanding for a period of more than six month from the date they became payable in respect of Sales Tax, Central Sales Tax, and Turnover Tax Respectively.
- xi. The accumulated losses of the company are not more than 50% of its Net Worth. The company has not incurred any cash losses in current year.
- xii. According to the information and explanations given to us, **the company has defaulted in repayment of dues of loan of taken from AS PER SCHEDULE " C " OF THE BALANCE SHEET. i.e. Rs.66.57 of Bank of Baroda, Rs.5.46 of GSFC, The details are mentioned at Schedule J. Notes forming part of Accounts given at Audited Annual Accounts of the Financial Year 2009-10.**
- xiii. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
- xiv. The company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xv. According to the information and explanations given to us, the company is not dealing or trading in Shares, Securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xvi. In our opinion, the terms and condition on which the company has given guarantees for loans taken by others from Bank or Financial Institutions are, prima facie, not prejudicial to the interest of the company.
- xvii. According to the information and explanations given to us in this year there is no term loan during the loan.



- xviii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xix. The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xx. According to the information and explanations given to us, no debentures and/or preference shares have been issued during the year.
- xi. The company has not raised any money through a public issue.
- xii. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

For NIRAV S. SHAH & Co.
CHARTERED ACCOUNTANTS

Nirav S. Shah

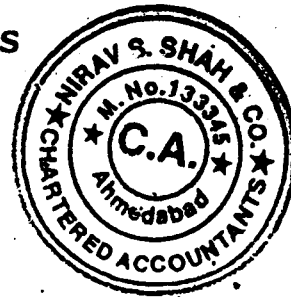
(NIRAV S. SHAH)

Proprietor

Membership # 133345

PLACE : AHMEDABAD.

DATE : 01/09/2010



DHAVNIL CHEMICALS LIMITED
BALANCE SHEET AS AT 31 ST MARCH, 2010

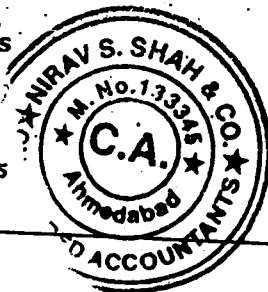
PARTICULARS	SCH NO.	Amount (Rs.)	Amount (Rs.)	AS AT 31 ST MARCH-10 Amount (Rs.)	AS AT 31 ST MARCH-09 Amount (Rs.)
SOURCES OF FUND :					
Share holders' Fund :					
A. Share Capital	A			67837810	67837810
Reserves & Surplus	B			276367	276367
Loan Funds :					
Secured Loan	C			7203273	7203273
Unsecured Loan				0	0
Total Rs. ----->				75317450	75317450
APPLICATION OF FUNDS :					
FIXED ASSETS :					
Gross Block	D			8030025	8030025
Less : Depreciation				6907070	6738930
Net Block				1122955	1291095
Differed Tax Liability					
Investment				2315878	2315878
Current Assets And Loans & Advances :					
Inventory	E			5438000	5438000
Cash & Bank Balance		0			0
Sundry Debtors		214907			314650
Loans & Advances		4090764			3707440
Deposits		37804798			37804798
		0			0
Less :			42110469		41826888
Current Liabilities & Provisions :					
Sundry Creditors	F				10000
Provision		10000			939620
		954620		964620	949620
Net Current Assets				41145849	40877268
MISCELLANEOUS EXPENDITURE					
				0	0
PROFIT & LOSS A/c.					
				25294768	25395209
Total Rs. ----->				75317450	75317450

AS PER OUR REPORT OF EVEN DATE

H

FOR NIRAV S. SHAH & Co.
 CHARTERED ACCOUNTANTS
(Signature)
 (NIRAV S. SHAH)
 PROPRIETOR
 Firm No. 130244W
 MEMBERSHIP NO. # 133345

DATE : 01/09/2010
 PLACE : AHMEDABAD

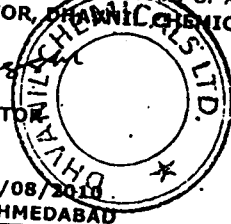


SIGNIFICANT ACCOUNTING
 POLICIES & NOTES FORMING
 INTERNAL PART OF ACCOUNTS
 FOR DHAVNIL CHEMICALS LIMITED

(Signature)
 DIRECTOR

(Signature)
 DIRECTOR

DATE : 31/08/2010
 PLACE : AHMEDABAD



DHAVNIL CHEMICALS LIMITED

TRADING & PROFIT & LOSS A/c. FOR THE PERIOD ENDED ON 31 ST MARCH, 2010

PARTICULARS	SCH NO.	AS AT 31 ST MARCH-10 Amount (Rs.)	AS AT 31 ST MARCH-09 Amount (Rs.)
Income :			
Sales			
Other Income		2202367	0
Total Income ----->		2202367	0
Less :			
Purchases		1819043	0
Total Expenditure ----->		1819043	0
Gross Margin		383324	0
Administrative & Selling Expenses	G	114743	0
Loss Before Depreciation & Interest		268581	0
Depreciation Expenses		168140	194685
Profit Before Tax		100441	-194685
Current Tax		0	0
Differed Tax Provision		0	0
Loss After Tax		100441	-194685
Previous year Income Tax Excess Provision		0	
Current Year Loss		100441	-194685
Profit Carried from Last Year		-25395209	-25200524
Balance Carried to Balance Sheet		-25294768	-25395209

AS PER OUR REPORT OF EVEN DATE

H

SIGNIFICANT ACCOUNTING
POLICIES & NOTES FORMING
INTEGRAL PART OF ACCOUNTS

FOR NIRAV S. SHAH & Co.
CHARTERED ACCOUNTANTS

FOR, DHAVNIL CHEMICALS LIMITED

(Signature)
(NIRAV S. SHAH)
PROPRIETOR
Firm No.130244W
MEMBERSHIP NO. 130245
C.A.
CHARTERED ACCOUNTANTS
Ahmedabad

(Signature)
DIRECTOR
DHAVNIL CHEMICALS LTD.
Ahmedabad

DATE : 01/09/2010
PLACE : AHMEDABAD

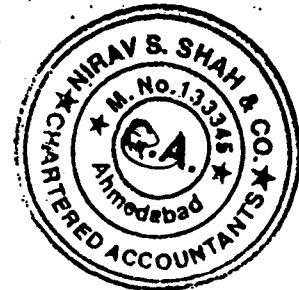
DATE : 31/08/2010
PLACE : AHMEDABAD

DHAVNIL CHEMICALS LIMITED**SCHEDULE ' A '****SHARE HOLDERS' FUND**

Particulars	March-10 Amount Rs.	March-09 Amount Rs.
Share Capital :		
A. Authorized Share Capital		
7500000 Equity Share each of Face Value of Rs.10/-	75000000	75000000
	75000000	75000000
B. Issued, Subscribed & Paid Up Capital		
6800181 Equity Share each of Face Value of Rs.10/-	68001810	68001810
Less : Allotment Money in arrears up @ Rs.5/- Per share	164000	164000
	67837810	67837810

SCHEDULE ' B '**RESERVES AND SURPLUS**

Particulars	March-10 Amount Rs.	March-09 Amount Rs.
Subsidiary General Reserves	276367	276367
Less : Current Year Loss	0	0
Total Rs. ----->	276367	276367



SCHEDULE ' C '
SECURED LOANS

Particulars	March-10 Amount Rs.	March-09 Amount Rs.
Term Loan :-		
From Bank of Baroda Against Hypothecation of Stock Against Books Debts [Further Secured by Equitable Mortgage of Factory Land, Building and Plant & Machinery personal Gurantees of Director]	2981645 3675493	2981645 3675493
From GSFC [Against Hypotication of clothe containers and personal Gurantee of Director]	546135	546135
Total Rs. ----->	7203273	7203273



SCHEDULE ' D '

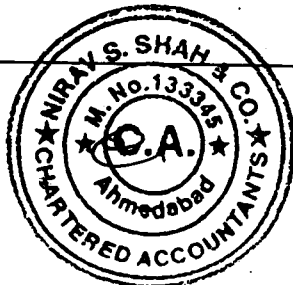
FIXED ASSETS

Sr. No.	Particulars	Gross Block		Depreciation			Net Block	
		As At 1-4-2009 Rs.	Addition Rs.	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.	For the Year Rs.	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
1	Land	45555		45555	0	0	45555	45555
2	Factory Building	629295		629295	496975	13232	119088	132320
3	Plant & Machinery	6748869		6748869	5686892	147721	914256	1061977
4	Electric Installation	164137		164137	142289	3039	18809	21848
5	Generator	59500		59500	33343	856	5301	6157
6	Lab. Equipments	3982		3982	3663	44	275	319
7	Office Equipments	198522		198522	175828	3157	19537	22694
8	Computers	180165		180165	179940	90	135	225
	Total ----- Rs.	8030025	0	8030025	6738930	168140	1122955	1291095



DHAVNIL CHEMICALS LIMITED**SCHEDULE ' E '****CURRENT ASSETS AND LOANS & ADVANCES**

Particulars	March-10 Amount Rs.	March-09 Amount Rs.
Inventory		
Stock of Trading Goods [Value as per Verified by the Director]	0	0
Sundry Debtors		
A. Over Six Months:		
A. Considered Goods	3707440	3707440
B. Considered Doubt Full		0
B. Others :	33324	
	4090764	3707440
Cash Balance :		
Cash in Hand	214907	314650
Bank Balance :		
With Schedule Bank	0	0
	214907	314650
Loans & Advances :		
Advances recoverable in Cash or in kind or for value to be received	37804798	37804798
	37804798	37804798
Deposits, with Bank of India	0	0
Balance with Revenue Authorities	0	0
	84220938	83653776



DHAVNIL CHEMICALS LIMITED
SCHEDULE ' F '

CURRENT LIABILITIES & PROVISIONS

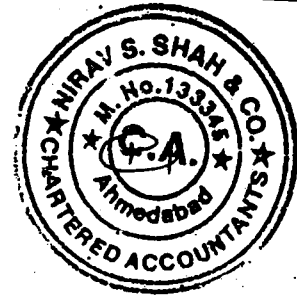
Particulars	March-10 Amount Rs.	March-09 Amount Rs.
Current Liabilities & Provisions :-		
Creditors :-		
1. Sundry Creditors for Expenses	10000	10000
2. Creditors for Goods	0	0
3. Advance Received from Customers	0	0
4. Other Current Liabilities [Rent Deposit]	0	0
Total [A]----->	10000	10000
Provision for Taxation		
Provision for Sales Tax	939620	939620
Provision for Expenses	15000	0
	954620	939620
Total [B]----->	954620	939620
Total [A] + [B]	964620	949620



DHAVNIL CHEMICALS LIMITED
SCHEDULE ' G '

ADMINISTRATIVE EXPENSES

Particulars	MARCH-10, Amount Rs.	MARCH-09 Amount Rs.
Audit Fees		0
Postage & Angadia & Telegram Expenses	10000	0
Office Expenses	533	0
Stationary & Printing Expenses	27563	0
Salary & Wages	1024	0
Misc. Expenses	60000	0
	15623	0
Total Rs. ----->	114743	0



DHAVNIL CHEMICALS LIMITED

NOTES FORMING PARTS OF ACCOUNTS

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**SCHEDULE: 'H'**

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

A. SIGNIFICANT ACCOUNTING POLICIES :

The significant accounting policies followed by the company are as stated below:

I. ACCOUNTING CONVENTION :

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The financial statement is prepared under the historical cost convention and follows the mercantile system of accounting and recognizes income and expenditure on the accrual basis except those with significant uncertainties. Sales & Purchase is accounted exclusive of excise duty.

**II. FIXED ASSETS :**

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There is no Fixed assets hence not applicable.

III. DEPRECIATION :

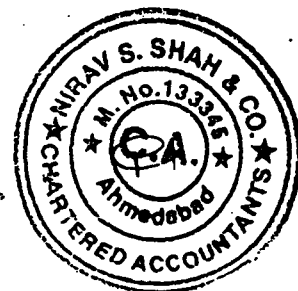
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Depreciation on fixed assets is provided on "Written Down Value Method" at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

**IV. INVENTORIES :**

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The is no any Inventory at the year ended 31-03-2009.



V. INVESTMENT :

~~~~~

All the Investment are Long Term and stated at Cost.

**VI. MISCELLANOUS EXPENSES :**

~~~~~

Preliminary Expenditures are written off over period of Five years.

VII. CONTINGENT LIABILITIES :

~~~~~

No Provision is made for liabilities, which are contingent in nature but, if material, the same all disclosed by way notes to the accounts.

**B. NOTES ON ACCOUNTS:**

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- I. Previous years figures have been regrouped wherever necessary.
- II. Balances of creditors, Loans & Advances and Debtors are subject to confirmation by the parties concerned.
- III. In respect of sales tax / income tax liability company does not expect any more liability than provided in the books of accounts.
- IV. Expenditure on Employees getting remuneration not less Rs.300000/- per year employed throughout the year and Rs.25000/- per month employed for part of year :

<u>a. No. of Employees</u>	<u>Amount Rs.</u>	<u>Amount Rs.</u>
b. Employed through out the year	Nil (Nil)	Nil (Nil)
c. Employed for a part of a year	Nil	Nil



(Nil) (Nil)

V. Value of import calculates on CTF basis:

1. Raw Material	Nil	(Nil)
2. Components & Spare Parts	Nil	(Nil)
3. Capital Goods.	Nil	(Nil)

VI. Expenditure in Foreign Currency on account of :

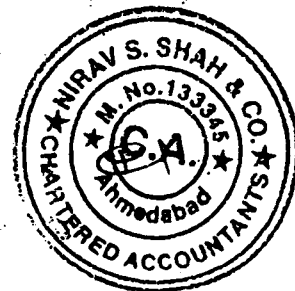
1. Royalty	Nil	(Nil)
2. Knowhow.	Nil	(Nil)
3. Professional Consultancy	Nil	(Nil)
4. Other Matters	Nil	(Nil)

(c) The amount remitted in foreign currency on
Account of dividends to non- residents Nil (Nil)

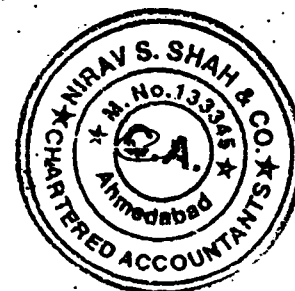
VII. Auditor's Remuneration.

	31-03-2009	31-03-2008
a. As Auditors	10000.00	10000.00
a. Tax Audit Fees	NIL	NIL
In other Capacity		
1. For Income Tax	NIL	NIL
2. For Company Law - Matter	NIL	NIL
3. For Certification Work	NIL	NIL
4. For Other Works	NIL	NIL

VIII. We relied on vouchers duly certified by the Assessee wherever original bills are not available during the test checked conducted in the course of our audit.



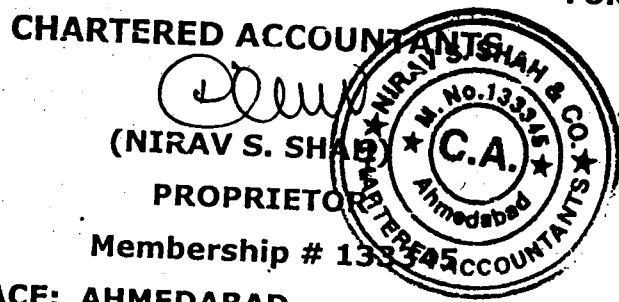
- IX. In the opinion of the Directors of the Company the current assets, Loans & Advances appearing in the balance sheet are approximately of the value as stated if realized in the ordinary course of business.
- X. Cash on hand at the year end certified by the management. Moreover we are not physically Verified the Cash Balance as on 31-03-1998.
- XI. Directors have not been provided us the Verification of Minute Book of Board of Directors and Minute Book of Annual General Meeting for verification. The Management explained to us that the same are under Preparation and will be produced before you as soon as they are completed.
- XII. We are unable to express our opinion regarding diminution, if any, in the value of the investments as no documentary evidence were available or verification / judgment of the same.
- XIII. Although the working of Plant & Machinery and other assets were not effective during the year under review, But the depreciation on assets have been accounted to give effects of decrease in value of timing factor.
- XIV. Company has taken loan from Different Institute like Bank of Baroda and GSFC, and Management has not provided any data for same loan. So, we are unable to express any opinion on the Status of Loans Taken & Repayment as the same were outstanding for a long Period. This all loan are also Personally Granted by Directors.



- XV. We are unable to express any opinion on the Status of Recovery of Loans & Advances as the same were outstanding for a long Period.
- XVI. The company was Traded in Share Security i.e. F & O during the Financial year and which is reflected in the Profit and Loss Account as a Sales and Purchase Figure.

FOR, NIRAV S. SHAH & Co.

FOR, DHAVNIL CHEMICALS LIMITED



(Signature)
(NIRAV S. SHAH)
PROPRIETOR

(Signature)
DIRECTOR

(Signature)
DIRECTOR



Membership # 133545

PLACE: AHMEDABAD
DATE : 01/09/2010

PLACE : AHMEDABAD
DATE : 31/08/2010.

Additional information pursuant to part IV schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFIT

1. Registration No. :

State Code : 04

Balance Sheet as on 31-03-2010

2. Capital Raised During the year

Rs. In Lacs.

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Issue	NIL

3. Position of mobilization and deployment of funds.

Total Liability	753.17
Total Assets	753.17

4. Source of funds

Paid up Capital	
[Incl. Share Application money]	0678.38
Reserves & Surplus	0002.76
Secured Loan	0072.04
Unsecured Loan	0000.00

5. Application of Funds

Net Fixed Assets	0011.23
Investment	0054.38



Net Current Assets	0411.46
Misc. Expenditure	0000.00

6. Reserves & Surplus.

Profit & Loss Account	25.29
-----------------------	-------

7. Performance of the Company

Turnover/ other income	0022.02
Total Expenses	0021.02
Profit before Tax	0001.00
No Of shares	6800181
Earning Per Share	Rs.0.015
Dividend	Rs.NIL

8. General Names of Three principal products/ services of the company.

a) Item Code No. :	N.A.
b) Product description	N.A.

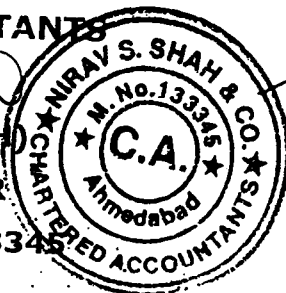
FOR, NIRAV S. SHAH & Co..

FOR, DHAVNIL CHEMICALS LIMITED

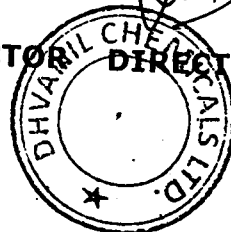
CHARTERED ACCOUNTANTS

(Signature)
(NIRAV S. SHAH)
PROPRIETOR

Membership # 133345



(Signature)
DIRECTOR



PLACE : AHMEDABAD

DATE : 01/09/2010

PLACE : AHMEDABAD

DATE : 31/08/2010

DHVANIL CHEMICALS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010
PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT

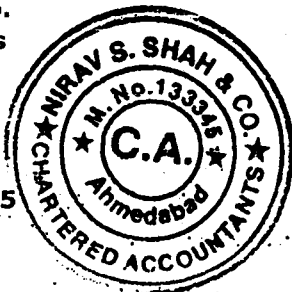
Particulars	[Rs. In Laks]	
	31-03-2010	31-03-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (Loss) before Tax & Extra ordinary Items	1	-1.95
Adjustment for ;		
Depreciation	1.68	1.95
Preliminary & Public Issue Exp. Written off	0	0.00
Operation Profit / Loss Before Working Capital Change	2.68	0.00
Adjustment for		
Long Term, Loans Raised	0	0.00
(Increase) / Decreased in current Assets	-3.83	0.00
(Increase) / Decreased in current Liabilities	0.15	0.00
NET CASH FLOW FROM OPERAITON : (A)	-1	0.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sales / (Purchase) of Fixed Assets	0	0.00
Sales / (Purchase) of Fixed Investment	0	0.00
NET CASH FLOW FROM INVESTING ACTIVITIES : (B)		0.00
C. NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B)		
	-1	0.00
Opening Cash & Cash Equivalents	3.14	3.14
Closing Cash & Cash Equivalents	2.14	3.14

As per our report of even date Annexed

For, Nirav S. Shah & Co.
Chartered Accountants

(Signature)
Proprietor
(Nirav Shah)

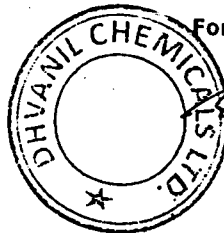
Membership # 133345



For, DHVANIL CHEMICALS LIMITED

(Signature)
Director

(Signature)
Director



Date : 01/09/2010
Place : Ahmedabad

Date : 31/08/2010
Place : Ahmedabad