

**20th**  
**ANNUAL REPORT**  
**2005 - 2006**



**Bodal Chemicals Ltd.**

*We believe in excellence*

**Board of Directors****Suresh J. Patel***Chairman & Managing Director***Bhavin S. Patel***Whole Time Director***Ramesh P. Patel***Whole Time Director***Surendra N. Shah***Independent Director***Hardik M. Shah***Independent Director***Hemil M. Shah***Independent Director***Company Secretary**

Chirag G. Shah

**Registered Office**

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

**Auditors**

Mayank Shah &amp; Associates.,

*Chartered Accountants,*

706-708-A, Mahakant

Opp. V.S. Hospital,

Ellisbridge,

Ahmedabad-380 009

**Bankers**

- Union Bank of India
- Standard Chartered Bank

**Registrar & Transfer Agents**

Pinnacle Shares Registry Pvt. Ltd.

Nr. Ashok Mills, Naroda Road,

Ahmedabad-380 025

**Audit Committee****Surendra N. Shah***Chairman***Hardik M. Shah***Member***Hemil M. Shah***Member***Remuneration Committee****Surendra N. Shah***Chairman***Hardik M. Shah***Member***Hemil M. Shah***Member***Shareholder Grievances Committee****Surendra N. Shah***Chairman***Hardik M. Shah***Member***Hemil M. Shah***Member*

## Intuition

Robbing the word intuition of its mystical aura, simply put, it is an ability to understand the strengths, the weaknesses, the circumstances, the demand scenario and reaching for a better solution ahead of competition.

Our top management imbibes this attitude to fullest and it permeates down even to the most base workforce.

Dynamic leadership coupled with experiences from diverse backgrounds add to the mind and management portfolio at Bodal Chemicals Ltd.

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**Suresh Patel**

Chairman &amp; Managing Director



## Notice

Notice is hereby given that the 20th Annual General Meeting of the Members of BODAL CHEMICALS LTD. will be held on Saturday, the 30th September, 2006 at 11.00 A.M. at ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad -380 009 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account of the Company for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To Declare Dividend on Equity Shares on 33,50,000 equity shares.
3. To appoint a Director in place of Mr. Hardik M. Shah, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Hemil M. Shah, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

RESOLVED THAT the Articles of Association of the company be altered so as to delete and substitute the word "42" appearing in the second and forth line of the existing Article 175(a) of the Articles of Association of the company by the word "30".

By Order of Board of Directors  
For Bodal Chemicals Limited

Place : Ahmedabad  
Date : 30th June, 2006.

Chirag G. Shah  
Company Secretary

### NOTES :

1. A member entitled to attend and vote at the Annual General Meeting of the company may appoint a proxy to attend and vote on a poll on his behalf. Proxies in order to be effective must be received at the Registered office of the company not less than 48 hours before the commencement of the meeting.
- 2 The Register of Members and Share Transfer Book of the company will be closed from 23rd September, 2006 to 30th September, 2006 (both days inclusive) for the purpose of payment of dividend on equity shares for the year ended 31st March, 2006, if approved in the Annual General Meeting of the company to the shareholders whose name appear :-
  - (a) As beneficial Owners at the end of 22nd September, 2006 as per the list to be furnished by the Depositories in respect of the shares held in electronic form and
  - (b) As members in the Register of Members of the company after giving effect to all valid share transfers in physical form which are lodged with the Company/Registrar & Share Transfer Agent on or before 22nd September, 2006.
- 3 The Company is providing the Electronic clearing system (ECS) facility to the shareholders which will enable them to receive dividend through electronic mode. Under ECS arrangement, the dividend amount will be directly credited to the bank account of the shareholders. A separate communication detailing benefits of ECS is being enclosed.
- 4 Members are requested to: contact for any query related to shares, dividend and other inquiry at following address.

M/s. Pinnacle Shares Registry Pvt. Ltd.  
Unit : Bodal Chemicals Ltd.  
Near Asoka Mills, Naroda Road,  
Ahmedabad 380 025. Gujarat  
Ph. 079 - 220 0338 / 220 0582 Fax : 079 - 220 5963  
e-mail : gautam.shah@psrpl.com



- Please Quote folio no. / DP ID & CL. ID for any communication for their shareholding.
  - Bring the copy of Annual Report at the meeting.
- 5 Members wishing to claim their unclaimed dividend of 1998-99, are requested to correspond with Secretarial Department at the Registered office of the Company.
  - 6 The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. up to the date of A.G.M.
  - 7 The Company's shares are presently listed at Ahmedabad and Bombay Stock Exchanges. The Company has paid the listing fees to Bombay Stock Exchange for the financial year 2006-07.
  - 8 At the ensuing Annual General Meeting, Mr. Hardik M. Shah & Mr. Hemil M. Shah, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to them to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the statement of Corporate Governance published elsewhere in this Annual Report.
  - 9 Any member want to ask any information with regard to this annual report, is requested to submit to the company at least 7 days in advance before the meeting so as to enable the management to keep information ready.

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

##### Item No. 6

As per section 207 of the Companies Act, 1956, The company must pay dividend, which is declared to the shareholders entitled therein within 30 days.(earlier 42 days) from its declaration. In the Article of Association of the company, clause 175(a) mentioned 42 days. Therefore it would be necessary to substitute 30 days instead of 42 days. In accordance with the provision of the section 31 of the Companies Act, 1956 the resolution for giving effect to the proposed amendment of the existing articles, is to be passed as a special resolution. Therefore, your directors recommend the same for your approval.

None of the Directors is in any way concerned or interested in the proposed resolution.

By Order of Board of Directors  
For Bodal Chemicals Limited

Place : Ahmedabad  
Date : 30th June, 2006.

**Chirag G. Shah**  
Company Secretary



## Directors' Report

To,  
The Members

The Directors have pleasure in presenting their 20th ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2006.

### FINANCIAL RESULTS

	(Rs. In Lacs)	
	31-3-2006	31-3-2005
Turnover and other Receipt	15313.66	1942.71
Profit before depreciation and taxation	851.42	(95.73)
Less : Depreciation / Amortisation of Goodwill	364.81	132.48
Profit before Taxation	486.61	(228.21)
Less : Provision for Taxation	242.99	Nil
Profit after Taxation	243.62	(228.21)
Amount Carried to Balance Sheet	(1137.52)	(909.31)
Balance acquired under amalgamation	239.90	—
Income Tax Provision (Short)	(3.39)	—
Balance available for appropriation	218.05	—
Proposed Dividend	33.50	—
Tax on Dividend	4.69	—
Balance Transferred to Balance Sheet	179.85	(1137.52)

\* The figures for 2004-2005 are not inclusive of figures of Bodal Chemicals Pvt. Ltd. (BCPL), while the figures for 2005-2006 are inclusive of figures of BCPL, which was amalgamated with your company as per the order of Hon'ble High Court of Gujarat dated 27/ 04/06.

### AMALGAMATION

The Hon'ble High Court of Gujarat has approved amalgamation of Bodal Chemicals Pvt. Ltd. with your Company vide its order dated 27/04/2006. As per the scheme, Share exchange ratio

- 8 equity shares (DDL) of Rs. 10/- each issued against 1 equity shares (BCPL) of Rs.10/- each to the shareholders of Bodal Chemicals Pvt. Ltd. and
- 9 redeemable non-cumulative Preference shares (DDL) of Rs. 10/- each with Dividend of 10% issued against 2 equity shares (BCPL) to the shareholders of Bodal Chemicals Pvt. Ltd.

The Board has allotted 70,52,704 equity shares of Rs, 10/- each and 39,67,146 redeemable non-cumulative preference shares of Rs. 10/- each with Dividend of 10 %, to shareholders of erstwhile Bodal Chemicals Pvt. Ltd. as per the scheme of Amalgamation.

Other provisions of the said scheme have also been implemented of which you all are fully conversant.

### CHANGE OF NAME

As per the Scheme of Amalgamation, the name of the company changed from Dintex Dyechem Ltd to Bodal Chemicals Ltd. w.e.f. 22nd May, 2006. This is expected to wider market recognition and acceptance to the products of your company and to enhance the brand image of your company in view of financial losses and loss of product market experienced by your company in last several years.

### PERFORMANCE OF THE COMPANY

Due to the amalgamation, the company's financials have undergone a sea-change and your company has emerged as having very strong financials compared to losses for past several years which once threatened the very existence of the Company. Your



Company has once again started on the path of rapid growth and we are highly hopeful and confident of bringing in more and more growth in coming years too. The effect can be seen from the figures for the year 2004-05 & 2005-06 as mentioned above and as narrated below.

The combined and consolidated turnover of amalgamated Company was Rs. 15313.66 lacs as compared to 1942.71 lacs of previous year. Profit before taxation was Rs. 243.62 lacs as compared to loss in last year of Rs. 228.21 lacs. All this figures 2005-06 and 2004-05 are not comparable as the figures of 2005-06 are inclusive of BCPL as explained earlier. The Company continue to strengthen its position in domestic and particularly in international market.

#### **FUTURE PROSPECT**

Your company has some expansion under planning to take effect over next 2-3 years. The same could involve investment to the tune of Rs. 60 Crores to Rs. 75 Crores in this period. Phase wise planning has been undertaken. This could double the turnover and greatly improve profitability of your company.

#### **DIVIDEND**

Considering the overall performance of the company, the Directors have recommended dividend @ 10% (Re. 1 per share) for the year ended 31st March, 2006. This Dividend will be paid on 33,50,000 shares, whose name appears on the Book Closure date. Total dividend payout Rs. 33.50 lacs for the financial year 2005-06. The dividend distribution tax borne by the company will amount to Rs. 4.69 lacs. The dividend will not suffer tax on the hands of the shareholders.

#### **PUBLIC DEPOSITS**

The Company has not accepted public deposit during the year and there was no deposit as on 31st March, 2006.

#### **DIRECTORS**

The Board has appointed Mr. Ramesh P. Patel as a Whole Time Director and Mr. Surendra N. Shah, Mr. Hemil M. Shah and Mr. Hardik M. Shah, as additional directors of the company w.e.f. 13-5-06. All these directors have been appointed as Directors of the Company in Extra Ordinary General Meeting held on 16-6-06.

During the year, Mr. Pankaj Shah has resigned as a director of the company w.e.f. 1-6-05. Same way, Mr. Sevantilal P. Shah, Ex-Chairman & Managing Director, Mr. Dinesh S. Shah, Ex-Managing Director, Mr. Ashok P. Patel, Mr. Sanjiv B. Shah, Mr. Rajendra R. Shah, Mr. Piyush N. Shah have resigned as Directors of the company w.e.f. 13-5-06. Your Directors appreciate the contribution made by them all during their tenure of the board of the directors of the Company.

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956. with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures have been made from the same;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.;
4. That the Directors have prepared the accounts for the financial year ended 31st March, 2006. on a 'going concern' basis.

#### **INSURANCE**

The Company's assets are adequately insured.



## AUDITORS

M/s. J.M. Contractor & Co., Chartered Accountant, had resigned as a statutory auditor of the company for the financial year 2005-06. M/s. Mayank Shah & Associates, Chartered Accountants, have been appointed as a Statutory Auditor of the company to fill this vacancy in Extra Ordinary General Meeting on 16-6-06 for the financial year 2005-06. Now, your Directors propose to reappoint the Auditor M/s. Mayank Shah & Associates, Chartered Accountants, Ahmedabad for the financial year 2006-07. The Company has received a certificate from the auditor stating that their appointment, if made, will be within the limit specified under section 224 (1B) of the Companies Act, 1956.

## INDUSTRIAL RELATIONS

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange has been attached as a part of the Directors' Report.

## CORPORATE GOVERNANCE

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

The Board of Directors supports the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

## FORMATION OF VARIOUS COMMITTEES

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

## DEPOSITORIES

The connectivity with NSDL and CDSL has been obtained. Shareholders of the Company, who are still holding the shares in physical form, are requested to dematerialise their shares, immediately.

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

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

## PARTICULARS OF EMPLOYEES

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

## ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place : Ahmedabad  
Date : 30th June, 2006

**SURESH J. PATEL**  
Chairman & Managing Director



## Annexure to the Directors' Report

### ANNEXURE-'A'

#### CONSERVATION OF ENERGY

##### Energy Conservation measures taken:

Reducing the HP of Motors where possible

Improvement in low insulation.

Periodic desertion of Boiler

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

##### Impact of (a) & (b) above :

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

##### Total Energy consumption per unit of production

	2005-06	2004-05
(i) Total consumption of Electric (Units)	104.68 lacs	23.33 lacs
Total Amount	Rs. 454.14 lacs	Rs. 106.32 lacs
Unit/Average Rate	Unit/Rs. 4.34	Unit/Rs. 4.58
(ii) Fuel		
Quantity	Kgs. 75.70 lacs	Ltrs.1.30 lacs
	Ltr. 2.89 lacs	
	Scm 1.88 lacs	
Total Amount	Rs. 393.09 lacs	Rs. 27.33 lacs
Unit /Average Rate	Kgs./Rs. 3.69	Ltr/Rs. 21.02
	Ltr/Rs. 28.10	
	Scm/Rs. 12.53	

#### RESEARCH & DEVELOPMENT (R & D)

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

##### Future Plans of Action:

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

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

	2005-06	2004-05
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
	Nil	Nil

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****(a) Efforts in brief :**

- I. Company in order to fully utilize its multidimensional manufacturing capacity is always on forefront to mass the best use of its technical capability for better success.
- II. Continuous endeavor to improve Product Quality & Process Yields.

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

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

**(c) Details relating to imported technology : Nil****D. FOREIGN EXCHANGE EARNING AND OUTGO**

	<b>(Rs. In lacs)</b>	
	2005-06	2004-05
<b>(a) Total Foreign Exchange Earning F.O.B. Value of Export</b>	8254.70	490.25
<b>(b) Foreign Exchange outgo</b>		
(i) Value of imported Raw materials calculated on CIF basis.	356.61	16.55
(ii) Foreign Traveling Expenditure	10.99	Nil
(iii) Export Sales Commission	207.62	8.69



## Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) ushered in a formal code of Corporate Governance practices by introducing the new Clause 49 in the Listing Agreement with the stock exchanges. Clause 49 lays down several corporate governance practices that listed companies are required to adopt. Most of the practices laid down in Clause 49 require mandatory compliance and there are some more provisions which are voluntary for adoption. Your Company has achieved compliance with the mandatory requirements of Clause 49 of the Listing Agreement. This report sets out the compliance status of the Company for the financial year 2005-06 with respect to the conditions of corporate governance set out in Clause 49, effective from 1st January, 2006.

### Philosophy On Code Of Corporate Governance :

The Philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors, depositors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound. The Board of Directors represents the interest of the company's stakeholders, for optimizing long term value by way of providing necessary guidance and strategic vision to the company. The Board also ensures that the company's management and employees operate with the highest degree of ethical standards.

### Board of Directors :

#### a. Composition of Board

The Company's board comprises of 8 Directors with a mix of executive/non-executive and promoter/independent directors. The composition of Board complies with the requirements of the Corporate Governance code with 50% of the directors being non-executive directors as on 31st March, 2006. However, the Board was replaced by a new one as provided in the scheme of amalgamation to earlier in this report on 13th May, 2006 comprising of 6 Directors out of which, 3 Directors are Non Executive Independent Directors.

#### b. Meeting of Board of Directors

Nine Board meetings were held during the financial year 2005-2006. The dates on which Board Meetings held are 1-6-05, 14-7-05, 30-7-05, 12-8-05, 28-10-05, 30-11-05, 30-12-05, 30-1-06 and 27-3-06. The time gap between any two Board Meeting was less than 4 months. The 19th Annual General Meeting was held on 10-9-05.

#### c. Directors attendance and Directorship held.

The table below provides the composition of the Board, their attendance at Board meetings & AGM and number of other directorship, chairmanship/membership of other companies.

Name of the Director	Category	No. of other Directorship held in public companies in India	No. of other Board committees of which Member/ Chairman	Board meeting attended	Attendance at the last AGM	No. of Shares held as on 31.03.06
Suresh J. Patel \$	Chairman & Managing Director	Nil	None	8	Yes	Nil
Bhavin S. Patel \$	Whole Time Director	Nil	None	8	Yes	Nil
Ramesh P. Patel *	Whole Time Director	Nil	None	N.A.	N.A.	N.A.
Surendra N. Shah *	Independent Director	Nil	None	N.A.	N.A.	N.A.
Hardik M. Shah *	Independent Director	Nil	None	N.A.	N.A.	N.A.
Hemil M. Shah *	Independent Director	Nil	None	N.A.	N.A.	N.A.
Sevantilal P. Shah #	Ex-Chairman & Managing Director	Dintex Securities & Financial Services Ltd.	None	9	Yes	110900
Dinesh S. Shah #	Ex-Managing Director	Dintex Securities & Financial Services Ltd.	None	9	Yes	69860
Ashok P. Patel #	Independent Director	Nil	None	6	Yes	Nil
Sanjiv B. Shah #	Independent Director	Nil	None	5	No	Nil
Rajendra R. Shah #	Independent Director	Nil	None	6	No	Nil
Piyush N. Shah #	Independent Director	Nil	None	6	No	Nil
Pankaj S. Shah **	Ex-Jt. Managing Director	Dintex Securities & Financial Services Ltd.	None	Nil	N.A.	78870