

**21st
ANNUAL REPORT
2006 - 2007**



BK
Bodal Chemicals Ltd.

We believe in excellence

Corporate Information

Board of Directors

Suresh J. Patel

Chairman & Managing Director

Bhavin S. Patel

Whole Time Director

Ramesh P. Patel

Whole Time Director

Ramesh D. Patel

Director

Surendra N. Shah

Independent Director

Bipin R. Patel

Independent Director

Sunil K. Mehta

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 & Associates.,
Chartered Accountants,
706-708-A, Mahakant
Opp. V.S. Hospital,
Ellisbridge,
Ahmedabad-380 009

Banker

Union Bank of India

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

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"Suresh J. Patel, CMD receiving award
for Excellence in Export
from Executive Director
of Union Bank of India."



Notice

Notice is hereby given that the 21st Annual General Meeting of the Members of **BODAL CHEMICALS LTD.** will be held on Saturday, **the 29th September, 2007 at 10.30 A.M.** at ATMA, Auditorium, Opp. Old RBI Office, Ashram Road, Ahmedabad -380 009 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 confirm interim dividend and declare final dividend.
3. To appoint a Director in place of Mr. Ramesh P. Patel, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Surendra N. 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 Ordinary Resolution**

"RESOLVED THAT Mr. Ramesh D. Patel, who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2007 and who holds office upto the date of forthcoming Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company pursuant to section 255 and other applicable provisions of the Companies Act, 1956, whose period of office shall be liable to retire by rotation."

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

"RESOLVED THAT Mr. Bipin R. Patel, who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2007 and who holds office upto the date of forthcoming Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company pursuant to section 255 and other applicable provisions of the Companies Act, 1956, whose period of office shall be liable to retire by rotation."

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

"RESOLVED THAT Mr. Sunil K. Mehta, who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2007 and who holds office upto the date of forthcoming Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under section 257 of the Act proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company pursuant to section 255 and other applicable provisions of the Companies Act, 1956, whose period of office shall be liable to retire by rotation."

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

"RESOLVED THAT in supersession of the resolution passed earlier pursuant to the provisions of section 293 (1)(d) of the Companies Act, 1956 the consent of the company in terms of the aforesaid section of the Act be and is hereby accorded to the Board of Directors of the company (the Board), for borrowing from time to time, any sum or sums of money as it may deem proper for the purpose of the company business, notwithstanding that the monies already borrowed by the company, if any, (apart from temporary loans obtained from the company's bankers in the ordinary course of the business), may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, if any, provided that the total amount of the monies to be so borrowed by the Board together with monies already borrowed (apart from temporary loans obtained from the company's bankers in the ordinary course of the business) shall not exceed Rs. 500.00 crores (Rupees Five Hundred Crores) outstanding at any one time and that for the implementation of this resolution the Board may act through any member thereof or any other person duly authorised by the Board in that behalf."

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

"RESOLVED THAT in supersession of an earlier resolution passed in the Extra Ordinary General Meeting held on 16th June, 2006 and in terms of section 293(1)(a) and other applicable provisions of the Companies Act, 1956 the Board of Directors be authorised to mortgage and / or charge all the immovable properties and movable properties of the company wheresoever situate, present and future to secure upto Rs. 500.00 crores (Rupees Five Hundred Crores) as may be borrowed together with the money already borrowed as approved by resolution passed under section 293(1)(d) of the Companies Act, 1956."

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

"RESOLVED THAT subject to provisions of Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and all other applicable laws, rules, regulations and guidelines and in pursuance of company's previous requests in this regard, the Board of Directors or its nominee being any officer of the company be and is hereby authorized to de-list the Equity Shares of the Company from the 'The Stock Exchange, Delhi'."

"RESOLVED FURTHER THAT for the purpose of giving effect of the foregoing, the Board of Directors and its nominee for the purpose be and are hereby authorized to do all such acts, deeds and things necessary/required for the purpose."

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

"RESOLVED THAT subject to provisions of Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and all other applicable laws, rules, regulations and guidelines and in pursuance of company's previous requests in this regard, the Board of Directors or its nominee being any officer of the company be and is hereby authorized to de-list the Equity Shares of the Company from the 'The Saurashtra and Kutchh Stock Exchange, Rajkot'."

"RESOLVED FURTHER THAT for the purpose of giving effect of the foregoing, the Board of Directors and its nominee for the purpose be and are hereby authorized to do all such acts, deeds and things necessary/required for the purpose."

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

RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956, the existing Article No. 1 (a) of the Articles of Association of the Company be deleted and substituted by the following new clause :

"1. (a) The regulations contained in the Table marked "A" in Schedule I of the Companies Act, 1956 shall apply to the Company so far as they are applicable to a public company and not covered in Articles of Association of the Company and so far as the same are not inconsistent therewith. ."

By Order of Board of Directors
For Bodal Chemicals Limited

Place : Ahmedabad
Date : 14th August, 2007.

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 22nd September, 2007 to 29th September, 2007 (both days inclusive) for the purpose of payment of final dividend on equity shares for the year ended 31st March, 2007, if approved in the Annual General Meeting of the company to the shareholders whose name appear :-
 - (a) As beneficial Owners at the end of 21st September, 2007 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 21st September, 2007.
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.

- 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 The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. up to the date of A.G.M.
- 6 The Company's shares are presently listed at Bombay Stock Exchanges Ltd. (BSE). The Company has paid the listing fees to Bombay Stock Exchange for the financial year 2007-08.
- 7 Members wishing to claim their unclaimed dividend of 2005-06 and 2006-07 (Interim Dividend) are requested to correspond with Secretarial Department at the Registered office of the Company.
- 8 The details of Directors seeking appointment / re-appointment in the Annual General Meeting to be held on September 29, 2007 are covered in the Corporate Governance Report.
9. **Any member desiring any clarification/explanation in respect of the information given in this annual report is requested to submit to the company at least 7 days in advance before the meeting so as to enable the management to keep information ready.**

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

Item No. 6

Mr. Ramesh D. Patel was appointed as an additional director on the Board of Directors of the Company on 14th August, 2007. According to the provisions of section 260 of the Companies Act, 1956. he hold office as a Director up to the date of ensuring annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rs. 500/-. A Brief data of Mr. Ramesh D. Patel is mentioned elsewhere in this Annual Report. The Board considers that it is in the interest of the Company to avail his services as a non-executive director. The Board of Directors recommends the resolution for approvals of the members.

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

Item No. 7

Mr. Bipin R. Patel was appointed as an additional director on the Board of Directors of the Company on 14th August, 2007. According to the provisions of section 260 of the Companies Act, 1956. he hold office as a Director up to the date of ensuring annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rs. 500/-. A Brief data of Mr. Bipin R. Patel is mentioned elsewhere in this Annual Report. The Board considers that it is in the interest of the Company to avail his services as a non-executive director. The Board of Directors recommends the resolution for approvals of the members.

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

Item No. 8

Mr. Sunil K. Mehta was appointed as an additional director on the Board of Directors of the Company on 14th August, 2007. According to the provisions of section 260 of the Companies Act, 1956. he hold office as a Director up to the date of ensuring annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rs. 500/-. A Brief data of Mr. Sunil K. Mehta is mentioned elsewhere in this Annual Report. The Board considers that it is in the interest of the Company to avail his services as a non-executive director. The Board of Directors recommends the resolution for approvals of the members.

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

Item No.9 & 10

Under Section 293(1)(d) of the Act, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

Taking into consideration the requirements of additional funds to meet the future capital expenditure and long term working capital needs of the Company, it is expected that the existing limit of Rs. 100 crores for the purpose, as sanctioned by the shareholders is likely to be exceeded. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 to enable the Directors to borrow monies from Rs.100 crores to the extent of Rs.500 crores. The Resolution under Item No. 9 is to obtain the consent of the shareholders' for this purpose.

The proposed borrowings of the Company need to be secured by way of charge/ mortgage/ hypothecation on the Company's assets/undertaking in favour of the lenders. Permission of the general body of the company is required to be obtained under Section 293(1)(a) of the Companies Act 1956 to enable the company to mortgage/create charge over any undertaking or asset of the company the it is necessary to pass a resolution, for creation of charges/ mortgages/ hypothecations for an amount not exceeding the borrowing limit of Rs. 500 crores.

The proposed resolutions are in the interest of the Company and your Directors recommend the Resolutions at Item Nos. 9 & 10 of the Notice for acceptance of the members.

None of the Directors are interested in the resolutions at Item Nos. 9 and 10 of the accompanying Notice.

Item No. 11 & 12 :

The Company had repeatedly requested DSE & SKSE for delisting of its equity shares which are listed thereat. The requests were made much earlier and repeated several times to delist our securities from Delhi Stock Exchange (DSE). In fact this request is 10 years old. At that time, there was no SEBI delisting Guidelines applicable.

Once again the company has approached to DSE through application dated 1-5-07 for delisting of shares from DSE without payment of any listing fees arrears for past several years. In that reference, DSE asked the company to follow SEBI Delisting Guidelines. Therefore, both this resolutions are placed before the members to get their approval.

The Board of Directors recommends the resolution for approval of members.

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

Item No. 13

The Company has its own Articles of Association but there are certain common provisions in the said Table A which otherwise would need to be included in the Articles of Association of the Company. It would be advisable to make Table A of Schedule I of the Company Act, 1956 applicable to the company as a whole under a single article. Making provisions of Table A applicable to the company as a whole, exempt the company to take various provisions separately in the Articles of Association of the company. Only those provisions of Table A which pertain to (i) a public company and (ii) which are not specifically provided or if provided, then those (iii) which are not inconsistent with similar provisions of the Articles of Associations of the company will be applicable.

The Board of Directors recommend the resolution for approval of members.

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

By Order of Board of Directors
For Bodal Chemicals Limited

Place : Ahmedabad
Date : 14th August, 2007.

Chirag G. Shah
Company Secretary

Directors' Report

To,
The Members

The Directors have pleasure in presenting their 21st ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULT

Particulars	(Rs. In Lacs)	
	31-3-2007	31-3-2006
Turnover and other Receipt	25814.86	15313.66
Profit before depreciation and taxation	1688.07	851.42
Less : Depreciation/Amortisation of Goodwill	387.21	364.81
Profit before Taxation	1300.86	486.61
Less : Provision for Taxation	183.86	242.99
Profit after Taxation	1117.00	243.62
Amount Carried to Balance Sheet	179.85	(1137.52)
Balance acquired under amalgamation	Nil	239.90
Income Tax Provision (Short)	(4.03)	(3.39)
Balance available for appropriation	1291.88	218.05
Dividend on Equity Shares & Preference Shares (Including Tax)	350.68	38.19
Balance Transferred to Balance Sheet	829.20	179.85
EPS (Rs.)	10.29	2.34

DIVIDEND

Your's Directors are pleased to recommend final dividend of Re. 1/- per equity share (@10% on par value of Rs. 10/- each) subject to the approval of shareholders, which along with the interim dividend of Rs. 1.50 per equity shares adds upto a total dividend of Rs. 2.50 per equity share i.e.25%, which is substantially higher than 10% dividend paid last year. The fixed dividend of 10% has already been paid as Interim and hence no further dividend is payable on preference shares.

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

Total dividend payout works out to Rs. 350.68 lacs including Rs. 39.67 lacs dividend on Preference Shares and tax on dividends for the financial year 2006-07. The payout is 31.39 % of Profit after Tax for the year. It is thought prudent to retain most of the profits by its plough back in the business itself to further develop and expand your company.

PERFORMANCE OF THE COMPANY

After the amalgamation of Bodal Chemicals Private Limited with your company, approved and effected last year, your company has made long strides on the path of success and growth. With the help of resources and management skills brought in by the amalgamation of that company and entrepreneurship which your company received from promoters thereof, it has been possible not only to turnaround the company but to surpass expectations in growth of the company and share value on stock market too. All of you have also benefited from this amalgamation.

(1) The Year Under Review :

Building further on this platform and plethora of resources, your company has continued to improve its performance and achieved remarkable growth on all fronts as evidenced by various financial parameters for the year under review. Your company has effectively leveraged its assets, infrastructure and investments resulting in improved productivity and performance for the year under review.

Your Directors are proud to present excellent performance for the year under review by your company. Turnover and other Receipt at **Rs. 25814.86 lacs** registered a **68.57 %** increase over the corresponding year. Profit before Depreciation and Taxation at **Rs. 1688.07 lacs** registered a **98.26%** increase over the corresponding year and Net Profit rose by **358.50 %** at **Rs. 1117.00 lacs**.

(2) Current Year :

The management expect to achieve turnover of Rs. 375 crores for the financial year 2007-08.

As you must have seen from the quarterly result of the performance disclosed for 1st quarter of current year, the growth has been continued. Turnover and other Receipt at Rs. 8071.46 lacs for the 1st quarter of 2007-08 gives a 62.53 % increase over the corresponding quarter last year. Profit before Depreciation and Taxation at Rs. 487.36 lacs is 46.46 % more than for the corresponding quarter last year and Net Profit at Rs. 247.33 lacs is 47.84 % more than for the corresponding quarter last year.

The overall growth in operations will be there as estimated by the directors, as mentioned later on in this report, in view of the 7800 MTPA Dyes and Intermediate plant at Ta. Padra, Dist. Vadodara. These plants are expected to add Rs. 100 crores in sales out of operations carried out during the part of year 2007-08. Further after approval of High Court of Gujarat to the Scheme of Amalgamation mentioned later in this report, turnover at Milestone Organic Limited plant will also add to the company's turnover and operations w.e.f. 1.1.2007.

MAJOR EVENTS/DEVELOPMENTS

(1) Commissioning Dyes Intermediate Plant :

The company was in process of setting up a dyes intermediates manufacturing plant with installed capacity of 7800 MTPA for manufacturing Vinyl Sulphone and H Acid at Ta. Padra Dist Vadodara. The H. Acid plant has since been successfully commissioned and has started production in full swing. The quality obtained is of international standards and product is being exported to several countries. The Vinyl Sulphone plant is expected to start production very soon. The project costing about Rs. 35 crores was financed by internal accruals and term loan from bank. Current year will have benefit of this additional production and sales. These plants are expected to add Rs. 100 crores in sales out of operations carried out during the part of year 2007-08.

(2) Right Issue

The Company has filed Letter of Offer for Right Issue of Rs.20.81 Crores (including exercise of warrants) to Securities and Exchange Board of India (SEBI) on 3-5-2007.

The basic terms of the Right Issue proposed, are as follows :

Entitlement Ratio	: 1 Equity Share and 1 Detachable Warrant for every 2 equity shares held on Record date (to be declared latter on)
No. of EquityShare Offered and Price	: 52,01,352 Equity Shares at Rs. 20/- each (Including Premium of Rs. 10/-)
No. of Warrants & Exchange Price	: 52,01,352 Warrants to be exchanged in to equity share at Rs. 20/- each (Including Premium of Rs. 10/-)
Warrant Exercise Period & Ratio	: The Warrants shall be exchanged for equal number of equity share during 1.7.2008 to 31.7.2008.
Listing of Shares	: The right shares, warrants and shares to be issued in exchange of warrants are proposed to be listed at BSE. Endeavour will be made for listing of all existing and the shares under proposed issue, at NSE also immediately after the right issue.

As already demonstrated by the management so far with its income distribution policy, the terms of the Right Issue are also very investor friendly compared with current market price of the equity share on Bombay Stock Exchange. The payment for right shares is also in 2 stages viz. against rights offer and later on against exercise of warrants. Your Directors recommend taking full advantage of this very friendly offer. Of Course, the management is committed to higher and rapid growth, surpassing performance year after year and similar increasing benefits to the shareholders of the company in future.

(3) Amalgamation

In continuation of its policy of rapid growth, the Board of Directors has approved a Scheme of Amalgamation of Milestone Organic Ltd. (MOL) with the company in its meeting held on 16-6-07.

The salient features of the scheme as finally approved, are as follows :

The appointed date of the scheme is 1-1-2007.

The Company will allot/issue 1 (one) Equity share of Rs 10/- each credited as fully paid-up for every 100 (one hundred) equity share of Rs 10/- each fully paid-up held to the shareholders of MOL.

Your directors expect substantial benefits to accrue from this amalgamation as there are lot of synergy in operations of both the companies. MOL is also in manufacturing dyes and dyes intermediates. Its plant is ready for full production without any gestation and your company has all the resources including finance, markets for the products and managerial skills to take full advantage of the readymade production facility which due to lack of funds, MOL could not benefit from. Substantial savings in operation and purchasing costs and from taxes are also expected to accrue. For current year, on approval of the scheme, this will also add in the turnover of your company. The company will be soon approaching you to approve the Scheme of Amalgamation once so directed by the High Court of Gujarat. You are requested to accord your approval to this Scheme and allow your company to further growth.

PUBLIC DEPOSITS

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31st March, 2007.

DIRECTORS

Mr. Ramesh D. Patel, Mr. Bipin R. Patel and Mr. Sunil K. Mehta are appointed as an Additional Directors on 14th August, 2007. Mr. Bipin R. Patel and Mr. Sunil K. Mehta are independent Directors. As per the provisions of section 260 of the Companies Act, 1956, these Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices under section 257 of the Act along with requisite deposit, in respect of above persons, proposing their appointment as a Director of the Company. Resolution seeking approval of members for the appointment of Mr. Ramesh D. Patel, Bipin R. Patel and Sunil K. Mehta as Directors of the Company have been incorporated in the Notice of the forthcoming Annual General Meeting.

Mr. Ramesh P. Patel and Surendra N. Shah, retires by rotation at the Annual General Meeting. They are being eligible, offers themselves for re-appointment.

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

INSURANCE

The Company's assets are adequately insured.

AUDITORS & AUDITORS REPORT

Your Directors propose to reappoint the Auditor M/S. Mayank Shah & Associates. Chartered Accountants, Ahmedabad for the financial year 2007-08. 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.

The Auditors comments on the Company's accounts for the year ended on 31st March, 2007 are self explanatory in nature and do not require any explanation as per the provisions of section 217(3) 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

Your attention is drawn to the perception and business outlook of your management for your company in current year and the industry in which it operates including perceived trends in near future. The management's analysis of the year in retrospect and the performance of the company therein is also given for your information. This will give you added input in evaluating workings of your company, challenges ahead and your company's strengths in meeting them. The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange has been attached and forms part of this Directors' Report.

Corporate Governance

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

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the directors hereby confirm;

1. That in the preparation of the accounts for the financial year ended 31st March, 2007, 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, 2007, on a 'going concern' basis.

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

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

LISTING & DELISTING OF COMPANY'S SECURITIES

The equity and preference shares issued on account of amalgamation to shareholders of Bodal Chemicals Pvt. Ltd. have been listed on Bombay Stock Exchange (BSE) and are permitted for trading. The equity shares and warrants offered under the Right Issue and shares to be issued in exchange of warrants are proposed to be listed at BSE as per the Terms of Offer in the Offer Document.

The company had voluntarily sought and got its shares delisted from Ahmedabad Stock Exchange w.e.f. 7-6-2007 under Securities and Exchange Board of India (SEBI) Delisting of Securities (Voluntary) Guidelines.

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 : 14-8-2007

SURESH J. PATEL
Chairman & Managing Director