

We believe in excellence



25TH ANNUAL REPORT 2010-2011

BODAL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Suresh J. Patel

Chairman & Managing Director

Bhavin S. Patel

Executive Director

Ankit S. Patel

Executive Director

Ramesh P. Patel

Executive Director

Surendra N. Shah

Independent Director

Sunil K. Mehta

Independent Director

Bipin R. Patel

Independent Director

Prakash B. Patel

Independent Director

COMPANY SECRETARY

Chirag G. Shah

REGISTERED OFFICE

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

Bank of India

REGISTRAR & TRANSFER AGENTS

Sharepro Services (India) Pvt Ltd.

416-420, 4th Floor, Devnandan Mall,

Opp. Sanyas Ashram, Ellisbridge,

Ahmedabad-380006.

AUDIT COMMITTEE

Surendra N. Shah *Chairman*

Bipin R. Patel *Member*

Prakash B. Patel *Member*

REMUNERATION COMMITTEE

Surendra N. Shah *Chairman*

Bipin R. Patel *Member*

Prakash B. Patel *Member*

SHAREHOLDERS' GRIEVANCES COMMITTEE

Surendra N. Shah *Chairman*

Bipin R. Patel *Member*

Prakash B. Patel *Member*



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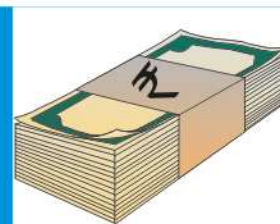
VISION

We have a vision...



*...of becoming a global influence in world
Dyes & Dyes Intermediates markets.*

...of creating values for our Stakeholders.



*...of commitment to Quality of Products &
Services for our customers.*

*...of promoting Green Earth, by endeavoring
to develop lesser and lesser polluting products.*



MESSAGE FROM THE CHAIR



Dear Shareholders,

It is my privilege to communicate with you at the end of another successful financial year, i.e. 2010-11, with achievement of topline of Rs. 572.42 crore.

I am pleased to inform you that in the month of August, 2011, your company's equity shares are listed on National stock Exchange Ltd. (NSE) under the symbol of BODALCHEM. Now, your company's equity shares are listed and traded on prestigious stock exchanges of India i.e. BSE and NSE.

The world as well as the Indian economy showed resilience during the financial year 2010-11. There were and are several concerns on macro economic point of view like high interest rate, high inflation, shortage of liquidity etc.

In spite of this, your company has posted another excellent financial result for the financial year 2010-11.

- Turnover and other Receipt increased from Rs. 486.60 crore to 572.42 crore - increased by 17.64%
- EBIDTA jump from Rs. 52.71 crore to Rs. 61.58 crore - increased by 16.83%
- Net Profit increased from Rs. 13.46 crore to Rs. 17.49 crore - increased by 29.94%.

The Board of Directors has recommended a dividend of Rs. 0.54 i.e. 27% per equity share of Rs. 2/- each for the financial year 2010-11. The dividend will be paid to those shareholders whose names appear on Register of Members on 23rd September, 2011, on approval at the ensuing Annual General Meeting.

As you are aware that financial year 2011-12, starts with uncertainty and fear of double-dip recession in the world. However, your Company has performed very well during the first quarter i.e. April-June, of the current financial year i.e. 2011-12.

- Turnover and other Receipt increased from Rs. 130.56 crore to 161.89 crore - Increased by 24%
- EBIDTA jump from Rs. 15.16 crore to Rs. 19.25 crore - increased by 26.97%
- Net Profit increased from Rs. 4.93 crore to Rs.5.77 crore - increased by 17.04%

Bodal's management believes that we are challenging our teams to look beyond our existing standards and seek excellence in every aspect of business. Better ways to relate to our customers. Better ways to develop new markets and new products. Better ways of research and innovation. Better manufacturing technologies. Better ways to serve all our related communities.

There are ample opportunities in Agriculture business and its related technologies business. Hence, your company has entered into new area of business Agriculture and its related business through wholly owned subsidiary company namely Bodal Agrotech Ltd.(BAL)

This company has been incorporated in the month of August, 2010, as wholly owned subsidiary company. The company has commenced its business in the area of trading of vegetables, fruits, and foodgrains initially.

BAL is under process to set up Single Super Phosphate (SSP) plant with 3.5 lacs MTPA capacity. BAL expects that SSP plant will generate, yearly, Rs. 240 crore Turnover.

BAL has acquired 51% equity stake in Sun Agrigenetics Pvt. Ltd.(SAPL) during January, 2011. Hence, SAPL becomes subsidiary of BAL. SAPL is in business of production of tissue culture plants, Microbial bio-fertilizers, Genetic Improvement of crops, contract research etc.

The road ahead for financial year 2011-12 is not devoid of obstacles; some immediate ones being the high interest rate, which is putting pressure on margin, uncertainties prevailing in the global economy, which could have global repercussions on demand conditions. But your company has always risen above challenges; driven by its resilience, foresight and strategic direction and I am sure this year will be no different.

Success of any business can only be possible because of its employees and people who put in unrelenting efforts to rise to excellence. I would like to reiterate that your company's employees are its valuable asset and it is entirely due to their hard work, perseverance, commitment and dedication that your company has been able to deliver sustainable growth and value creation with passing every year.

I sincerely thank all our shareholders, customers, suppliers, banks, government and its agencies and all other agencies/persons, who are connected directly or indirectly with your company for their continued support and faith reposed in your company.

I would like to assure you that your company would continue to remain committed to deliver strong growth and enhance shareholders' and other stakeholders' values in every possible way we can.

Warm regards,

Yours sincerely,



Suresh J. Patel,
Chairman & M.D.

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

RECOGNITIONS



India's No.1 "Mr. Ramesh Patel - Executive Director, receiving award for Self Manufactured Direct Export of Dye Intermediates during the year 2009-10"



India's No.2 "Mr. Bhavin Patel - Executive Director, receiving award for Self Manufactured Direct Export of Dyes during the year 2009-10"

DIRECTORS' REPORT

To,
The Members

The Directors have great pleasure in presenting their 25th ANNUAL REPORT along with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULT

(Rs. In Lacs)		
Particulars	31-3-2011	31-3-2010
Turnover and other Receipt	57242.47	48660.09
Profit before depreciation and taxation	3896.39	3253.55
Less : Depreciation/Amortization of Goodwill	1379.90	1212.53
Profit before Taxation	2516.49	2041.02
Less : Provision for Taxation	767.09	694.65
Profit after Taxation	1749.40	1346.37
Balance available for appropriation	2621.15	1712.06
Dividend on Equity Shares (Including Tax)	624.53	626.61
Balance Transferred to Balance Sheet	1821.61	945.45
EPS-face value of Rs. 2/- each-(in Rs.)	1.68	1.41

DIVIDEND

Your company has a consistent dividend policy of balancing the dual objective of rewarding to shareholders through dividends and retaining profit for enhancement of net worth of your company for supporting future growth. Your Company has a consistent track record of moderate but steady increase in dividend declarations over its history.

Considering the said policy for dividend declaration, your Directors are pleased to recommend a dividend of 27% i.e. Rs.0.54 per equity share of Rs.2/- each for the financial year 2010-11. The total quantum of dividend, if approved by shareholders, will be Rs. 537.36 lacs, while Rs.87.17 lacs will be paid by the Company towards dividend tax. Dividend will be tax free in the hands of the shareholders. The Company had declared 27% dividend for the last year i.e.2009-10.

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

BODAL'S BUSINESS

Your Group has not only engaged in Manufacturing of Dyestuffs, Dyes Intermediates and other Chemicals falling under the broad category of Chemicals but also business interest in the diverse areas of Agriculture i.e. trading of fruits , vegetables, food grains etc., retail store of vegetables and fruits for direct selling to customers, production of tissue culture plants, Microbial bio-fertilizers, Genetic Improvement of crops, contract research etc. Your Company has said business interest in the diverse areas of Agriculture through its Bodal Agrotech Ltd., the wholly owned subsidiary company and Sun Agrigenetics Pvt. Ltd. subsidiary of Bodal Agrotech Ltd.

Your company is identified "Bodal" as the group name. Bodal group includes Bodal Chemicals Ltd and its subsidiaries. The Company has applied for registration of logos including group logo "Bodal" to The Trade Marks Registry, Ahmedabad.

Bodal Chem is well-known in the field of manufacturing Dyestuffs, Dyes Intermediates and other Chemicals falling under the broad category of Chemicals. Dyestuff is further used in Textile, Leather and Paper Industry. Company has total 8 separate units having manufacturing facilities located in Gujarat. Due to Forward and Backward – both Integration from dye Intermediates division, we use about 60 % of our own raw materials when we produce intermediates and we use about 80% of our own raw materials when we produce dyestuffs. This is our Strength. Out of the total sales about 42% is export and balance is domestic.

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

Dyes

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

Dye Intermediates

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

Other/Basic Chemicals

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

PERFORMANCE OF THE COMPANY

The Year Under Review-2010-11

Your company has successfully achieved several milestones in the past. The Company has achieved one more milestone, to cross Rs.500 crore Turnover for the financial year 2010-11. This milestone indicates itself that your Company is committed towards, expanding market share in domestic as well as overseas market, introduction of new products, higher capacity utilization, successfully implementing marketing strategies after reading market trends and creating and enhancing values for its stakeholders.

The performance of your Company, during the year, registered an impressive growth over the previous year. Turnover and other Receipt at Rs. 572.42 crore and Profit before tax at Rs. 25.16 crore during the year ended 31st March, 2011, represent an increase of 18% and 23% respectively, over the previous year. Profit after tax at Rs.17.49 crore was higher by 30% compared to the previous year. This substantial increase in profit after tax was mainly on account of higher capacity utilization, well-planned business initiatives, brand building of products and strong Corporate Strategies, several marketing initiatives undertaken including introduction of new products/brands etc.

Current Year-2011-12

In this current financial year-2011-12, the company is strongly taking initiatives for increasing profit margin without any compromise of quality of products and customer services. This is not easy task for the company.

However, your company is confident that profit and profit margin of the company will be increased through captive consumption of steam and power, which are generated from Turbine, part of Sulphuric Acid Plant, proper selection of products as per requirement of market, better inventory management, expanding market share, minimum marketing efforts for repeat orders, delivery of goods as per commitment, introduction of new techniques in manufacturing process etc.

Hence, your company will deliver another excellent financial performance for the current financial year i.e. 2011-12.

Your Company has performed well during the first quarter i.e. April-June, of the current financial year, despite there is prevailing uncertainty and fear of recession in the world.

- Turnover and other Receipt increased from Rs. 130.56 crore to 161.89 crore
- EBIDTA jump from Rs. 15.16 crore to Rs. 19.25 crore – increased by 26.97%
- Net Profit increased from Rs. 4.93 crore to Rs.5.77 crore— increased by 17.04%

COMMISSION OF SULPHURIC ACID PLANT

A 450 TPD Sulphuric Acid plant has been successfully commissioned at our Unit No. VII, Dudhwada, Ta. Padra, Dist. Vadodara, during July, 2010. Bodal has also manufacturing facility for production of Dyes and Dye Intermediates at the same location. Hence, the Company has an unique locational advantage, it helps in substantial saving of transportation cost, easy and timely availability of Acid for Dye Intermediates. This is our backward integration for securing and timely availabilities of raw materials and improve profit margin.

Turbine, part of our Sulphuric Acid Plant, which generates steam and power, has been successfully commissioned during the last week of December, 2010 and stabilized its working during current year. Power is used to run Sulphuric Acid Plant and Steam is used in Dyes and Dye Intermediates plants at our Unit -VII, Dudhwada, Ta. Padra, Dist. Vadodara, Gujarat. Hence, the considerable positive impact of the same on the profitability will start reflecting in the current financial year i.e. 2011-12 onwards due to reduction of fuel consumption cost.

SUBSIDIARY COMPANIES

Your Company has two Indian subsidiaries viz. Bodal Agrotech Ltd. (BAL) and Sun Agrigenetics Pvt. Ltd. (SAPL). BAL is a direct subsidiary and SAPL is a step down subsidiary of your Company.

As on date, BAL is a wholly owned subsidiary of your Company and BAL has 51% equity stake in SAPL and balance of 49% equity stake held by promoters of SAPL.

Bodal Agrotech Ltd.(BAL)

This company has been incorporated in the month of August, 2010, as wholly owned subsidiary company. The company has started its business in the area of trading of vegetables, fruits, and foodgrains initially. BAL has also acquired business of one retail store, in Ahmedabad, for direct selling of vegetables and fruits to retail customers and BAL also plans to open more retail stores, with same line of business, in the name of "Bodal Agro" in Ahmedabad city.

BAL plans to manufacture Single Super Phosphate (SSP)-Fertilizer with 3.5 lacs MTPA capacity near by our existing manufacturing facility of Sulphuric Acid, Dye Intermediates and Dyes, located at our Padra unit, Vadodara. During the year, BAL has applied to government authorities/agencies for licenses/approvals of SSP project. BAL is in process to complete formalities/approvals for setting up SSP Plant. The said formalities should be completed in short time. The construction work of SSP plant can be considered only thereafter. Once the construction work of SSP plant start, it will take a time of about 18 months for commencement of production.

SSP plant will use Sulphuric Acid as key raw material for producing SSP. Our 450TPD Sulphuric Acid plant has already been commenced.

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

The Company expects that SSP plant will generate, yearly, Rs. 240 crore Turnover.

BAL's business and its future plans are elaborated in Management Discussion and Analysis.

Sun Agrigenetics Pvt. Ltd. (SAPL)

BAL has acquired 51% equity stake in Sun Agrigenetics Pvt. Ltd.(SAPL) during January, 2011. Hence, SAPL becomes subsidiary of BAL.

SAPL is in business of production of tissue culture plants, Microbial bio-fertilizers, Genetic Improvement of crops, contract research etc.

SAPL's business and its future plans are being elaborated in Management Discussion and Analysis.

Information relating to performance/financials of the subsidiary companies are disclosed in the Consolidated Financial Statements. Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 forms part of this Annual Report.

Compliance of Section 212 of the Companies Act, 1956.

In accordance with the general circular no. 2/2011 bearing reference no. 5/12/2007-CL-III, dtd.8th February, 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

In accordance with the requirement of Accounting Standards issued by The Institute of Chartered Accountants of India, the consolidated accounts of the company and its subsidiaries have been prepared and the same are annexed to this report.

CORPORATE ACTIONS

Subdivision (Stock Split) of equity shares

With a view to provide more liquidity and encourage active participation of the retail investors, your Company has subdivided equity shares from 1(one) equity share of the company of Rs. 10/- (Rupees Ten) each to 5(five) equity shares of Rs.2/- (Rupees Two) each.

Preferential Issue

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

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

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

After considering subdivision/split, each warrant will be converted into 5 equity shares of face value of Rs. 2/- each on or before 10th November, 2011. At the time of conversion, issue price of equity shares will be adjusted accordingly.

Redemption of Debentures

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

PUBLIC DEPOSITS

During the period under review, the Company has accepted deposits from Shareholders and Public within the prescribed limits. As on March 31, 2011, deposits from Public and Shareholders stood at Rs. 15.55 crore. There were no deposits, which were claimed and remained unpaid by the Company as on March 31, 2011.

DIRECTORS

Mr. Sunil K. Mehta and Mr. Surendra N. Shah, retire by rotation at the Annual General Meeting. Being eligible, they offer themselves for re-appointment.

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

INSURANCE

The Company's assets are adequately insured.

AUDITORS & AUDITORS' REPORT

Your Directors recommend re-appointment of Auditors M/S. Mayank Shah & Associates. Chartered Accountants, Ahmedabad for the financial year 2011-12. The Company has received a certificate from the auditor stating that their appointment, if made, will be within the limit specified under section 224 (1B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

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

ENVIRONMENT PROTECTION

Your Company has undertaken various environment friendly measures in its different units for promoting better environment. The Company has in place adequate pollution control equipments and all the equipments are in operation.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your attention is drawn to the perception and business outlook of your management for your company for current year and for the industry in which it operates including its position and perceived trends in near future. The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange is attached and forms part of this Directors' Report.