



DAIKAFIL
CHEMICALS INDIA LIMITED

Report  Junction.com

14th ANNUAL REPORT
2005-2006

DAIKAFFIL

Board of Directors	:	Amit J. Patel	- Chairman.
	:	Sishir R. Amin	- Managing Director.
	:	Jayant G. Patel	
	:	Yoshiaki Tagami	
	:	Sudhir M. Patel	
	:	Jagdish J. Vasa	
	:	Aditya A. Patel	- Alternate Director to Yoshiaki Tagami

Bankers : Karnataka Bank Ltd.,

Auditors : Gaurang Merchant & Company

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

Registered Office : 52, Nariman Bhavan,
Nariman Point,
Mumbai - 400 021.

Plant : Plot No.E/4, M.I.D.C.,
Tarapur, Boisar,
Dist : Thane 401 506.
MAHARASHTRA

ANNUAL GENERAL MEETING

Date : September 25, 2006

Time : 10.30 A.M.

Venue : M.C. Ghia Hall, Bhogilal Hargovindas Building,
18/20, Kaikhushru Dubash Marg,
Mumbai 400 001

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

CONSIDERATION AND APPROVAL OF THE FOLLOWING RESOLUTION AS SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification (s), the following Resolution as a Special Resolution.

***RESOLVED THAT** subject to Compliance of Section 81(1A) of the Companies Act, 1956, Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000, applicable regulations of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and other applicable rules and regulations, if any, the Consent of the Members of the Company be and is hereby granted to offer and issue 17,59,700 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share to G.E. Chemical Company S.A., - 23, Rue Beaumont, L -1219 Luxembourg constituting about 25.10% of the total post issue paid up Share Capital / Voting Rights of the Company in compliance with Foreign Exchange Management Act and subject to the provisions of Chapter XIII of SEBI [Disclosure and Investor Protection] Guidelines, 2000, SEBI (SAST) Regulations, 1997 and all other applicable provisions of the Companies Act, 1956 and other statutes.

RESOLVED FURTHER THAT since the proposed offer and issue of 17,59,700 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share to G.E. Chemical Company S.A. results in a requirement of making public offer by the Acquirer (i.e. G.E. Chemical Company S.A.) as per Regulation 10 of the SEBI [SAST] Regulations, 1997 and as desired by them to approach SEBI for granting exemption for making a Public Offer under Regulation 3 [1][1] of the SEBI [Substantial Acquisition of Shares and Takeover] Regulations, 1997, the Members of the Company do hereby agree to proposed offer and issue of 17,59,700 Equity Shares at Rs. 15/- per share subject to the compliance of Foreign Exchange Management Act, Regulation 10 of SEBI [SAST] Regulations, 1997, provisions of Chapter XIII of the SEBI [DIP] Guidelines, 2000 and Section 81(1A) and other applicable provisions of the Companies Act, 1956.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to execute such documents or writing, as may be necessary, proper or expedient for the purpose of giving effect to the aforesaid resolution and for matters connected therewith or incidental thereto."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As informed to Members from time to time about investment proposal from a Foreign Customer vide Directors Report, the Company has received a firm proposal from M/s G.E. Chemical Company S.A., Luxembourg. One of its associated subsidiary ERCA Group of Italy, buys more than 80% of our Optical Brighteners production since last several years, which constitutes, 50% of our Annual Sales, and are ready to absorb more, by way of utilising our idle capacity which is approximately 500 MT/A. Further, they even envisage to market additional quantities in South America USA & Canada for which funds from the proposed offer and issue of Equity Shares will be utilised.

Even the Textile Industry in India is fast reviving, and to enlarge due share of our product range, along with Optical Brighteners a series of special Textile Auxiliaries would be produced by us locally under full support and technology to be provided by ERCA free of charge, for domestic as well for Export Market. Erca Group activities and their present Joint-Venture speak more than enough as to why we should not miss such opportunities when they are interested to join hands with us.

It is purely with clear objective and mission to enlarge our share in global market, the Company wish to tie-up with ERCA as for a medium size company like ours, it is extremely difficult to stand in competition with multi national companies, operating both in domestic and abroad. ERCA's support is a boon for us and with more product lines and by catering to different Industries, the Board is confident that with increased Volumes, the bottom line would improve substantially, which in turn would benefit the shareholders in the long run.

G.E. Chemical Company, prima facie is an investment outfit, and has business interest in few of manufacturing facilities producing variety of Chemicals and Textile Auxiliaries at their plants located in China, Uzbekistan and Italy. This wide & extensive international network would definitely be helpful to bring Daikaffil Chemicals India Limited on the global map with a long term perspective. GE Chemical and ERCA are associated Companies.

The Board feels that the shareholders will immensely benefit with this preferential issue in the long term especially since GE Chemicals participation in equity as well as on the Board of Directors will assist the Company in planning out the expansion, diversification in new niche products which in turn will improve the profitability and result in better values to the shareholders and also hopefully get more capital appreciation.

Since the proposed offer and issue of 17,59,700 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share to G.E. Chemical Company S.A. would result in a requirement of making public offer by the Acquirer (i.e. G.E. Chemical Company S.A.) as per Regulation 10 of the SEBI [SAST] Regulations, 1997 and it is desired by them to approach SEBI for granting exemption for making a Public Offer under Regulation 3 [1][1] of the SEBI [Substantial Acquisition of Shares and Takeover] Regulations, 1997. The Acquirer i.e. G.E. Chemical Company S.A. has already filed an exemption application to SEBI under Regulation 3(1)(1) of SEBI [Substantial Acquisition of Shares and Takeover] Regulations, 1997 and it has been one of the requirement of SEBI to obtain consent of Members of the Company for proposed offer and issue of 17,59,700 Equity Shares to G.E. Chemical Company. Depending upon the outcome of Exemption Application of Acquirer, your Company shall again approach you for your final approval as required under Section 81(1A) of Companies Act, 1956, Chapter XIII of SEBI (DIP) Guidelines, 2000 and other rules and regulations.

The Board of Directors recommends that the Resolution be passed. No Director is interested or concerned in the Resolution.

Registered Office:

52, Nariman Bhavan,
Nariman Point, Mumbai-21
Place: Mumbai
Date: 30-08-2006

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

SISHIR R. AMIN
MANAGING DIRECTOR

DAKAFFIL**NOTICE**

NOTICE is hereby given that the Fourteenth Annual General Meeting of **DAKAFFIL CHEMICALS INDIA LIMITED** will be held on Monday, the 25th day of September, 2006 at 10.30 A.M. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jayant G. Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sudhir M. Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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

SISHIR R. AMIN
MANAGING DIRECTOR

Registered Office:

52, Nariman Bhavan,
Nariman Point,
Mumbai-400 021
Date : July 31, 2006.

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Shares Transfer Books of the Company will be closed from 16th September, 2006 to 25th September, 2006 (both days inclusive).
3. The members are requested to:
 - (a) Intimate to the Company's Registrars and Share Transfer Agents M/s Intime Spectrum Registry Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date;
 - (b) Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
 - (c) Approach the Company for consolidation of folios, if shareholdings are under multiple folios;
 - (d) Get the shares transferred in joint names, if they are held in single name to avoid inconvenience;
 - (e) Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - (f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
4. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed dividend up to financial year ended 31st March, 1997 have been transferred to the Investor Education and Protection Fund of the Central Government (the "Fund").

DAIKAFFIL**DIRECTORS' REPORT**

Dear Members

Your Directors present their Fourteenth Annual Report together with the Audited Statement of Accounts along with the Report of the Auditors for the year ended 31st March, 2006.

FINANCIAL RESULTS:

	2005-2006 (Rupees)	2004-2005 (Rupees)
Sales etc. and other income	11,64,29,151	9,14,51,669
Profit before Depreciation, Interest and Tax	1,03,71,321	95,67,968
Less: Depreciation	49,07,439	54,48,798
Interest	11,10,012	9,96,608
	60,17,451	64,45,406
Profit before Tax	43,53,870	31,22,562
Less : Provision for Tax		
Current Tax	3,65,000	2,50,000
Deferred Tax	14,49,795	12,14,051
	18,14,795	14,64,051
Fringe Benefit Tax	75,000	-
Profit after Tax	24,64,075	16,58,511
Add: Balance Brought forward from the previous year	(51,15,653)	(67,74,164)
Provision for Income Tax of earlier year	12,560	-
Transfer from General Reserve	-	-
Balance Carried Forward	(26,39,018)	(51,15,653)

DIVIDEND:

Your Directors are unable to recommend any dividend until carried forward losses are set off, but assure you, that they are putting best efforts to do so, sooner than later.

PERFORMANCE:

Though the Company achieved higher sales of about 29% as compared to last year, the operations continued to be hit by a meteoric rise in key raw material prices plus utilities like power and water, lower export incentives and weak dollar. Gross PBID improved from Rs. 96 Lacs to Rs. 104 Lacs and PBT recorded a modest rise from Rs. 31 Lacs to Rs. 43 Lacs.

Your Company maintained its presence in the International market with several global majors as its valued customers. The Company continues to consolidate its position by entering into long-term contracts with them. In the home markets, Company had to confront severe competition from multinationals, besides cascading impact of lower import tariffs.

OUTLOOK:

With the current trend sparked by globalization, India has become the centripetal force attracting foreign investments and technology transfers at an accelerated pace. The outlook remains impressive due to resurgence of the industrial sector propelled by buoyant exports and better domestic investment climate which have raised consumer confidence and business optimism.

Your Directors are pleased to inform you that as referred in the last Annual Report, the Company is still in the process of exploring all possibilities to enter into a tie-up with a strategic Partner and the talks are in progress with some of its reputed customers and have received some positive feedback from them to have a joint venture with our Company.

The current order position for exports is to the tune of Rs. 900 lakhs and are hopeful to achieve a growth of approximately 10% in the turnover as compared to the previous year.

DIRECTORS:

During the year under review, Mr. Kishore Tanna resigned as Director of the Company due to his pre-occupation in other matters and the Board place on record its sincere appreciation for valuable guidance and services rendered by him to the Company.

DAIKAFFIL

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

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

CORPORATE GOVERNANCE:

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

PARTICULARS OF EMPLOYEES:

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

AUDIT COMMITTEE:

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

The Audit Committee met on four occasions on 29-04-2005, 24-06-2005, 21-10-2005 and 31-01-2006.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2005-2006 are in full conformity with the requirement of the Companies Act, 1956. They believe that the Financial Statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations.

Your Directors further confirm that:

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

SAFETY AND ECOLOGY:

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

FIXED DEPOSITS:

The Company has not accepted any Deposit from the Public during the year under review. As on 31st March, 2006, no unclaimed deposits are lying with the Company.

INSURANCE:

All the Fixed Assets have been adequately insured.

FOREIGN COLLABORATORS:

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

AUDITORS:

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

AUDITORS REPORT:

The Auditors have vide para 4(d) of their Report, made qualification about non compliance of Accounting Standard 15 in respect of the liability for Gratuity payable on retirement of Rs. 6.37 lakhs being not provided for and also non compliance with Accounting Standard 28 in respect of Impairment of Assets.

DAIKAFFIL

The Directors would like to inform that the Company has availed Group Gratuity Scheme from Life Insurance Corporation of India and the Company has agreed to pay the total liability ascertained by Life Insurance Corporation of India in five yearly installments, out of which the Company has already paid two such installments. The outstanding liability in respect of the same at the end of the year is Rs. 6.37 Lacs which is payable in three annual installments. Further the Board is of the opinion that no impairment in carrying amount of assets has occurred as on the date of Balance Sheet.

As regards auditors remark under point (vii) in Annexure to the Auditors Report about Internal Auditors, the Board would like to inform that the Company has appointed M/s JMT & Associates, Chartered Accountants, Mumbai to carry out the Internal Audit.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

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

The Company's operations involve high energy consumption. Wherever possible, energy conservation measures have already been implemented. The Company is making all efforts to optimise the use of energy improved operational methods. The Company has installed a coal fired IBR Boiler which will result into a considerable saving in the cost on account of power and fuel consumption.

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

Relevant data in respect of energy consumption is as below.

		2005-2006	2004-2005
(I) Power & Fuel Consumption			
1. Electricity			
Purchased Units		5,47,869	5,03,457
Total Amount	Rs.	21,58,110	Rs. 20,04,852
Rate / Unit (Rs.)	Rs.	3.94	Rs. 3.98
2. Light Diesel Oil / Furnance Oil			
Quantity (Litres)		4,900	5,570
Total Amount	Rs.	1,75,070	Rs. 1,16,647
Average Rate (Rs. / Ltrs)	Rs.	35.73	Rs. 20.94
3. Coal			
Quantity (Kgs)		8,69,615	7,71,681
Total Amount	Rs.	33,82,498	Rs. 25,94,759
Average Rate (Rs./ Kgs)	Rs.	3.89	Rs. 3.36
(II) Consumption per Unit of Production			
Electricity		Rs. 2.03 P/Kg.	Rs. 3.20 P/Kg.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in Lacs)

Foreign Exchange Earnings:	929.38
Foreign Exchange Outgo:	308.08

LISTING AGREEMENT COMPLIANCE:

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

PERSONNEL:

Wage agreement with the worker's union has been duly executed during the year which is valid till 30/11/2007 and with cordial relationship presently prevailing the management's focus would be to harness human resources to unleash their maximum potential so as to achieve Company's vision and business goals.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board,

AMIT J. PATEL
CHAIRMAN

Mumbai, June 30, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

1) BUSINESS OF THE COMPANY**A Business Segment**

Your company is primarily engaged in the manufacturing and selling of Optical Brightening Agents (OBAs) consumed in Textiles Pulp & Paper and Detergent Industries besides Azoic coupling components – Naphthols used in pigment for Paint and Printing Industries. The products are mainly for export, though competition from multinational continue in the domestic markets.

B SWOT Analysis

The Company continues to remain an active player based on the quality certifications from British Standard Institute. Some of the leading producers in EU are quitting the business of Fluorescent Brighteners, thus giving wide opportunities for exports. The management reviews periodically the prescribed policies in respect to environment, occupational health and safety.

C Quality Policy

Constant vigilance is maintained at every stage of process from input of raw materials and utilities till the finished goods are ready, packed and delivered. Quality has remained as Company's motto.

D Research & Development

The R & D and technology capabilities of the Company will play a primary role in positioning the company as a "solution provider" and not only "product supplier"

E Joint Venture

The Company is exploring all possibilities for a tie-up with a strategic Partner for expanding OBA business plus adding new lines of Auxiliaries, Speciality chemicals for fast developing Textiles and papers business domestically.

The talks are in progress with some of its reputed clients and are hopeful to enter into a memorandum of understanding with any one of them during the year.

2) Internal control systems and their adequacy:

Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of its assets.

The adequacy and effectiveness of the internal control environment across the various business as well as compliance with the laid down systems and policies are comprehensively monitored by your Company's well established internal audit processes both at divisional and corporate levels.

3) Financial performance & analysis:

The Company's net sales and income from operations in the year 2005-06 was Rs 1164.29 Lakhs against Rs. 914.52 Lakhs in the previous year, an increase of 27.31%. The export sales registered an increase of 24.01% to reach Rs. 929.38 Lakhs in the year. The profit before taxation was Rs. 43.54 Lakhs.

The improvement in turnover and net profit during the year under review reflects the continuous efforts of the Management and the employees towards cost reduction, improvement in process technology and efficiency, improvement in productivity and development of new products.

4) Human resource development/ Industrial relations:

Human Capital is one of the key elements of sustainable competitive advantage and shareholder value creation. Your Company's human resource philosophy aims at nurturing an organizational culture that respects people empowers and enables them to deliver quality performance.

5) Cautionary statement:

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

DAIKAFFIL**CORPORATE GOVERNANCE**

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2006 are hereunder divided into the following areas: -

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

- The Board of Directors of the Company consists of eminent persons with considerable expertise and experience in business and industry.
- The composition of the Board of Directors with reference to Executive and Non Executive Directors meets the requirement of code of Corporate Governance.
- Out of Six Directors, there is One Non-Promoter Executive Director namely Mr. Sishir R. Amin and Two Promoter Non - Executive Directors namely Mr. Jayant G. Patel and Mr. Amit J. Patel.
- There are three independent Directors namely Mr. Yoshiaki Tagami, Mr. Jagdish J. Vasa and Mr. Sudhir M. Patel.
- Mr. Aditya Patel was appointed as an alternate Director to Mr. Yoshiaki Tagami on 31st January, 2005.

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

Board Meetings are held at least four times during the year coinciding with the presentation of each quarterly result. During the last financial year, five Board Meetings were held on 29th April, 2005, 30th June, 2005, 5th August, 2005, 28th October, 2005, 31st January, 2006.

The Meetings were attended as follows.

- Mr. Jayant G. Patel, Mr. Amit J. Patel and Mr. Sishir R. Amin attended all the five meetings.
- Mr. Aditya Patel (Alternate to Mr. Yoshiaki Tagami) attended all the five meetings.
- Mr. Sudhir Patel and Mr. Jagdish Vasa attended four meetings.

All the Directors attended the last Annual General Meeting held on 14th September, 2005 except for Mr. Sudhir Patel and Mr. Yoshiaki Tagami.

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

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

(d) Details of Directors seeking Re-appointment:

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

Name of Director	Mr. Jayant G. Patel	Mr. Sudhir M. Patel
Date of appointment	19-06-1992	29-03-2003
Expertise in specific Functional Areas	Executive having business experience in Chemical Industry.	Industrialist having business experience in Engineering Industry.
List of other Directors	1) Caffil Private Limited	1. ABC Bearing Ltd., 2. Mipco Seamless Rubgs(Gujarat) Ltd., 3. Mipco Investments Pvt. Ltd., 4. Manoway Investments Pvt. Ltd., 5. Maple Investments Company Pvt. Ltd., 6. Emsons Leasing Company Pvt. Ltd., 7. Taveta Properties Pvt. Ltd., 8. Essex Holdings Pvt. Ltd., 9. Mipco Bearings Pvt. Ltd., 10. Izumi engineering India Pvt. Ltd.,

III AUDIT COMMITTEE:

(a) The Audit Committee of the Board of Directors of the Company, inter-alia, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures. The scope of the Audit Committee is in accordance with as specified in Clause 49 of the Listing Agreement. The broad terms of reference include.

- (1) To review compliance with internal control systems.
- (2) To review the quarterly, half yearly, annual financial results of the Company before submission to the Board.
- (3) To review Company's financial reporting process and disclosure of financial information.
- (4) Recommending the appointment of statutory and internal auditors.

(b) The Audit Committee at present comprises of two independent directors namely Mr. Sudhir Patel and Mr. Jagdish J. Vasa and one executive Director namely Mr. Sishir Amin.

Mr. Kishore Tanna, who was Member of the Audit Committee resigned, during the year under review, as Director and hence ceased to be part of the Committee and in his place Mr. Sishir Amin, Managing Director of the Company was inducted as Member of the Audit Committee.

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

(c) The Four Audit Committee Meetings were held on April 29, 2005, June 24, 2005, October 21, 2005 and January 31, 2006.

All Directors in Audit Committee attended four meetings except Mr. Sudhir Patel being granted leave of absence for Audit Committee Meeting held on April 29, 2005. Mr. Kishore Tanna as entitled for attended two Audit Committee Meetings

IV. REMUNERATION COMMITTEE:

(a) The Remuneration Committee, considers the policy and the matter relating to the remuneration including commission payable to managerial persons including Managing Directors and Whole Time Directors.

(b) The Remuneration Committee was constituted on 30th June, 2004 and the Committee at present comprises of Three Independent Directors namely Mr. Jagdish J. Vasa, Mr. Sudhir Patel and Mr. Yoshiaki Tagami.
(Mr. Aditya Patel-Alternate Director)

(c) Mr. Kishore Tanna, who was Member of the Remuneration Committee resigned, during the year under review, as