



**DAIKAFIL**  
**CHEMICALS INDIA LIMITED**

**21st ANNUAL REPORT**  
**2012-2013**

## DAIKAFFIL

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<b>Board of Directors</b>	:	Mr. Amit J. Patel	-	Executive Chairman
	:	Mr. Sishir R. Amin	-	Managing Director
	:	Mr. Aditya A. Patel	-	Joint Managing Director
	:	Mr. Hiroshige Tanaka		
	:	Mr. Sudhir M. Patel		
	:	Mr. Jagdish J. Vasa		
	:	Dr. Giuseppe Seccomandi		

**Bankers** Karnataka Bank Limited

**Auditors** Gaurang Merchant & Company

**Registrars and Share Transfer Agents** Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078

**Corporate Office** D-13, 5<sup>th</sup> Floor, Everest, Tardeo Main Road,  
Tardeo, Mumbai-400034

**Registered Office and Plant** Plot No.E-4, M.I.D.C.  
Tarapur, Boisar,  
Dist: Thane – 401 506.  
MAHARASHTRA

### ANNUAL GENERAL MEETING

**Date:** September, 27<sup>th</sup> 2013

**Time:** 11.30 A.M.

**Venue:** E-4, M.I.D.C. Tarapur, Boisar,  
District Thane, Maharashtra-401506

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

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**NOTICE**

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the Members of **DAIKAFFIL CHEMICALS INDIA LIMITED** will be held on Friday, the 27th day of September, 2013 at 11.30 A.M. at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Jagdish Vasa who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Giuseppe Seccomandi who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gaurang Merchant & Company, Chartered Accountants, retiring Auditors, are eligible for reappointment.

**SPECIAL BUSINESS:**

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and any amendment and / or re-enactment thereof and subject to further such approvals as may be required, Consent of the Company be and is hereby granted to the appointment Shri Aditya Patel as Joint Managing Director of the Company for a period of five years with effect from 1st June, 2013 on the salary, remuneration and perquisites as set out in the letter issued to him and laid before the meeting with liberty and powers to the Board of Directors to increase, alter and vary the salary, commission and perquisites in such manner as the Board in its absolute discretion deem fit and acceptable to Shri Aditya Patel within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments, modifications or re-enactments made from time to time by the Central Government in this behalf. The terms and conditions in accordance with Schedule XIII to the Companies Act, 1956 are as set out below

**REMUNERATION:**

- (i) Monthly Salary of Rs. 25000/- (Rupees Twenty Five Thousand Only) per month.
- (ii) Bonus as per rules & regulations of the Company and at the discretion of the Board of Directors.
- (iii) In addition to above salary, in the years in which the Company has sufficient profit, Shri Aditya Patel be paid commission on the annual net profits of the Company as may be decided by the Board at the end of each financial year, computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to ceiling laid down in Section 198 and 309 of the Companies Act, 1956 on the total remuneration.

**PERQUISITES:**

Perquisites shall be restricted to an amount equal to the annual salary.

**CATEGORY "A"**

- (i) **Housing I:** The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director will be subject to the following ceiling:  
60 per cent of the salary, over and above 10 per cent payable by the Joint Managing Director.  
**Housing II:** In case the accommodation is owned by the Company, ten percent of salary of the Joint Managing Director shall be deducted by the Company.  
**Housing III:** In case no accommodation is provided by the Company, the Joint Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

**EXPLANATION:** The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules. This shall however be subject to a ceiling of 10 per cent of the salary of the Joint Managing Director.

- (ii) **MEDICAL REIMBURSEMENT:** Expenses incurred for the Joint Managing Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) **LEAVE TRAVEL CONCESSION:** For the Joint Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.
- (iv) **CLUB FEES:** Fee of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fee.

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### CATEGORY "B"

- (i) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either or single or put together are not taxable under the Income Tax Act. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- (ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling of perquisites.

### CATEGORY "C"

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay to the Joint Managing Director a remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 and as may be decided by the Board of Directors of the Company.

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

Date: May 30, 2013

Place: Mumbai

**SISHIR R. AMIN**  
**(MANAGING DIRECTOR)**

### 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 Friday, the 20th day of September, 2013 to Friday, the 27th day of September 2013 (both days inclusive).
3. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 3rd October, 2013 to those Members whose names stand registered on the Company's Register of Members:
  - i. As Beneficial Owners as at the end of the business hours on 19th day of September, 2013 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in Dematerialized form.
  - ii. As Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before 19th September, 2013.
4. The members are requested to:
  - (a) Intimate to the Company's Registrars and Share Transfer Agents M/s Link Intime India 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.

- (g) Furnish their Bank Account Number, the name of the Bank and the Branch where they would like to deposit the Dividend Warrants for encashment. These particulars will be printed on the cheque portion of Dividend Warrants, besides the name of the Shareholders so as to avoid fraudulent encashment of warrants. The above mentioned details should be furnished by the first / sole shareholder, directly to the Registrar & Share Transfer Agents, quoting the folio number.5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Link Intime India Private Limited.
9. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed dividend for the financial year ended 31st March, 1997 have been transferred to the Investor Education and Protection Fund of the Central Government (the "Fund") during the financial year.
10. Pursuant to provisions of Section 205 A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 2005 and thereafter, which remains unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund established by the Central Govt.

Information in respect of such unclaimed dividend when due for transfer to the fund is given below:

Financial Year	Type of Dividend	Date of Declaration	Date of Transfer
2007-2008	Final Dividend	30-09-2008	06-11-2015
2008-2009	Final Dividend	30-09-2009	06-11-2016
2009-2010	Final Dividend	28-07-2010	03-09-2017
2010-2011	Final Dividend	30-09-2011	06-11-2018
2011-2012	Final Dividend	28-09-2012	03-09-2019

Shareholders who have not encashed the dividend warrant(s) are requested to seek issue of duplicate dividend warrants by writing to the Company.

Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they became due for payment and no payment shall be made in respect of any such claims.

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

Date: May 30, 2013

Place: Mumbai

**SISHIR R. AMIN**  
**MANAGING DIRECTOR**

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### **EXPLNATORY STATEMENT IN RESPECT OF ITEMS NOS. 6 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **ITEM NO. 6**

The Remuneration Committee of the Board of Directors and the Board of Directors at their Meeting held on 30th May, 2013 decided to appoint Mr. Aditya Patel as Joint Managing Director of the Company w.e.f. 1st June, 2013 for a period of five years considering his total commitments and devotion to the Company for managing corporate affairs and particularly looking after technical side of production and the proposed expansion in hand. The Remuneration Committee and the Board has recommended his appointment on payment of remuneration as mentioned in the resolution for a period of 5 years w.e.f. 1st June, 2013 subject to the approval of the Shareholders in the ensuing Annual General Meeting.

This may be treated as an abstract of the terms and Memorandum of Interest under Section 302(7) of the Companies Act, 1956 with respect to the appointment of Shri Sishir Amin as Managing Director of the Company.

The Joint Managing Director as long functions as such, shall not be paid any fees for attending the meeting of the Board of Directors or any committee thereof.

The Board commends passing of the Resolutions as set out in Item No. 6 of the accompanying Notice.

None of the Directors except Shri Amit Patel, Executive Chairman are in any way concerned and interested in the aforesaid resolution.

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

**SISHIR R. AMIN**  
**(MANAGING DIRECTOR)**

Date: May 30, 2013

Place: Mumbai

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present their Twenty first Annual Report together with the Audited statement of Accounts along with the Report of the Auditors for the year ended 31st March, 2013

**FINANCIAL RESULTS:**

	<b>2012-2013</b>	<b>2011-2012</b>
	(Rupees)	(Rupees)
Sales etc. and other income	<b><u>304,049,100</u></b>	<b><u>214,118,898</u></b>
Profit before Depreciation, Interest and Tax	<b><u>232,46,385</u></b>	<b><u>10,262,488</u></b>
Less: Depreciation	5,617,696	4,801,582
Interest	<u>2,847,087</u>	<u>2,068,551</u>
	8,464,783	6,870,133
Profit before Tax	<u>14,781,602</u>	<u>3,392,355</u>
Provision for Tax		
Current Tax	(4,900,000)	(651,000)
MAT Credit / (Set off)	(258,000)	258,000
Deferred Tax	<u>63,045</u>	<u>(995,664)</u>
	(5,094,955)	(1,388,664)
(Excess)/Short Provision Tax	(32,725)	785,463
Provision for Diminution in value of investment	--	(1,817,628)
Prior Period Expenses	--	118,288
Excess Depreciation Charged in previous years	<u>96,700</u>	<u>--</u>
Profit after Tax	9,750,622	1,089,814
Add: Balance Brought forward from the previous year	<u>15,227,946</u>	<u>17,801,632</u>
Profit available for Appropriation	<b><u>24,978,568</u></b>	<b><u>18,891,446</u></b>
Appropriation		
Transfer to General Reserve	1,500,000	200,000
Proposed Dividend	3,000,000	3,000,000
Corporate Dividend Tax Thereon/short provision of Dividend Tax	533,025	4,63,500
Balance carried forward	<u>19,945,543</u>	<u>15,227,946</u>
	<b><u>24,978,568</u></b>	<b><u>18,891,446</u></b>

**DIVIDEND:**

With a view to conserve the financial resources for expansion on hand, the Board of Directors are pleased to recommend a dividend of Re 0.50/- per share on 60,00,000 Equity shares of the nominal value of Rs. 10/- each aggregating to Rs. 30.00 Lacs excluding dividend tax.

**PERFORMANCE:**

The Global Economic Scenario in F.Y .2012-13 continued to be fought on challenges. Major economies witnessed slow growth and the Eurozone which is our Companies prime market was full of uncertainty due to unemployment, banking fragility, fiscal tightening coupled with sluggish growth. As the year progressed business environment remained difficult and operating in such a testing environment proved challenging. Despite these constraints, the Company performed reasonably well and the highlights of the performance are as under :-

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Revenue from operations increased by 42% i.e. from Rs. 2141/- lacs in previous year to Rs. 3040/- lacs in current year.

Exports increased by 39% i.e. from Rs. 1528 lacs in previous year to Rs. 2125/- lacs in current year.

Profit before tax increased by 335% i.e. from Rs. 34/- lacs in previous year to 148/- lacs in current year

### **DIRECTORS:**

Mr. Jagdish Vasa and Dr. Giuseppe Seccomandi, 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.

As Five Audit Committee Meetings were held on May 15, 2012, August 14, 2012, August 24, 2012, November 07, 2012 and February 15, 2013.

### **QUALITY CERTIFICATIONS**

Your Company is pleased to inform its members that it has been accorded the GOTS (Global Organic Textile Standard) Version 3.0 March 2011 certification for all its Optical Brighteners for Textiles by CONTROL UNION CERTIFICATIONS.

This would definitely assist the Company in having a better edge in the market of its optical brighteners both in the export and domestic markets in the long run and establish its "DIKAPHOR" brand name in the textile segment in the international and local markets.

Your Company has also been accorded the ISO 9001: 2008 certifications for its quality management systems by BSI for a period of 3 years.

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

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2012-2013 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, 2013, no unclaimed deposits are lying with the Company.

### **INSURANCE:**

All the Fixed Assets have been adequately insured.



**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:**

There are no obligations in the Audit Report.

**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.

Relevant data in respect of energy consumption is as below.

	2012-2013	2011-2012
<b>(I) Power &amp; Fuel Consumption</b>		
1. Electricity		
Purchased Units	7,48,933	6,38,981
Total Amount	Rs.49,54,004	Rs. 40,96,733
Rate / Unit (Rs.)	Rs.6.61	Rs. 6.41
2. Light Diesel Oil / Furnance Oil		
Quantity (Litres)	1,400	3,000
Total Amount	Rs.65,238	Rs. 1,32,570
Average Rate ( Rs. / Ltrs)	Rs.46.60	Rs. 44.19
3. Coal		
Quantity (Kgs)	16,39,215	14,99,752
Total Amount	Rs.96,74,363	Rs. 86,84,430
Average Rate (Rs./ Kgs)	Rs.5.90	Rs. 5.79
<b>(II) Consumption per Unit of Production</b>		
Electricity	Rs 2.76/kg	Rs 2.56/kg

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	(Rs. in Lacs)
Foreign Exchange Earnings	: 2125.47
Foreign Exchange Outgo	: 986.38

**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:**

Industrial relations at the Company's factory and other establishments remained cordial during the year. We appreciate the contribution made by the employees towards achieving improved productivity and flexibility in operation.

**ACKNOWLEDGMENT:**

The Directors wish to place on record their appreciations for the continued support and co-operations by Government Authorities, Banks and our valued customers along with 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)  
EXECUTIVE CHAIRMAN

Mumbai, May 30, 2013

## **CORPORATE GOVERNANCE**

Company's Policies on the Corporate Governance and due Compliance Report on specific areas wherever applicable for the year ended 31st March, 2013 are hereunder divided into the following areas:-

### **I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

- Transparency and accountability are the two basic tenets of Corporate Governance. DAIKAFFIL is proud to belong to a Group whose Founder lived his life with eternal Value and built the business enterprises on the foundation of good governance.

The Company is committed to conducting business the right way which means taking decisions and acting in a way that is ethical and in compliance with applicable legal requirements. It will endeavor to continuously improve its Corporate Governance performance with a view to earn trust and respect of all its Stakeholders.

The Board of Directors is responsible for and is committed to good Corporate Governance and plays a critical role in overseeing how the Management serves the short and long- term interest of the Shareholders and other Stakeholders.

### **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 Seven Directors, there is One Non-Promoter Executive Director namely Mr. Sishir R. Amin, One Promoter Executive Director and Chairman namely Mr. Amit J. Patel and one Promoter Non - Executive Director namely Mr. Aditya Patel.
- There are four independent Directors namely Mr. Hiroshige Tanaka, Mr. Jagdish J. Vasa. Dr. Giuseppe Seccomandi and Mr. Sudhir M. Patel.
- Mr. Hiroshige Tanaka was appointed as director on 15-05-2012 and Mr. Aditya Patel was appointed as Director on 14-08-2012.
- Mr. Jayant G. Patel, Director expired on 01-06-2012.

#### **(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 15th May, 2012, 14th August, 2012, 24th August, 2012, 7th November, 2012 and 15th February, 2013.

The Meetings were attended as follows.

- Mr. Sishir R. Amin, Mr. Amit J. Patel and Mr. Sudhir Patel attended all the five Meetings.
- Mr. Aditya Amit Patel attended all the four Meetings held during his tenure.
- Mr. Jagdish Vasa attended three Meetings.
- Dr. Giuseppe Seccomandi and Mr. Hiroshige Tanaka were granted leave of absence for all meetings held during their their tenure.

Mr. Amit Patel and Mr. Sishir Amin attended the last Annual General Meeting held on 28th September, 2012