



DAIKAFIL
CHEMICALS INDIA LIMITED

19th ANNUAL REPORT
2010-2011

DAIKAFFIL CHEMICALS INDIA LTD.

Board of Directors	:	Amit J. Patel	-	Executive Chairman
	:	Sishir R. Amin	-	Managing Director
	:	Jayant G. Patel	-	Director
	:	Yoshiaki Tagami	-	Director
	:	Sudhir M. Patel	-	Director
	:	Jagdish J. Vasa	-	Director
	:	Giuseppe Seccomandi	-	Director

Bankers The 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, 5th 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 30, 2011

Time: 10.30 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.

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **DAKAFFIL CHEMICALS INDIA LIMITED** will be held on Friday the 30th day of September, 2011 at 10.30 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, 2011 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. Jayant Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Giuseppe Seccomandi, who retires by rotation, and being eligible, offers himself for re-appointment.
5. 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:
E-4, M.I.D.C. Tarapur,
Boisar, District Thane
Maharashtra-401506

Date: July 26, 2011
Place: Mumbai

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 16th day of September, 2011 to Friday, the 30th day of September 2011 (both days inclusive).
3. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 5th October, 2011 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 16th day of September, 2011 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 15th September, 2011.
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. 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.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report together with the Audited statement of Accounts along with the Report of the Auditors for the year ended 31st March, 2011.

FINANCIAL RESULTS:

	2010-2011		2009-2010
	(Rupees)		(Rupees)
Sales etc. and other income	19,63,55,678		18,66,16,514
Profit before Depreciation, Interest and Tax	1,72,95,101		2,85,35,124
Less: Depreciation	38,46,031	32,63,345	
Interest	10,73,937	3,81,010	
	49,19,968		36,44,355
Profit before Tax	1,23,75,133		2,48,90,769
Less : Provision for Tax			
Current Tax	40,00,000	89,00,000	
Deferred Tax	1,74,323	(2,92,102)	86,07,898
Excess/ Short Provision Tax	(9,15,665)		—
Prior Period Expenses	17,163		37,694
Excess Depreciation charged in previous years	(5,41,964)		—
Profit after Tax	96,41,276		1,62,45,177
Add: Balance Brought forward from the previous year	1,62,57,587		81,28,170
Profit available for Appropriation	2,58,98,863		2,43,73,347
Appropriation			
Transfer to General Reserve	25,00,000		25,00,000
Proposed Dividend	48,00,000		48,00,000
Corporate Dividend Tax Thereon	7,97,232		8,15,760
Balance carried forward	1,78,01,631		1,62,57,587
	2,58,98,863		2,43,73,347

DIVIDEND:

The Board has recommended to maintain the dividend of 8% for the year at a rate of Re. 0.80 per share on 60,00,000 Equity shares of the nominal value of Rs. 10/- each aggregating to Rs. 48.00 Lacs excluding dividend tax. The dividend for the current year will be free of tax in the hands of shareholders.

PERFORMANCE:

Gross revenue for the year increased to Rs. 19.63 Crores reflecting a growth of about 5% over the previous year. However Net profit has declined to Rs. 1.23 Crores mainly on account of absorbitant increase in inputs, utilities which put tremendous pressure on margins since the increase was not compensated with escalation in selling prices of all finished products due to keen competition from Chinese supplies.

OUTLOOK:

During the current year, due to the inflationary pressures, the Reserve Bank of India has been steadily increasing interest rates. This is expected to adversely impact overall economic growth and therefore could impact the demand for the Company's products, thereby impacting the sales growth. Due to the steep increase in commodity prices, input costs have gone up sharply. Though the Company does pass on these increase by way of price increase, this could impact margins as there is a lag between the cost increase and the price increase.

CAPITAL EXPENDITURE :

The overall expenditure during the year was Rs. 123.32 Lacs. Out of this approximately Rs. 111.31 lacs was spent on fixed assets for various manufacturing units, offices, laboratories and warehouses and on information technology .

DIRECTORS:

Mr. Jayant Patel and Mr. Giuseppe Seccomandi, retires 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 07-05-2010, 13-08-2010, 01-11-2010 and 11-02-2011.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2010-2011 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 the year ended on that date;
- (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, 2011, no unclaimed deposits are lying with the Company.

INSURANCE:

All the Fixed Assets have been adequately insured.

FOREIGN COLLABORATORS:

Daika Japan Limited, Kiwa Chemicals Industries (Japan) and H.G.E. Chemical Co. S.A. Luxembourg 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 compliances of Accounting Standard 28 in respect of Impairment of Assets.

The Board is of the opinion that no impairment in carrying amount of assets has occurred as on the date of the Balance Sheet.

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.

(I)	2010-2011	2009-2010
Power & Fuel Consumption		
1. Electricity		
Purchased Units	5,90,488	5,85,545
Total Amount	Rs. 31,84,265	Rs.29,53,010
Rate / Unit (Rs.)	Rs. 5.39	Rs.5.04
2. Light Diesel Oil / Furnance Oil		
Quantity (Litres)	7,400	4,200
Total Amount	Rs. 3,00,976	Rs.1,48,728
Average Rate (Rs. / Ltrs)	Rs. 40.67	Rs.35.41
3. Coal		
Quantity (Kgs)	11,90,875	11,24,000
Total Amount	Rs. 68,67,756	Rs.54,44,058
Average Rate (Rs./ Kgs)	Rs. 5.77	Rs.4.84
(II) Consumption per Unit of Production		
1. Electricity	Rs.2.18/kg	Rs.2.10/kg

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in Lacs)

Foreign Exchange Earnings	:	1159.15
Foreign Exchange Outgo	:	574.26

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, Financial Institutions, 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,

Mumbai, July 26, 2011

AMIT J. PATEL
EXECUTIVE CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS**FINANCIALS**

Gross revenue for the Year aggregated to Rs. 1963.56 lakhs as against the previous year turnover of Rs. 1866.17 lakhs.

Profit before Depreciation, Interest and Taxes for the year is lower at Rs.172.95 lakhs as compared to Rs. 285.35 lakhs of previous year.

Depreciation for the year is higher at 38.46 lakhs as compared to Rs 32.63 lakhs of previous year.

Profit before tax is at Rs. 123.75 lakhs as compared to Rs. 248.91 lakhs.

OUTLOOK ON OPPORTUNITIES, THREAT, RISKS AND CONCERNS

Stable economic growth in India will provide an opportunity to the Company to grow its business and introduce differentiated products for meeting customer expectations. The improving global economy will facilitate growth of export oriented products.

Increasing interest rates could slow down economic demand thereby impacting Company's sales in the current year. In addition input costs increase are likely to put pressure on margins in the short term.

Though the Company has strengthened its management structure however due to the political uncertainties in some countries where the company has a major market the performance in these could be impacted by local events.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control procedures commensurate with its size and nature of business.

The Company has appointed internal Auditors who audit the adequacy and effectiveness of internal controls laid down by the management and suggest improvements.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports, and adequacy of internal controls and risks management.

HUMAN RESOURCES

The Company continues to place significant importance on its Human Resources and enjoy cordial relations at all levels.

Long term wage settlement with Union at factory is under discussion and will help bring further improvements particularly in man power productivity. Employee relations continued to be cordial, and Endeavour is to completely eliminate the divide that sometime separates the management and the union and use the strength of everyone to BOOST the performance of the company.

CORPORATE GOVERNANCE

Company's Policies on the Corporate Governance and due Compliance Report on specific areas wherever applicable for the year ended 31st March, 2011 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.
- Implementation 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 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. Jayant G. Patel.
- There are four independent Directors namely Mr. Yoshiaki Tagami, Mr. Jagdish J. Vasa. Dr. Giuseppe Seccomandi and Mr. Sudhir M. Patel.

(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 26th April, 2010, 7th May, 2010, 13th August, 2010, 1st November, 2010 and 11th February, 2011.

The Meetings were attended as follows.

- Mr. Jayant G. Patel, Mr. Sishir R. Amin, Mr. Amit Patel and Sudhir Patel attended all the five Meetings.
- Mr. Jagdish Vasa attended four Meetings.
- Mr. Giuseppe Seccomandi and Mr. Yoshiaki Tagami were granted leave of absence for all five meetings.
- Mr. Amit Patel and Mr. Sishir Amin attended the last Annual General Meeting held on 28th July, 2010.

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

Name of the Directors	Category of Directors	No. Of Other Directorships 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 –Executive	1	0	0
Sishir R. Amin	Non Promoter – Executive	1	0	0
Sudhir M. Patel	Independent – Non- Executive	9	4	1
Jagdish J. Vasa	Independent – Non- Executive	6	0	0
Yoshiaki Tagami	Independent – Non- Executive	0	0	0
Giuseppe Seccomandi	Independent – Non- Executive	0	0	0

(d) Details of the Directors seeking re-appointment:-

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

Name of Director	Mr. Jayant Patel	Mr. Giuseppe Seccomandi
Date of appointment	19-06-1992	31-05-2008
Expertise in specific Functional Areas	Industrialist having business experience in Chemical Industry.	Considerable experience in Chemical Industry in Italy
List of other Directors	Caffil Private Limited	Nil

III AUDIT COMMITTEE:

(i) 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.

- (a) To review compliances with internal control systems.
- (b) To review the quarterly, half yearly, annual financial results of the Company before submission to the Board.
- (c) To review Company's financial reporting process and disclosure of financial information.
- (d) Recommending the appointment of statutory and internal auditors.

- (ii) 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. Jagdish Vasa is the Chairman of the Audit Committee.

- (iii) The four Audit Committee Meetings were held on May 07, 2010, August 13, 2010, November 01, 2010 and February 11, 2011.

Mr. Jagdish Vasa attended three meetings and Mr. Sudhir Patel and Mr. Sishir Amin attended all the four meetings.

IV. REMUNERATION COMMITTEE:

- (i) 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.

- (ii) 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. Jagdish Vasa is the Chairman of the Committee.

- (iii) No Meeting of Remuneration Committee was held during the year under review.

- (iv) The Company paid sitting fees of Rs. 5000/- per meeting to Non-Executive Directors and no other remuneration has been paid to the Non Executive Directors during the year under review.

Managing / Whole Time, Directors are being paid remuneration as approved by the Shareholders and as recommended by the Remuneration Committee and approved by the Board of Directors from time to time, subject to the approval of other appropriate authority, as may be required.

Remuneration to Executive Directors:

The Company has paid the gross remuneration of Rs. 13,50,594/- Lakhs (including perquisites and other benefits) to Mr. Sishir Amin, Managing Director of the Company and Rs.9,32,350/- Lakhs (including perquisites and other benefits) to Mr. Amit J Patel, Executive Chairman of the Company during the year.

Note: The contract of employment with Mr. Sishir Amin, Managing Director is for a period of five years and with Mr. Amit J Patel, Executive Chairman is for a period of three years. There is no notice period specified to determine the contract.

Further Mr. Jayant Patel, Non Executive Director, Mr. Amit Patel, Executive Chairman Mr. Sishir Amin, Managing Director hold 300950, 661500 and 30800 Equity Shares in the Company respectively.

V. SHAREHOLDERS' COMMITTEE:

- (a) The Company has constituted a Share Transfer cum Shareholders / Investors Grievance Committee consisting of Executive and Non Executive directors Mr. Jayant G. Patel, Mr. Amit J. Patel and Mr. Sishir R. Amin. The Committee normally meets twice a month as required. Mr. Amit Patel is the Chairman of the Shareholders' Committee.

The Committee approves, transfer / transmission / transposition / consolidations / splitting, issue of duplicate certificates, allotment of shares and debentures, shareholders grievances pertaining to non receipt of transferred share certificates, non receipt of balance sheet and non receipt of dividend / interest warrant etc.

- (b) The Board has designated Mr. Sishir Amin as the Compliance Officer.

- (c) The Company has approximately 3106 shareholders. The total number of complaints received and replied to the satisfaction of shareholders during the year under review were two. There were no outstanding complaints as on March 31, 2011.

VI GENERAL BODY MEETINGS:

a. The details of the Annual General Meeting held in last three years are as under: -

AGM	DAY	DATE	TIME	VENUE
16th	Tuesday	30.09.2008	11.30 A.M.	E-4, MIDC Tarapur, Boisar, Dis, Thane, Maharashtra-401506
17th	Wednesday	30.09.2009	11.30 A.M.	E-4, MIDC Tarapur, Boisar, Dis, Thane, Maharashtra-401506
18th	Wednesday	28.07.2010	11.30 A.M.	E-4, MIDC Tarapur, Boisar, Dist. Thane, Maharashtra-401506.

- b. No Special Resolution was passed at the last three Annual General Meetings.
c. No Special Resolution was passed last year through postal ballot.
d. No special resolution is proposed to be conducted through postal ballot.

VII DISCLOSURES:

- (i) The Company has properly disclosed the significant material transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives at the appropriate places in the Annual Accounts. However these transactions are not likely to have any conflict with the Company's interest.
(ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.
(iii) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them.
(iv) Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

VIII MEANS OF COMMUNICATION:

(i)	Quarterly Results	Communicated to all the Stock Exchanges with whom the Company is listed.
(ii)	Newspapers wherein Results normally published	The Free Press Journal, & Navshakti, Mumbai
(iii)	Any web site, where displayed	No
(iv)	Whether it also displays official News releases and presentations made to Institutional investors / analysts	No
(v)	Whether MD & A is a part of annual report	Yes

IX GENERAL SHAREHOLDER INFORMATION:

(a) ANNUAL GENERAL MEETING TO BE HELD:

The 19th Annual General Meeting will be held on Friday, the 30th September, 2011 at 10.30 A.M. at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506.

(b) FINANCIAL CALENDAR 2011-2012 (TENTATIVE):

Annual General Meeting	30 th September, 2012
First Quarterly Results:	Before end of 15 th August, 2011
Second Quarterly Results:	Before end of 15 th November, 2011.
Third Quarterly Results:	Before end of 15 th February, 2012.
Audited yearly Results for The year ended 31 st March, 2012	Before end of July, 2012.

(c) DATES OF BOOK CLOSURE:

16th September, 2011 to 30th September, 2011 (Both days inclusive).

(d) DIVIDEND PAYMENT DATE:

On or after 5th October, 2011 to those members whose names stand registered on the Company's Register of Members as on 30th September, 2011.

(e) Stock Exchange Listing:

The Company's shares are presently listed on the Bombay Stock Exchange.

(f) STOCK CODE:

	Physical	Demat
Trading code Bombay Stock Exchange	30825	530825

(g) STOCK MARKET DATA:

The Monthly high and low quotations and volume of shares traded at The Stock Exchange Mumbai is as follows.

Period	BSE		
	High (Rs.)	Low(Rs.)	Volume (Nos.)
April, 2010	19.20	15.30	1,27,921
May, 2010	21.00	15.10	2,16,592
June, 2010	22.10	18.60	1,48,396
July, 2010	22.80	19.70	1,48,399
August, 2010	23.75	18.80	1,80,539
September, 2010	21.90	17.00	1,36,529
October, 2010	20.40	16.00	82,232
November, 2010	21.80	15.05	1,11,022
December, 2010	19.90	14.05	34,429
January, 2011	19.50	13.80	78,746
February, 2011	17.80	12.10	60,254
March, 2011	18.95	12.11	2,37,3054

(h) REGISTRAR AND TRANSFER AGENTS:

The Registrar and Transfer Agents of the Company are M/s Link Intime India Private Limited and they have their Office at

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078. Tel No.: 25963838 Fax No.: 25946969 Email: mnt.helpdesk@linkintime.co.in URL for register shareholders email ids (Go green initiative) http://www.linkintime.co.in/newsite/goGreen.jsp	203, Davar House, Next to Central Cinema, Dr. D. N. Road, Mumbai - 400 001. Tel Nos. 22694127
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(i) SHARE TRANSFER SYSTEM:

Share transfer requests received in physical form are registered within 30 days from the date of receipt and Demat requests are normally confirmed within an average period of 10 days from the date of receipt.

(j) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2011:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares	% of Shareholding
1-500	2442	78.6220	413259	6.8876
501-1000	296	9.5299	259486	4.3248
1001-2000	138	4.4430	217644	3.6274
2001-3000	58	1.8674	150561	2.5094
3001-4000	32	1.0303	118124	1.9687
4001-5000	25	0.8049	117865	1.9644
5001-10000	54	1.7386	397604	6.6267
10001 & above	61	1.9639	4325457	72.0910
Grand Total	3106	100.00	6000000	100.00

DISTRIBUTION OF SHAREHOLDING (CATEGORY WISE)

Sr. No	Particulars	No. of Shares	% of Shareholding
A	Promoters and Promoter Group		
1	Indian Promoters		
(a)	Individuals/HUF	1498949	24.98
(b)	Bodies Corporate	503300	8.39
2	Foreign Promoters		
(a)	Bodies Corporate	245000	4.08
B	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	1500	0.03
(b)	Financial Institutions / Banks	7900	0.13
2	Non Institutions		
(a)	Bodies Corporate	326997	5.45
(b)	Individuals	2454113	40.90
(c)	Clearing Member(s)	111049	1.85
(d)	Non Resident Indians	68633	1.15
(e)	Foreign Company	749700	12.49
(f)	Trust	32859	0.55

(k) DEMATERIALISATION OF EQUITY SHARES:

The Company's Equity Shares are included in the list of companies whose scrips have been mandated by SEBI for settlement only in dematerialised form by all institutions and all investors. The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders. As on 31st March, 2011 about 63.80% of Equity Share Capital of the Company has been dematerialized.

(l) PLANT LOCATIONS:

The Company has a single plant located at Plot No. E/4, MIDC, Tarapur, Dist. Thane, Maharashtra

(m) ADDRESS FOR CORRESPONDENCE:

Company's Corporate Office	Registrar and Transfer Agents
Mr. Devidas N. Tendolkar - Compliance Officer D-13, EVEREST, 156 Tardeo Main Road, Tardeo, Mumbai Central, Mumbai-400 034. Tel Nos. 022-23530325 / 23530326 Fax: 022-23530329 E-mail: adm@daikaffil.com	M/s Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup(West), Mumbai-400 078. Tel No. 022 25963838 Fax No. 022 25962691

DECLARATION

As provided under Clause 49 of the Listing Agreement with Stock Exchange, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2011

FOR DAIKAFFIL CHEMICALS INDIA LIMITED

Mumbai, July 26, 2011

**SISHIR AMIN
MANAGING DIRECTOR**

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Members,
Daikaffil Chemicals India Limited.

We have examined the compliance of conditions of Corporate Governance by Daikaffil Chemicals India Limited, for the year ended March 31, 2011 as stipulated in clause 49 of the listing agreement of the said Company with The Stock Exchange, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **GAURANG MERCHANT & CO.**
Chartered Accountants

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 26th July, 2011.

AUDITORS' REPORT

To the Members of Daikaffil Chemicals India Ltd.

1. We have audited the attached Balance Sheet of **DAKAFFIL CHEMICALS INDIA LIMITED** as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our Comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except the Accounting Standard 28 "Impairment of Assets", as provision for loss on impairment in carrying amount of assets is not made as the same is not ascertained.**
 - (e) on the basis of written representations received from the Directors as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) in our opinion and to the best of our information and according to the explanations given to us, **subject to note no. 4 in schedule 19 relating to provision for impairment of assets**, the accounts read with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011 and;
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **GAURANG MERCHANT & CO.**
Chartered Accountants
Firm Reg. No. 103111W

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 26th July, 2011.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- (i) a. Records showing full particulars including quantitative details and situation of fixed assets have not been maintained adequately by the Company.
- b. As explained to us, the fixed assets have been physically verified by the management once during the year and in our opinion the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) a. As explained to us, the inventories have been physically verified by the management during the year at reasonable intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of the inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the size of the Company and the same have been properly dealt with in the books of account.
- (iii) a. According to the information and explanations given to us, the Company has not granted / taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b. As the Company has not granted / taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, provisions of clauses (iii)(b) (iii)(c) and (iii)(d) of Para 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain services rendered are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations for the same, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls.
- (v) a. According to the information and explanations given to us, we are of the opinion that transactions that needed to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions for items purchased/sold, services rendered/obtained in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Five Lakhs Rupees in respect of any party during the year are of a special nature and suitable alternate sources do not exist for obtaining comparative quotations.
- (vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Section 58A and 58AA of the Companies Act 1956 and rules made thereunder. Hence clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
- (ix) a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion,

the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.

- b. According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts in case of dues of sales tax/income tax/custom duty/wealth tax/excise duty/cess and hence the clause (ix)(b) of Para 4 of the Order is not applicable.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions and debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a Chit fund Company or nidhi / mutual benefit fund/society. Therefore the provisions of Clause (xiii) of Para 4 of the Order is not applicable to the Company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of Para 4 of the Order is not applicable to the Company.
- (xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, and according to the information and explanations given to us, the company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised monies by public issues during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **GAURANG MERCHANT & CO.**
Chartered Accountants
Firm Reg. No. 103111W

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 26th July, 2011.

BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	Rupees	Rupees	Rupees	As at 31/3/2010 Rupees
SOURCES OF FUNDS :-					
(1) Share Holders' Funds :					
(a) Capital	1	60,000,000		60,000,000	
(b) Reserves and Surplus	2	<u>31,733,651</u>		<u>27,689,607</u>	
			91,733,651		87,689,607
(2) Loan Funds :					
Secured Loans	3		19,935,930		3,298,855
(3) Deferred Tax Liability (Net)			2,297,083		2,122,760
	TOTAL		<u>113,966,664</u>		<u>93,111,222</u>
APPLICATION OF FUNDS :-					
(1) Fixed Assets	4				
(a) Gross Block.		109,216,047		94,638,418	
(b) Less : Depreciation		64,356,808		61,481,678	
Net Block.		<u>44,859,239</u>		<u>33,156,740</u>	
(c) Capital Work-in-progress		<u>6,258,010</u>		<u>9,919,754</u>	
			51,117,249		43,076,494
(2) Investments	5		2,251,000		2,251,000
(3) Current Assets, Loans and Advances					
(a) Inventories	6	42,111,400		30,179,308	
(b) Sundry Debtors	7	42,173,594		46,008,872	
(c) Cash and Bank Balances	8	4,460,570		6,296,115	
(d) Loans and Advances	9	<u>30,290,489</u>		<u>27,077,091</u>	
		<u>119,036,053</u>		<u>109,561,386</u>	
Less : Current Liabilities and Provisions	10				
(a) Current Liabilities		34,033,206		36,446,698	
(b) Provisions		24,404,432		25,330,960	
		<u>58,437,638</u>		<u>61,777,658</u>	
Net Current Assets			60,598,415		47,783,728
	TOTAL		<u>113,966,664</u>		<u>93,111,222</u>
Notes forming part of Accounts	19				

**As per our report attached of even date
For GAURANG MERCHANT & CO.**
Chartered Accountants
Firm Reg. No. 103111W

G. V. MERCHANT
Proprietor
Membership No. 17345
Mumbai: July 26, 2011

For and on behalf of the Board

AMIT J. PATEL Executive Chairman

SISHIR R. AMIN Managing Director

Mumbai : July 26, 2011

DAIKAFFIL

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	Rupees	Rupees	Rupees	As at 31/3/2010 Rupees
INCOME :-					
Sales, etc.	11	192,071,077		185,638,046	
Other Income	12	4,284,601		<u>978,468</u>	
			196,355,678		186,616,514
Increase /(Decrease) in stocks of finished goods and process stock.	13		9,012,914		<u>(1,984,368)</u>
			205,368,592		<u>184,632,146</u>
EXPENDITURE :-					
Material Costs	14		126,123,517		102,855,513
Manufacturing Expenses	15		16,748,708		14,769,481
Payments to & Provisions for Employees	16		15,706,914		12,511,523
Selling, Distribution, Administration & Other Expenses	17		29,494,352		25,960,505
Interest	18		1,073,937		381,010
Depreciation			3,846,031		<u>3,263,345</u>
			192,993,459		<u>159,741,377</u>
Profit before taxation			12,375,133		24,890,769
Less: Income tax Expense					
Current Tax		(4,000,000)		(8,900,000)	
Deferred Tax		(174,323)		<u>292,102</u>	
			(4,174,323)		(8,607,898)
Prior-Period Expenses			(17,163)		(37,694)
Excess Depreciation charged in previous years			541,964		-
Excess/(Short) Provision of I. Tax / FBT			915,665		-
Profit after taxation			9,641,276		<u>16,245,177</u>
Surplus / (Deficit) brought forward from previous year			16,257,587		8,128,170
Surplus available for appropriation			25,898,863		<u>24,373,347</u>
Appropriations :					
Transfer to General Reserve			2,500,000		2,500,000
Proposed Dividend			4,800,000		4,800,000
Corporate Dividend Tax Thereon			797,232		815,760
Balance carried forward			17,801,631		<u>16,257,587</u>
			25,898,863		<u>24,373,347</u>
Basic and diluted earning per share (Rs.) (Refer schedule 19 - Note B(16))			1.61		2.71
Notes forming part of Accounts	19				
As per our report attached of even date For GAURANG MERCHANT & CO.			For and on behalf of the Board		
Chartered Accountants Firm Reg. No. 103111W			AMIT J. PATEL Executive Chairman		
G. V. MERCHANT Proprietor Membership No. 17345 Mumbai: July 26, 2011			SISHIR R. AMIN Managing Director Mumbai : July 26, 2011		

Schedules forming part of the Balance Sheet as at 31st March, 2011

	Rupees	As at 31/3/2010 Rupees
Schedule : 1		
SHARE CAPITAL		
Authorised :		
65,00,000 (P.Y. 65,00,000) Equity Shares of Rs 10/- each	<u>65,000,000</u>	<u>65,000,000</u>
Issued, subscribed and Paid up :		
60,00,000 Equity Shares of Rs 10/- each (Of the above, 242,900 shares are allotted as fully paid up for consideration other than cash)	<u>60,000,000</u>	<u>60,000,000</u>
	<u>60,000,000</u>	<u>60,000,000</u>
Schedule : 2		
RESERVES AND SURPLUS		
Revaluation Reserve	2,483,400	2,483,400
Share Premium	3,448,620	3,448,620
General Reserve		
Opening Balance	5,500,000	3,000,000
Add : Transfer from profit & Loss A/c.	<u>2,500,000</u>	<u>2,500,000</u>
	8,000,000	5,500,000
Balance in Profit & Loss Account	<u>17,801,631</u>	<u>16,257,587</u>
	<u>31,733,651</u>	<u>27,689,607</u>
Schedule : 3		
SECURED LOANS		
From Bank :		
i) Working Capital		
- Cash Credit	3,300,786	-
- Export Packing Credit	8,713,069	3,035,457
- Bill Discounting	4,400,000	-
- Term Loan	3,373,159	-
(The above Loans are secured against hypothecation of Stock in Trade, Book Debts, Export Receivable, Plant and Machinery, Other Fixed Assets and Mortgage by Deposit of Title Deeds of Leasehold Land)		
ii) Karnataka Bank Ltd., (Secured against Hypothecation of Motor Cars)	148,916	263,398
	<u>19,935,930</u>	<u>3,298,855</u>

Schedules forming part of the Balance Sheet as at 31st March, 2011

**Schedule : 4
FIXED ASSETS**

Name of Assets	Gross Block			Depreciation				Net Block		
	As at 31/03/2010	Additions	Deductions	As at 31/03/2011	Provided Upto 31/03/2010	Provided this year	Adjustment/ Deduction during the year	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010
LAND (LEASEHOLD)	3,900,000	-	-	3,900,000	-	-	-	-	3,900,000	3,900,000
FACTORY BUILDING	17,933,669	5,601,677	-	23,535,346	7,231,638	643,435	-	7,875,073	15,660,273	10,702,031
FLAT	307,556	-	-	307,556	74,756	5,013	-	79,769	227,787	232,800
PLANT & MACHINERY	61,498,298	8,710,997	-	70,209,295	50,730,586	2,478,597	(541,964)	52,667,218	17,542,077	10,767,712
ELECTRICAL INSTALLATIONS	5,438,362	384,879	-	5,823,241	1,952,122	262,830	-	2,214,952	3,608,289	3,486,240
LABORATORY EQUIPMENT	1,365,395	20,360	-	1,385,755	127,962	65,180	-	193,142	1,192,613	1,237,433
OFFICE EQUIPMENTS	560,371	241,850	-	802,221	234,291	29,872	-	264,164	538,057	326,080
FURNITURE & FIXTURES	651,694	667,985	-	1,319,679	171,313	51,267	-	222,580	1,097,099	480,381
COMPUTER & FAX MACHINE	774,265	391,809	302,256	863,818	406,360	127,290	(196,086)	337,564	526,254	367,905
VEHICLES	2,208,808	-	1,139,672	1,069,136	552,651	182,547	(232,852)	502,346	566,790	1,656,157
Total	94,638,418	16,019,557	1,441,928	109,216,047	61,481,679	3,846,031	(970,902)	64,356,808	44,859,239	33,156,739
Previous year	89,407,685	5,709,993	479,260	94,638,418	58,377,930	3,263,345	(159,597)	61,481,678		
Capital Work-in-Progress									6,258,010	9,919,754
									51,117,249	43,076,493

Note : The Company had revalued its Land at market value as at 31/03/94 which resulted in a net increase of Rs.24,83,400/- to its value.

	Rupees	As at 31/3/2010 Rupees
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**Schedule : 5
INVESTMENT**

Long Term Investment
225100 (225100) Equity Shares of the Face Value of Rs.10/- each of
Erca Speciality Chemicals Private Limited

	2,251,000	2,251,000
	<u>2,251,000</u>	<u>2,251,000</u>

**Schedule : 6
INVENTORIES**

(As taken, valued & certified by the management)

A) Raw Materials / Merchenting goods	23,156,635	20,357,822
B) Finished Goods	2,770,241	1,226,105
C) Work-In-Process	15,357,797	7,889,019
D) Stores	338,107	331,569
E) Packing Materials	488,620	374,793
	<u>42,111,400</u>	<u>30,179,308</u>

**Schedule : 7
SUNDRY DEBTORS**

(Unsecured and Considered Good)

(i) Debts outstanding for a period exceeding six months	135,626	-
(ii) Other debts	42,037,968	46,008,872
	<u>42,173,594</u>	<u>46,008,872</u>

**Schedule : 8
CASH AND BANK BALANCES**

1. Cash and cheques on hand	38,971	69,780
2. Balance with Scheduled Banks		
In Current Accounts	2,393,399	4,463,563
In Fixed Deposit Account	1,335,054	1,335,054
In Dividend Account (Per Contra)	693,146	427,718
	<u>4,460,570</u>	<u>6,296,115</u>

Schedules forming part of the Balance Sheet as at 31st March, 2011

	Rupees	As at 31/3/2010 Rupees
Schedule : 9		
LOANS AND ADVANCES		
 (Unsecured and Considered Good)		
1. Advances/Claims recoverable in cash or in kind or for value to be received	4,501,228	2,562,402
2. Balances with Central Excise etc.	6,587,789	6,246,020
3. Security & other deposits	1,236,115	1,709,295
4. Advance Payment of Taxes	17,965,357	16,559,374
	<u>30,290,489</u>	<u>27,077,091</u>

Schedule : 10
CURRENT LIABILITIES AND PROVISIONS

1. Current Liabilities		
(i) Sundry Creditors		
Small and medium enterprise		
Micro, Small and Medium Enterprises - (Refer Note 12 on Schedule 19)		
Others	29,454,123	33,201,022
(ii) Unpaid Expenses	3,671,463	2,503,450
(iii) Deposits from Debtors	214,475	314,508
(iv) Unclaimed Dividend Account (Per Contra)	693,145	427,718
	<u>34,033,206</u>	<u>36,446,698</u>
2. Provisions		
Provision for Taxation	18,807,200	19,715,200
Provision for Dividend	4,800,000	4,800,000
Provision for Corporate Dividend Tax	797,232	815,760
	<u>24,404,432</u>	<u>25,330,960</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2011

	Rupees	Rupees	Rupees	Year Ended 31/3/2010 Rupees
Schedule : 11				
SALES, ETC.				
Sales (Net of Returns) :	205,426,966		194,134,874	
Less: Excise Duty	<u>13,561,219</u>		<u>8,928,638</u>	
Processing Charges		191,865,747		185,206,236
		<u>205,330</u>		431,810
		<u>192,071,077</u>		<u>185,638,046</u>
Schedule : 12				
OTHER INCOME				
Export Incentives		1,463,487		786,188
Interest received		438,753		702,676
Gain on Foreign Exchange Rate Fluctuations		1,921,436		(1,556,468)
Miscellaneous Income		<u>460,925</u>		<u>1,046,072</u>
		<u>4,284,601</u>		<u>978,468</u>
Schedule : 13				
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND PROCESS STOCK				
Closing Stock :-				
FINISHED GOODS	2,770,241		1,226,105	
WORK IN PROCESS	<u>15,357,797</u>		<u>7,889,019</u>	
		18,128,038		9,115,124
Less: Opening Stock:-				
FINISHED GOODS	1,226,105		2,031,000	
WORK IN PROCESS	<u>7,889,019</u>		<u>9,068,492</u>	
		9,115,124	-	11,099,492
		<u>9,012,914</u>		<u>(1,984,368)</u>
Schedule : 14				
MATERIAL COSTS				
(1) Raw Materials consumed :				
Opening Stock	19,240,295		8,620,275	
Add : Purchases and incidentals(Net)	<u>123,700,287</u>		<u>111,125,542</u>	
	142,940,582		119,745,817	
Less: Closing Stock	<u>22,076,667</u>		<u>19,240,295</u>	
		120,863,915		100,505,522
(2) Merchenting Goods (Cost of goods sold) :				
Opening Stock	1,117,527		-	
Add : Purchases (Net)	<u>5,222,044</u>		<u>3,467,518</u>	
	6,339,571		3,467,518	
Less: Closing Stock	<u>1,079,969</u>		<u>1,117,527</u>	
		5,259,602		2,349,991
		<u>126,123,517</u>		<u>102,855,513</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2011

	Rupees	Year Ended 31/03/2010 Rupees
Schedule : 15		
MANUFACTURING EXPENSES		
Electrical Maintenance.	62,605	105,011
Laboratory Expenses	145,615	109,846
Power & Fuel	10,352,997	8,545,796
Repairs to Building	203,979	263,197
Repairs to Plant & Machinery	1,540,108	2,474,875
Stores and Spare parts consumed	319,308	333,022
Water Consumption	908,971	824,213
Water Treatment	3,177,000	2,092,642
Handling Loss (Materials)	38,125	20,879
	<u>16,748,708</u>	<u>14,769,481</u>
Schedule : 16		
PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
(a) Salaries, Wages, Bonus and Allowances	14,170,026	11,441,333
(b) Contribution to Provident & Other Funds	1,056,220	597,987
(c) Staff Welfare Expenses	480,668	472,203
	<u>15,706,914</u>	<u>12,511,523</u>
Schedule : 17		
SELLING, DISTRIBUTION, ADMINISTRATION & OTHER EXPENSES		
Auditors' Remuneration	200,500	164,000
Bank Commission & Charges	836,191	530,764
Clearing & Forwarding Charges	434,319	460,955
Freight & Transport Charges	4,829,616	3,830,547
Export Credit Guarantee Commission	54,647	20,911
Commission on Export Sales	6,694,642	7,375,846
Export Freight	4,391,623	2,762,744
Electricity charges	93,697	112,784
Insurance	332,076	343,644
Loss on sale of Fixed Assets	629,497	119,663
Legal & Professional Fees.	691,439	476,317
Other Miscellaneous Expenses.	1,920,422	1,780,835
Office Rent	624,000	624,000
Vehicle Expenses	264,072	270,640
Membership & Filing Fees	152,017	163,446
Packing Materials	5,376,984	5,434,840
Printing & Stationery	281,631	245,083
General Repairs & Maintenance	97,496	132,882
Communication Expenses	322,373	304,524
Terminal Handling Charges	691,523	577,727
Travelling & Conveyance	426,590	162,011
Value Added Tax	148,997	66,342
	<u>29,494,352</u>	<u>25,960,505</u>
Schedule : 18		
INTEREST		
Bank	1,029,345	333,489
Others	44,592	47,521
	<u>1,073,937</u>	<u>381,010</u>

SCHEDULE: 19
NOTES FORMING PART OF ACCOUNTS**A) SIGNIFICANT ACCOUNTING POLICIES:****1) BASIS OF ACCOUNTING :**

The financial statements are prepared under historical cost convention on an accrual basis and are generally in accordance with the requirements of the Companies Act, 1956, as adopted consistently by the Company.

2) FIXED ASSETS :

Fixed Assets are stated at the original cost including other expenses related to acquisition and installation, net of tax / duty credits availed less accumulated depreciation.

3) DEPRECIATION :

(a) Depreciation on fixed assets is provided on straight line method at the rates and in the manner laid down in Schedule XIV of the Companies Act, 1956.

(b) Depreciation on assets acquired / purchased during the year has been provided on pro rata basis according to the period each asset was put to use during the year.

4) FOREIGN CURRENCY TRANSACTIONS.

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate prevailing on the last date of the accounting year. Gain or loss arising out of translation / conversion is taken credit for or charged to Profit and Loss Account.

5) INVESTMENTS :

Long term investments are stated at cost.

6) INVENTORIES :

Items of Inventory are valued on the basis given below:

(a) Raw Materials, Work-in-Process and Finished Goods at lower of cost or net realisable value.

(b) Stores and Packing materials at cost.

7) SALES :

Sales are recognised net of returns and exclude Excise Duty and Sales Tax. Processing charges are recognised net of sales tax.

8) EMPLOYEE RETIREMENT BENEFITS :

The gratuity and Leave-encashment liability is funded with Life Insurance Corporation of India and contribution towards the fund is charged to Profit and Loss Account.

Company's monthly contribution to Provident Fund is also charged to Profit and Loss Account.

9) TAXES ON INCOME :

The Income tax expense comprises Current tax and Deferred tax. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10) CONTINGENT LIABILITIES:

The Company recognizes a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

B) OTHER NOTES:

- 1) The figures for the previous year have been regrouped and rearranged wherever necessary.
- 2) Payment to Auditors (Excl. Service Tax)

Audit Fees	Rs.	105,000/-	(P.Y. Rs. .95,000/-)
Tax Audit Fees	Rs.	45,000/-	(P.Y. Rs. 35,000/-)
Taxation	Rs.	18,000/-	(P.Y. Rs. 15,000/-)
Certification Fees/Other Services	Rs.	32,500/-	(P.Y. Rs. 19,000/-)
- 3) (a) The Company has been advised that the computation of net profits for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to a Director as per Schedule XIII of the Companies Act, 1956.

(b) Director's Remuneration :	Rs.	21,74,063/-	(P.Y. Rs. 17,66,800/-)
Perquisites :	Rs.	1,08,881/-	(P.Y. Rs. 1,55,540/-)
LTA :	Rs.	NIL	(P.Y. Rs. 31,222/-)
- 4) The Company has not made provision for impairment, if any, in the carrying amount of assets as the same is not ascertained.
- 5) Estimated amount of contract remaining to be executed on capital Account and not provided for Rs. 100 Lakhs (P.Y.Rs. 100 Lakhs)
- 6) The stock in trade at the year end is as per inventories taken, valued and certified by the management.
- 7) Depreciation provided in the accounts is calculated on the straight line method basis as per the provisions of section 205(2)(e) of the Companies Act 1956 at the rates specified in schedule XIV of the said Act.
- 8) The excise duty payable if any on finished goods held in the factory is neither included in expenditure nor valued in such stock but is accounted for on clearance of goods from factory. This accounting treatment has no impact on profits.
- 9) Sundry Debtors and Loans and Advances are subject to confirmation.
- 10) Contingent Liabilities not provided for : Rs. Nil (P.Y. Rs. Nil)
- 12) The Company has not received any information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.
- 13) Related Party Disclosures :

A. Associated Companies/Firms :

M/s. Caffil Private Limited
M/s. Amichem
M/s. Tristar Corporation
M/s Erca Specilaity Chemicals Private Limited

B. Key Management Personnel :

Mr. Sishir Amin
Mr. Amit Patel
Mr. Jayant Patel

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	<u>2010-11</u>	<u>2009-10</u>
	(Rs.)	(Rs.)
Transactions during the year:		
1. Sales	3,77,316	Nil
2. Purchases-Materials	13,545	11,72,000
3. Charges received for Processing Goods	2,05,330	4,31,818
4. Remuneration to Directors:		
- Sitting Fees	93,000	69,000
- Managing Director	13,50,594	11,76,265
- Chairman	9,32,350	7,77,297
5. Outstanding Balances:		
- Debtors	3,77,316	Nil
- Refundable Security Deposit given	Nil	5,00,000
Except item no.4 above, the rest of the items relate to parties stated in (A) above.		
14) Segment Information has not been given as the Company does not have any segment.		
15) The major components of deferred tax assets/liabilities are as under:		
	<u>2010-11</u>	<u>2009-10</u>
	Rs.	Rs.
Deferred Tax Assets:		
Others	<u>436,950</u>	<u>340,886</u>
	<u>436,950</u>	<u>340,886</u>
Deferred Tax Liability:		
Depreciation differences	<u>2,734,033</u>	<u>2,463,646</u>
	<u>2,734,033</u>	<u>2,463,646</u>
Net Deferred Tax (Liability)/ Asset	<u>(2,297,083)</u>	<u>(2,122,760)</u>

- 16) Basic and diluted earning per share has been calculated by dividing net profit after taxation for the year by 60,00,000 (60,00,000) equity shares of nominal value of Rs.10/- each outstanding as on March 31, 2011

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INFORMATON UNDER PARAGRAPH 3 AND 4 OF THE PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956

	QTY MT	2010-11 VALUE Rs.	QTY MT	2009-10 VALUE Rs.
1. TURNOVER				
Class of Goods Dyes & Intermediates				
- Manufactured Goods	1442	185,585,701	1406	182,476,665
- Merchenting Goods	20	6,280,046	12	2,729,637
- Processing Charges	21	205,330	32	431,744
2. (A) RAW MATERIALS CONSUMED				
Bon Acid	84	16,823,219	77	12,480,347
P.N.B.A	27	3,396,359	14	2,208,140
Miscellaneous	3262	100,644,338	3041	85,817,035
		<u>120,863,915</u>		<u>100,505,522</u>
(B) PURCHASE OF GOODS				
For Trading	20	5,259,602	20	2,349,991
3 OPENING & CLOSING STOCK OF FINISHED GOODS				
OPENING STOCK				
Organic Intermediates	1	187,193	2	773,561
Optical Whitening Agents	18	1,038,912	18	1,257,439
CLOSING STOCK				
Organic Intermediates	1	600	1	187,193
Optical Whitening Agenets	40	2,769,641	18	1,038,912
4 PRODUCTION				
Class of Goods	INSTALLED CAPACITY	AS AT	PRODUCTION (MT)*	2009-10
	AS AT	AS AT	2010-11	
	31/3/2011	31/3/2010		
1 Organic Intermediates	900 MT	900 MT	151	131
2 Optical Whitening Agents				
- Powder	300 MT	300 MT	231	148
- Liquid	1500 MT	1500 MT	1,082	1,127
* Excludes Quantity manufactured for captive consumption.				
5 VALUE OF RAW MATERIALS CONSUMED;		2010-11		2009-10
		Value (Rs.)		Value (Rs.)
1 IMPORTED	47.77%	57,735,880	49.48%	49,732,992
2 INDIGENOUS	52.23%	63,128,035	50.52%	50,772,530
	<u>100.00%</u>	<u>120,863,915</u>	<u>100.00%</u>	<u>100,505,522</u>
6 CIF VALUE OF IMPORTS				
Raw Materials		59,383,987		58,829,623
7 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :-				
- Traveling		235,620		-
- Commission		6,803,062		7,095,755
8 EARNING IN FOREIGN CURRENCY				
FOB Value of Exports		111,461,342		116,184,235
9 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND				
(a) Number of Non-Resident Shareholders		2		2
(b) Number of Equity shares held by them		994,700		994,700
(c) (i) Amount of dividend Paid (Gross)		795,760		696,290
Tax deducted at source				
(ii) Year to which dividend relates		2009-10		2008-09

SIGNATURE TO SCHEDULES 1 TO 19

As per our report attached of even date
For GAURANG MERCHANT & CO.

Chartered Accountants
Firm Reg. No. 103111W

G. V. MERCHANT
Proprietor
Membership No. 17345
Mumbai: July 26, 2011

For and on behalf of the Board

AMIT J. PATEL Executive Chairman

SISHIR R. AMIN Managing Director

Mumbai : July 26, 2011

ANNEXURE "A" TO DIRECTORS' REPORT				
CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT (Rs. in lacs)				
		2010-11	2009-10	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and extraordinary items		123.75		248.91
ADJUSTMENTS FOR :				
Depreciation	38.46		32.63	
Interest Paid	10.74		3.81	
Loss/(Profit) on Sale of Fixed asset	6.29	55.49	1.20	37.64
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.		179.24		286.55
ADJUSTMENTS FOR :				
Trade and other Receivables	20.24		(235.34)	
Inventories	(119.32)		(100.48)	
Trade payable	(24.13)		197.10	
Repayment of Short Term Borrowings (Cash Credit)	133.78	10.57	30.35	(108.37)
Cash Generated from Operations		189.81		178.18
Interest paid	(10.74)		(3.81)	
Direct Taxes paid	(53.94)	(64.68)	(92.92)	(96.73)
Cash flow before extraordinary items.		125.13		81.45
Extraordinary Items		(0.17)		(0.38)
NET CASH FROM OPERATING ACTIVITIES (A)		124.96		81.07
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Including Capital WIP)	(123.58)		(154.93)	
Purchase of investments	0.00		-	
Sale of Fixed Assets	3.84	(119.74)	2.00	(152.93)
NET CASH USED IN INVESTING ACTIVITIES (B)		(119.74)		(152.93)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Long Term Loan	32.59		(0.84)	
Increase in Paid-up Capital	0.00		-	
Dividends paid	(56.16)	(23.57)	(49.14)	(49.98)
NET CASH FROM FINANCING ACTIVITIES (C)		(23.57)		(49.98)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(18.35)		(121.84)
CASH & CASH EQUIVALENTS:		62.96		184.80
Opening Balance at Beginning of the year		44.61		62.96
Closing Balance at the End of the year		(18.35)		(121.84)
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS		(18.35)		(121.84)

As per our report attached of even date
For GAURANG MERCHANT & CO
Chartered Accountants

G.V.MERCHANT
Proprietor
Membership No. 17345
Mumbai: July 26, 2011

For and on behalf of the Board of Directors.

AMIT J. PATEL
Executive Chairman

Mumbai: July 26, 2011

AUDITORS' CERTIFICATE

To
The Board of Directors
DAKAFFIL CHEMICALS INDIA LTD.
E-4, M.I.D.C.TARAPUR,
BOISAR,
MAHARASTRA-401506

We have examined the attached Cash Flow Statement of **DAKAFFIL CHEMICALS INDIA LIMITED** for the year ended March 31, 2011. The statement has been prepared by the Company in accordance with Clause 32 of the Listing Agreement with Bombay Stock Exchange and is in agreement with the Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For **GAURANG MERCHANT & CO.**
Chartered Accountants
Firm Reg. No. 103111W

G.V. MERCHANT
Proprietor
Membership No.17345

Mumbai: 26th July, 2011.

DAIKAFFIL

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :-

Registration No. - State code

Balance Sheet - -
Date Month Year

(Rs. In Lacs)

(Rs. In Lacs)

II. CAPITAL RAISED DURING THE YEAR :-

Public Issue Bonus Issue

Rights Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :-

Total Liabilities . Total Assets .

SOURCES OF FUNDS :-
Paid-up Capital .

Secured Loans .

APPLICATION OF FUNDS :-
Net Fixed Assets .

Net Current Assets .

Reserves & Surplus .

Deferred Tax Liabilities .

Unsecured Loans

Investments .

Misc. Expenditure

Deferred Tax Asset .

IV. PERFORMANCE OF COMPANY :-

Turnover & Other Income . Total Expenditure .

Profit Before Tax . Profit After Tax .

Earnings Per Share (Rs.) . Dividend Rate (%) %

V. GENERIC NAME OF PRINCIPAL PRODUCT/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No.(ITC Code)

-

Product Description

For and on behalf of the Board
AMIT J. PATEL Executive Chairman

SISHIR R. AMIN Managing Director
Mumbai : July 26, 2011

DAIKAFFIL



DAIKAFFIL
CHEMICALS INDIA LIMITED

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

PROXY FORM

Reg. Folio No....

I/We _____

of _____ in the district of _____

_____ being a member/members of the above named Company

hereby appoint _____ of _____

_____ in the district of _____

_____ or failing him _____

of _____ in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the 19th ANNUAL GENERAL MEETING of the Company to be held on 30th September, 2011 and any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature _____

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



DAIKAFFIL
CHEMICALS INDIA LIMITED

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

ATTENDANCE SLIP

19th Annual General Meeting : September 30, 2011.

Reg.Folio No.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 19th ANNUAL GENERAL MEETING of the Company at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506 at 10.30 a.m. on Friday, September 30, 2011.

Signature of the Shareholder/Proxy _____

Note : Please fill in this attendance slip and hand it over at the ENTRANCE

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