



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

**20th ANNUAL REPORT**  
**2011-2012**

## **DAIKAFFIL**

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**Board of Directors** : Mr. Amit J. Patel - Executive Chairman  
: Mr. Sishir R. Amin - Managing Director  
: Mr. Aditya A. Patel  
: Mr. Hiroshige Tanaka  
: Mr. Sudhir M. Patel  
: Mr. Jagdish J. Vasa  
: Dr. Giuseppe Seccomandi  
: Mr. Jayant G. Patel (Expired on 1-06-2012)

**Bankers** Karnataka Bank Limited

**Auditors** Gaurang Merchant & Company  
Chartered Accountants

**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 28, 2012

**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 Twentieth Annual General Meeting of the Members of **DAIKAFFIL CHEMICALS INDIA LIMITED** will be held on Friday, the 28th day of September, 2012 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, 2012 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. Amit J. Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sudhir M. Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**AS SPECIAL BUSINESS:**

6. To appoint a Director in place of Mr. Aditya A. Patel, who was appointed as Additional Director of the Company by the Board of Directors w.e.f. 14-08-2012 under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director liable to retire by rotation.
7. To appoint a Director in place of Mr. Hiroshige Tanaka, who was appointed as Additional Director of the Company by the Board of Directors w.e.f. 15-05-2012 under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of Director liable to retire by rotation.

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

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

**Registered Office:**

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

Mumbai : August 24, 2012

**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 21st day of September, 2012 to Friday, the 28th day of September 2012 (both days inclusive).
3. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 4th October, 2012 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 21st day of September, 2012 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 20th September, 2012.

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4. The members are requested to:
- 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;
  - Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
  - Approach the Company for consolidation of folios, if shareholdings are under multiple folios;
  - Get the shares transferred in joint names, if they are held in single name to avoid in convenience;
  - Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
  - 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.
  - 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 upto the financial year ended 31st March, 1997 ( No dividend was declared thereafter till the financial year ending 31st March, 2007) have been transferred to the Investor Education and Protection Fund of the Central Government (the "Fund") during the financial year.

### **EXPLANATORY STATEMENT IN RESPECT OF ITEMS NOS. 6 TO 7 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **Item Nos. 6**

Mr. Aditya A. Patel was appointed as Additional Director of the Company with effect from August 14, 2012 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Aditya A. Patel holds office only up to the date of the forthcoming Annual General Meeting.

Notice in writing has been received from a Member of the Company along with the deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Aditya A. Patel as candidate for the Office of Director liable to retire by rotation.

Mr. Aditya A. Patel, son of Chairman Mr. Amit J. Patel has substantial experience in Chemical Industry and his appointment as Director of the Company would immensely benefit the Company through his expert knowledge and business experience.

Mr. Amit J. Patel and Mr. Aditya A. Patel are interested in the Resolution at Item No. 6 of the accompanying Notice.

#### **Item Nos. 7**

Mr. Hiroshige Tanaka was appointed as Additional Director of the Company with effect from May 15, 2012 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Hiroshige Tanaka holds office only up to the date of the forthcoming Annual General Meeting.

Notice in writing has been received from a Member of the Company along with the deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Aditya A. Patel as candidate for the Office of Director liable to retire by rotation.

Mr. Hiroshige Tanaka, is a Japanese National having vast experience in Chemical Industry and his appointment as Director of the Company would immensely benefit the Company through his expert knowledge and business experience.

Mr. Hiroshige Tanaka is interested in the Resolution at Item No. 7 of the accompanying Notice since it relates to his appointment.

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

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

#### **Registered Office:**

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

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present their Twentieth Annual Report together with the Audited statement of Accounts along with the Report of the Auditors for the year ended 31st March, 2012 .

**FINANCIAL RESULTS:**

	<b>2011-2012</b>	<b>2010-2011</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Sales etc. and other income	<b>214,118,898</b>	196,355,678
Profit before Depreciation, Interest and Tax	<b>10,262,488</b>	17,250,510
Less: Depreciation	<b>4,801,582</b>	3,846,031
Interest	<b>2,068,551</b>	1,029,345
	<b>6,870,133</b>	4,875,376
Profit before Tax	<b>3,392,355</b>	12,375,134
Provision for Tax		
Current Tax	<b>(651,000)</b>	(4,000,000)
MAT Credit / (Set off)	<b>258,000</b>	-
Deferred Tax	<b>(995,664)</b>	(174,323)
	<b>(1,388,664)</b>	(4,174,323)
Short Provision Tax	<b>785,463</b>	915,665
Provision for Diminution in value of investment	<b>(1,817,628)</b>	-
Prior Period Expenses	<b>118,288</b>	(17,163)
Excess Depreciation Charged in previous years	-	541,964
Profit after Tax	<b>1,089,814</b>	9,641,277
Add: Balance Brought forward from the previous year	<b>17,801,632</b>	16,257,587
Profit available for Appropriation	<b>18,891,446</b>	25,898,864
Appropriation		
Transfer to General Reserve	<b>200,000</b>	2,500,000
Proposed Dividend	<b>3,000,000</b>	4,800,000
Corporate Dividend Tax Thereon	<b>463,500</b>	797,232
Balance carried forward	<b>15,227,946</b>	17,801,632
	<b>18,891,446</b>	25,898,864

**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:**

Net Sales grew by 8.30% to Rs. 21.41 crores including a growth in exports and domestic markets. However, the margins were under tremendous pressure and reduced substantially; the PBT before exceptional items reduced from Rs.123.75 lakhs to Rs.33.92 lakhs. The drastic impact on profitability was mainly on account of exorbitant increase in input prices, fixed costs and also sales and administrative costs and interest. However your Company through various cost cutting measures and improved efficiency laid focus on maintaining the performance in black which was successfully achieved though not to the expectations.

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### **DIRECTORS:**

Mr. Yoshiaki Tagami has resigned as Director w.e.f. 25th December, 2011. The Board places on record its sincere appreciation for valuable services rendered by him during his tenure as Director of the Company.

Further the founder promoter director Mr. Jayant G. Patel expired on 1st June, 2012. The Board places on record its sincere appreciation for valuable services rendered by him during his tenure as Director of the Company.

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

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

### **CORPORATE GOVERNANCE:**

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

### **PARTICULARS OF EMPLOYEES:**

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

### **AUDIT COMMITTEE:**

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

The Audit Committee met on five occasions on 03-05-2011, 26-07-2010, 12-08-2011, 15-11-2011 and 13-02-2012.

### **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.

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

Your Directors wish to inform Members that the Audited Accounts containing Financial Statements for the Financial Year 2011-2012 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, 2012, no unclaimed deposits are lying with the Company.

**INSURANCE:**

All the Fixed Assets have been adequately insured.

**FOREIGN COLLABORATORS:**

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

**INVESTMENT :**

The Company had made investment in Erca Speciality Chemicals Private Ltd., to the tune of Rs. 26.46 lakhs during the last four years which was in line with the management's long term perspective of business which was expected to yield good appreciation in the coming years.

The said investment till date is having negative cash flows, however the management is confident that considering the product profile and the future economic growth mainly in the textile segment this particular investment will generate positive cash flow in the next five years.

However under accounting convention and laws prevailing in India the management has made a provision for diminution in the value of this investment on the recommendation of the auditors. The same will be reversed once this investment starts generating positive returns.

**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.

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Relevant data in respect of energy consumption is as below.

(I)		2011-2012	2010-2011
<b>Power &amp; Fuel Consumption</b>			
1.	Electricity		
	Purchased Units	6,38,981	5,90,488
	Total Amount	Rs. 40,96,733	Rs.31,84,265
	Rate / Unit (Rs.)	Rs.6.41	Rs.5.39
2.	Light Diesel Oil / Furnance Oil		
	Quantity ( Litres )	3,000	7,400
	Total Amount	Rs.1,32,570	Rs.3,00,976
	Average Rate ( Rs. / Ltrs)	Rs.44.19	Rs.40.67
3.	Coal		
	Quantity (Kgs)	14,99,752	11,90,875
	Total Amount	Rs.86,84,430	Rs.68,67,756
	Average Rate (Rs./ Kgs)	Rs.5.79	Rs.5.77
<b>(II) Consumption per Unit of Production</b>			
1.	Electricity	Rs 2.56/kg	Rs.2.18/kg

### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	(Rs. in Lacs)
Foreign Exchange Earnings	: 1528.23
Foreign Exchange Outgo	: 661.02

### **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.

### **ACKNOWLEDGEMENT:**

The Directors wish to place on record their appreciations for the continued support and co-operations by Government Authorities, Financial Institutions, Banks and our valued customers 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, August 24, 2012

**AMIT J. PATEL**  
**EXECUTIVE CHAIRMAN**



**CORPORATE GOVERNANCE**

Company's Policies on the Corporate Governance and due Compliance Report on specific areas wherever applicable for the year ended 31st March, 2012 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. (Expired on 1-06-2012)
- There are four independent Directors namely Mr. Yoshiaki Tagami, Mr. Jagdish J. Vasa. Dr. Giuseppe Seccomandi and Mr. Sudhir M. Patel.
- Mr. Yoshiaki Tagami resigned as Director w.e.f. 25th December, 2011.

**(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 3rd May, 2011, 26th July, 2011, 12th August, 2011, 15th November, 2011 and 15th February, 2012.

The Meetings were attended as follows.

- Mr. Jayant G. Patel, Mr. Sishir R. Amin and Mr. Jagdish Vasa attended all the five Meetings.
- Mr. Sudhir Patel and Mr. Amit J. Patel attended four Meetings.
- Mr. Giuseppe Seccomandi attended one Meeting.
- Mr. Yoshiaki Tagami was granted leave of absence for all five meetings during his tenure.

Mr. Amit Patel and Mr. Sishir Amin attended the last Annual General Meeting held on 30th September, 2011.

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### (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 (Expired on 01-06-2012)	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
Dr. Giuseppe Seccomandi	Independent – Non- Executive	0	0	0

### (d) Details of Directors seeking Re-appointment :-

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

Name of Director	Mr. Amit Patel	Mr. Sudhir Patel
Date of appointment	19-06-1992	29-03-2003
Expertise in specific Functional Areas	Industrialist having business experience in Chemical Industry.	Industrialist having vast experience in Engineering Industry.
List of other Directors	Caffil Private Limited	1) ABC Bearing Limited 2) MIPCO Seamless Rings (Gujarat) Ltd 3) MIPCO Investments Private Limited 4) Manoway Investments Private Limited 5) Maple Investments Co. Private Ltd. 6) Emsons Leasing Co. Private Limited 7) Taveta Properties Private Limited 8) Essex Properties Private Limited 9) Namur Properties Private Limited 10) NSK-ABC Bearings Limited 11) Izumi Engineering India Private Limited

### 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) Five Audit Committee Meetings were held on May 03, 2011, July 26, 2011, August 12, 2011, November 15, 2011 and February 13, 2012.  
Mr. Sudhir M. Patel attended four meetings and Mr. Jagdish Vasa and Mr. Sishir Amin attended all the five meetings.
- (iv) The company paid sitting fees of Rs. 5000/- per meeting to Non- Executive Directors and no other remuneration has been to the non-executive directors during the year under review.

**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. 14,81,291/- (including perquisites and other benefits) to Mr. Sishir Amin, Managing Director of the Company and Rs. 8,49,012/- (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 (Expired on 1-06-2012) Non Executive Director, Mr. Amit Patel, Executive Chairman Mr. Sishir Amin, Managing Director held 300950, 661500 and 30800 Equity Shares in the Company respectively.

**V. COMPLIANCE OFFICER :**

Mr. Devidas N. Tendolkar acts as the Compliance Officer for ensuring compliance with the requirements of listing agreement with the Stock Exchange and SEBI Regulations as amended from time to time.

**VI. 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 (Expired on 1-06-2012), 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. D.N Tendolkar as the Compliance Officer.
- (c) The Company has approximately 3071 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, 2012.

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### VII GENERAL BODY MEETINGS:

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

AGM	DAY	DATE	TIME	VENUE
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.
19th	Friday	30.09.2011	10.30 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.

### VIII 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.

### IX 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	www.daikaffil.com
(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

### X GENERAL SHAREHOLDER INFORMATION:

#### (a) ANNUAL GENERAL MEETING TO BE HELD:

The 20th Annual General Meeting will be held on Friday, the 28th September, 2012 at 11.30 A.M. at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506.

#### (b) FINANCIAL CALENDAR 2012-2013 (TENTATIVE):

Annual General Meeting	30 <sup>th</sup> September, 2013
First Quarterly Results:	Before end of 15 <sup>th</sup> August, 2012
Second Quarterly Results:	Before end of 15 <sup>th</sup> November, 2012.
Third Quarterly Results:	Before end of 15 <sup>th</sup> February, 2013.
Audited yearly Results for The year ended 31 <sup>st</sup> March, 2013	Before end of August, 2013.

**(c) DATES OF BOOK CLOSURE:**

21<sup>st</sup> September, 2012 to 28<sup>th</sup> September, 2012 (Both days inclusive).

**(d) DIVIDEND PAYMENT DATE:**

On or after 3<sup>rd</sup> October, 2012 to those members whose names stand registered on the Company's Register of Members as on 28<sup>th</sup> September, 2012.

**(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, 2011	16.50	12.50	97,828
May, 2011	15.94	11.95	70,710
June, 2011	14.36	12.00	20,534
July, 2011	16.80	10.41	68,810
August, 2011	17.20	11.45	34,477
September, 2011	16.80	11.40	46,154
October, 2011	16.00	10.41	36,216
November, 2011	17.27	10.26	27,787
December, 2011	14.63	10.31	15,048
January, 2012	14.35	10.39	24,103
February, 2012	14.50	10.85	66,366
March, 2012	13.45	9.01	44,881

**(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: <a href="mailto:mnt.helpdesk@linkintime.co.in">mnt.helpdesk@linkintime.co.in</a>	203, Davar House, Next to Central Cinema, Dr. D. N. Road, Mumbai - 400 001. Tel Nos. : 22694127
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## DAIKAFFIL

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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 31-03-2012:**

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares	% of Shareholding
1-500	2429	79.0948	402410	6.7068
501-1000	279	9.0850	243951	4.0658
1001-2000	139	4.5262	216760	3.6127
2001-3000	60	1.9538	154330	2.5722
3001-4000	27	0.8792	101047	1.6841
4001-5000	24	0.7815	112927	1.8821
5001-10000	52	1.6933	377161	6.2860
10001 & above	61	1.9862	4391414	73.1903
<b>Grand Total</b>	<b>3071</b>	<b>100.00</b>	<b>6000000</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING (CATEGORY WISE)**

Sr. No	Particulars	No. of Shares	% of Shareholding
<b>A</b>	<b>Promoters and Promoter Group</b>		
1	<u>Indian Promoters</u>		
(a)	Individuals/HUF	1433849	23.90
(b)	Bodies Corporate	503300	8.39
2	<u>Foreign Promoters</u>		
(a)	Individuals	0	0
(b)	Bodies Corporate	0	0
<b>B</b>	<b>Public Shareholding</b>		
1	<u>Institutions</u>		
(a)	Mutual Funds / UTI	1500	0.03
(b)	Financial Institutions / Banks	7900	0.13
2	<u>Non Institutions</u>		
(a)	Bodies Corporate	383023	6.38
(b)	Individuals	2541034	42.35
(c)	Clearing Member(s)	24255	0.40
(d)	Non Resident Indians	74999	1.25
(e)	Foreign Company	994700	16.58
(f)	Trust	35440	0.59

**(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 31<sup>st</sup> March, 2012 about 76.66% 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:**

<b>Company's Corporate Office</b>	<b>Registrar and Transfer Agents</b>
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: <a href="mailto:info@daikaffil.com">info@daikaffil.com</a>	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, 2012

**FOR DAIKAFFIL CHEMICALS INDIA LIMITED**

Mumbai, August 24, 2012

**SISHIR AMIN  
MANAGING DIRECTOR**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**A) Segment wise performance:-**

The Company operates in one segment, namely Dyes / intermediates comprising Optical Brighteners / Naphthols in accordance with the definition of " Segment " as per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India . The Performance of the Company is discussed separately in this report.

**B) Risks & Concerns**

The entry of several new players and capacity augmentation by existing players is likely to increase, leading to competitions and in turn adversely affect margins. Cost of key raw materials-notably Cyanuric Chloride, DASDA, Bon ACID, DEA have risen steeply without commensurate increases in products prices.

**C) Research & Development [R&D] and Technology**

Research & Development is the prime objective and lot of activity in development of new Brighteners for Textiles & Naphthols for Pigments are being carried out. The Company hopes to commercially introduce New Brighteners / Naphthols during the year.

**D) Internal control audit system and Risk Management**

The Company has in place an effective and independent internal control system covering all areas of operations. The transactions are approved by authorized persons. A firm of Chartered Accountants conducts the internal Audit of the company as per the schedule approved by the Audit committee for the year. A regular review is done in respect of the financial and operating control at locations of the Company. The Audit Committee at its periodic meetings, review observations and recommendations contained in the Internal Audit Report. Independent opinions are expressed on issues of concern and consequential corrective actions implanted by the Company are subsequently reviewed by the Audit Committee.

**E) Financial performance & Analysis:**

There was an all around increase in the input costs including raw materials and overheads. All these costs could not be passed on to the customers which had an impact on profit margin.

Total Revenue for the Year aggregated to Rs. 2141.18 lakhs as against the previous year turnover of Rs. 1963.56 lakhs.

Profit before Depreciation, Interest and Taxes for the year is lower at Rs. 102.62 lakhs as compared to Rs. 172.50 lakhs of previous year.

Depreciation for the year is higher at 48.02 lakhs as compared to Rs 38.46 lakhs of previous year.

Profit before tax is at Rs. 16.93 lakhs as compared to Rs. 128.99 lakhs

**I) Human Resource Development / Industrial Relations:**

Improving employee engagement and thereby increasing the productivity has been the key focus of the Human Resource function adopted by the management. As in the past, the industrial relations continued to remain cordial in all departments of the Company. The focus is primarily on the engaging, motivating and improving the productivity of all its employees.

**J) Cautionary Statement:**

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

Also since the Agreement with the workmen has elapsed and final negotiations with Secretary of the new union & Committee members is in progress. The company hopes to finalise the Agreement valid till November 2013 with an amicable settlement which would maintain harmonious working atmosphere.



**AUDITORS' REPORT**

To the Members of Daikaffil Chemicals India Ltd.

1. We have audited the attached Balance Sheet of **DAIKAFFIL CHEMICALS INDIA LIMITED** as at March 31, 2012 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, 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2012 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. 31 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, 2012 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: 24 August, 2012

**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.

## DAIKAFFIL

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- (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 explanation 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 term loans have been applied for the purposes for which they have been obtained.

- (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: 24th, August, 2012

#### **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, 2012 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  
**Firm Reg. No. 103111W**

**G.V. MERCHANT**  
Proprietor  
Membership No.17345

Mumbai: 24th, August, 2012

## DAIKAFFIL

<b>BALANCE SHEET AS AT 31st MARCH, 2012</b>						(Rupees)
						As at
						31/03/2011
						Note
<b>A EQUITY AND LIABILITIES</b>						
<b>1 Shareholders' funds</b>						
(a) Share capital	2	60,000,000		60,000,000		
(b) Reserves and surplus	3	29,359,966	89,359,966	31,733,652	91,733,652	
<b>2 Non-current liabilities</b>						
(a) Long-term borrowings	4	1,667,766		748,018		
(b) Deferred tax liabilities (net)	5	3,292,747		2,297,083		
(d) Long-term provisions	6	745,207	5,705,720	1,297,094	4,342,195	
<b>3 Current liabilities</b>						
(a) Short-term borrowings	7	18,488,431		16,413,855		
(b) Trade payables	8	50,503,380		28,918,070		
(c) Other current liabilities	9	5,874,684		6,592,099		
(d) Short-term provisions	10	3,463,500	78,329,995	5,597,232	57,521,256	
<b>TOTAL</b>			<b>173,395,681</b>		<b>153,597,103</b>	
<b>B ASSETS</b>						
<b>1 Non-current assets</b>						
(a) Fixed assets	11					
(i) Tangible assets		53,566,875		44,859,239		
(ii) Capital work-in-progress		4,218,151		6,258,010		
		57,785,026		51,117,249		
(b) Non-current investments	12	829,032		2,251,000		
(c) Long-term loans and advances	13	2,007,847	60,621,905	2,390,081	55,758,330	
<b>2 Current assets</b>						
(a) Inventories	14	45,101,422		42,111,401		
(b) Trade receivables	15	49,284,780		42,173,594		
(c) Cash and cash equivalents	16	5,576,371		4,460,570		
(d) Short-term loans and advances	17	8,083,236		7,771,920		
(e) Other current assets	18	4,727,967	112,773,776	1,321,288	97,838,773	
<b>TOTAL</b>			<b>173,395,681</b>		<b>153,597,103</b>	

The Notes form an Integral part of these Financial statements

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

**G. V. MERCHANT**  
Proprietor  
Membership No. 17345  
Mumbai: August 24, 2012

For and on behalf of the Board

**AMIT J. PATEL** Executive Chairman

**SISHIR R. AMIN** Managing Director

Mumbai: August 24, 2012

<b>STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2012</b> (Rupees)			
	Note		Year ended 31/03/2011
<b>Revenue from operations (gross)</b>	<b>19</b>	<b>223,472,346</b>	207,095,783
Less: Excise duty		<u>12,545,143</u>	<u>13,561,219</u>
Revenue from operations (net)		<b>210,927,203</b>	193,534,564
Other income	<b>20</b>	<b>3,191,695</b>	2,821,114
<b>Total revenue</b>		<b>214,118,898</b>	196,355,678
<b>Expenses</b>			
(a) Cost of materials consumed	<b>21</b>	<b>135,326,456</b>	120,863,915
(b) Purchase of stock-in-trade	<b>22</b>	<b>5,336,422</b>	5,222,044
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	<b>23</b>	<b>(3,267,860)</b>	(8,975,356)
(d) Employee benefit expense	<b>24</b>	<b>15,915,009</b>	15,706,912
(e) Finance costs	<b>25</b>	<b>2,507,849</b>	1,477,160
(f) Depreciation and amortisation expense	<b>11</b>	<b>4,801,582</b>	3,846,031
(g) Other expenses	<b>26</b>	<b>50,107,085</b>	45,839,838
<b>Total expenses</b>		<b>210,726,543</b>	183,980,544
<b>Profit before exceptional and extraordinary items and tax</b>		<b>3,392,355</b>	12,375,134
<b>Exceptional items :-</b>			
Provision for Diminution in value of investment	<b>12</b>	<b>(1,817,628)</b>	-
Prior-Period Income / (Expenses)		<b>118,288</b>	(17,163)
Excess Depreciation charged in previous years		<u>-</u>	<u>541,964</u>
		<b>(1,699,340)</b>	524,801
<b>Profit before extraordinary items and tax</b>		<b>1,693,015</b>	12,899,935
Extraordinary items		<u>-</u>	<u>-</u>
<b>Profit before tax</b>		<b>1,693,015</b>	12,899,935
<b>Tax Expense :</b>			
Current Tax		<b>(651,000)</b>	(4,000,000)
Deferred Tax	<b>5</b>	<b>(995,664)</b>	(174,323)
Minimum Alternate Tax Credit / (Set off)		<b>258,000</b>	-
Earlier Years		<u>785,463</u>	<u>915,665</u>
		<b>(603,201)</b>	(3,258,658)
<b>Profit for the year</b>		<b>1,089,814</b>	9,641,277
<b>Earnings per Equity Share</b>			
[Face Value of Rs. 10 per Equity share)			
Basic and Diluted earning per share (Rs.)		<b>0.18</b>	1.61

**The Notes form an Integral part of these Financial statements**

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

**(G. V. MERCHANT)**  
Proprietor  
Membership No. 17345  
Mumbai: August 24, 2012

**For and on behalf of the Board**

**AMIT J. PATEL** Executive Chairman

**SISHIR R. AMIN** Managing Director

Mumbai: August 24, 2012

**DAIKAFFIL**

<b>CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT</b> (Rupees)				
	<b>Note</b>	<b>2011-2012</b>		<b>2010-2011</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and extraordinary items		<b>3,392,355</b>		12,375,134
ADJUSTMENTS FOR :				
Depreciation	<b>4,801,582</b>		3,846,031	
Interest Paid	<b>2,068,551</b>		1,073,937	
Loss/(Profit) on Sale of Fixed asset	-	<b>6,870,133</b>	629,000	5,548,968
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.</b>		<b>10,262,488</b>		17,924,102
ADJUSTMENTS FOR :				
Trade and other Receivables	<b>(7,760,815)</b>		2,023,778	
Inventories	<b>(2,990,021)</b>		(11,932,093)	
Trade payable and others	<b>20,421,094</b>		(2,413,492)	
Repayment of Short Term Borrowings	<b>2,074,575</b>	<b>11,744,833</b>	13,378,398	1,056,591
Cash Generated from Operations		<b>22,007,321</b>		18,980,693
Interest paid	<b>(2,068,551)</b>		(1,073,937)	
Direct Taxes paid	<b>(2,293,669)</b>	<b>(4,362,220)</b>	(5,394,233)	(6,468,170)
Cash flow before extraordinary items.		<b>17,645,101</b>		12,512,523
Extraordinary Items		<b>118,288</b>		(17,163)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>17,763,389</b>		12,495,360
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets (Including Capital WIP)	<b>(11,469,358)</b>		(12,357,315)	
Purchase of investments	<b>(395,660)</b>		-	
Sale of Fixed Assets	-	<b>(11,865,018)</b>	383,493	(11,973,822)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>(11,865,018)</b>		(11,973,822)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long Term Loan	<b>814,662</b>		3,258,677	
Increase in Paid-up Capital	-		-	
Dividends paid	<b>(5,597,232)</b>	<b>(4,782,570)</b>	(5,615,760)	(2,357,083)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>		<b>(4,782,570)</b>		(2,357,083)
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>				
<b>CASH &amp; CASH EQUIVALENTS:</b>		<b>1,115,801</b>		(1,835,545)
Opening Balance at Beginning of the year		<b>4,460,570</b>		6,296,115
Closing Balance at the End of the year		<b>5,576,371</b>		4,460,570
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>		<b>1,115,801</b>		(1,835,545)

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

For and on behalf of the Board of Directors.

**AMIT J. PATEL**  
CHAIRMAN

**(G. V. MERCHANT)**  
Proprietor  
Membership No. 17345  
Mumbai : August 24, 2012

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

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**Note 1. SIGNIFICANT ACCOUNTING POLICIES:****1) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS :**

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 and the accounting principles generally accepted in India and comply with the Accounting Standards notified by the Companies (Accounting standards) Rules, 2006.

The presentation of the accounts is based on revised schedule VI of the Companies Act, 1956 applicable from the current financial year. Accordingly previous year figures are realigned to make it comparable with current year.

**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. Provision for Diminution in value is made to recognize decline, other than temporary in the value of investments.

**6) INVENTORIES :**

Items of Inventory are valued at lower of cost or net realizable value (Except Stores and Packing materials which are valued at cost). Cost Comprises of expenditure incurred in the normal course of business in bringing such inventories to its location and included where applicable appropriate overheads based on normal level of activity.

**7) REVENUE RECOGNITION :**

a) Sale of goods: Sales are recognized when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with delivery. It includes Excise Duty but excludes Value added Tax and Sales Tax.

b) Export sales are accounted on the basis of dates of on board Bill of lading and/ or Airway bill.

c) Export Incentives are accounted on accrual basis.

### 8) RETIREMENT AND OTHER EMPLOYEE BENEFITS :

- a) Defined Contribution Plan: - Contribution paid / payable by the company during the period to Provident fund and Labour welfare fund are recognized in the statement of profit and loss.
- b) Defined Benefit plan:
  - i) Gratuity Plan: The Company through an Employee Gratuity Trust Fund has taken an insurance policy under the group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of the company. The liability for gratuity is ascertained on the basis of actuarial valuation done at the end of the financial year by LIC. The contribution made to the fund is charged to Statement of Profit and Loss.
  - ii) Leave encashment : The Company has taken an insurance policy with Life Insurance Corporation of India to cover the Employee's Leave encashment Liability of the company. The liability for leave encashment is provided on the basis of actuarial valuation done at the end of the financial year by LIC. The contribution made to the fund is charged to Statement of Profit and Loss.

### 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 realized.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal Income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT Credit/ Asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal tax during the specified period.

### 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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012**

As at  
31/03/2011

**Note 2:**

**Share Capital**

**a) Authorised**

65,00,000 (65,00,000) Equity Shares of Rs.10/- Each. 65,000,000 65,000,000

**b) Issued,subscribed and Paid up :**

60,00,000 (60,00,000) Equity Shares of Rs.10/- Each. 60,000,000 60,000,000

60,00,000 (60,00,000) Equity Shares of Rs.10/- Each. 60,000,000 60,000,000

**c) Reconciliation of number of Equity Shares :**

Particulars	As at 31-3-2012		As at 31-3-2011	
	No. of Shares	Value (Rupees)	No. of Shares	Value (Rupees)
Balance at the beginning of the year	6,000,000	60,000,000	6,000,000	60,000,000
Add: Shares Issued during the year	-	-	-	-
Balance at the end of the year	6,000,000	60,000,000	6,000,000	60,000,000

**d) Terms/ Rights attached to the Shares :**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of Liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferred amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**e) Details of Shares held by Shareholders holding more than 5% of the Aggregate Shares in the Company**

Name of the Shareholders	As at 31-3-2012		As at 31-3-2011	
	No. of Shares	Shares as % of Total No. of Shares	No. of Shares	Shares as % of Total No. of Shares
1 Jayant Patel	300,950	5.02%	300,950	5.02%
2 Amit Patel	661,500	11.03%	661,500	11.03%
3 Caffil Private Ltd.,	503,300	8.39%	503,300	8.39%
4 H.G.E. Chemical Company S.A. (Luxembourg)	749,700	12.50%	749,700	12.50%

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### NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

			As at 31/03/2011
<b>Note 3 :</b>			
<b>Reserves and Surplus</b>			
<b>Revaluation Reserve</b>			
Balance at the beginning of the year	2,483,400	2,483,400	
Add : During the year	-	-	
	<u>2,483,400</u>	<u>2,483,400</u>	2,483,400
<b>Share Premium</b>			
Balance at the beginning of the year	3,448,620	3,448,620	
Add : During the year	-	-	
	<u>3,448,620</u>	<u>3,448,620</u>	3,448,620
<b>General Reserve</b>			
Balance at the beginning of the year	8,000,000	5,500,000	
Add : Transferred from surplus	200,000	2,500,000	
	<u>8,200,000</u>	<u>8,000,000</u>	8,000,000
<b>Surplus in Statement of Profit and Loss</b>			
Balance at the beginning of the year	17,801,632	16,257,587	
Add : During the year	1,089,814	9,641,277	
	<u>18,891,446</u>	<u>25,898,864</u>	
<b>Less : Appropriations</b>			
<b>Transfer to General Reserve</b>	<b>(200,000)</b>	<b>(2,500,000)</b>	
<b>Proposed Dividend</b>	<b>(3,000,000)</b>	<b>(4,800,000)</b>	
<b>Corporate Dividend Tax Thereon</b>	<b>(463,500)</b>	<b>(797,232)</b>	
	<u>15,227,946</u>	<u>17,801,632</u>	
	<u>29,359,966</u>	<u>31,733,652</u>	
<b>Note 4 :</b>			
<b>Long - Term Borrowing</b>			
<b>Secured Loan</b>			
Term Loan from Bank	4,314,822	3,373,159	
(The above Loan is secured against hypothecation of Stock in Trade, Book Debts, Plant and Machinery, Other Fixed Assets and Mortgage by Deposit of Title Deeds of Leasehold Land)			
Car Loan from Bank	21,915	148,916	
(Secured against Hypothecation of Motor Cars)			
Less : Shown as Current Maturities of Term Loans			
Under Other Current Liabilities	<u>(2,668,971)</u>	<u>(2,774,057)</u>	
	<u>1,667,766</u>	<u>748,018</u>	

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012**

	As at 31/03/2012	Charge/ (credit) during the year	As at 31/03/2011
<b>Note 5 :</b>			
<b>Deferred Tax Liabilities (Net)</b>			
Deferred Tax Liabilities:			
on account of timing difference in depreciation	3,593,114	859,081	2,734,033
<b>Sub-Total</b>	<b>3,593,114</b>	<b>859,081</b>	<b>2,734,033</b>
Deferred Tax Assets:			
on account of Allowances / Disallowance Under Income Tax Act, 1961	300,367	(136,583)	436,950
<b>Sub-Total</b>	<b>300,367</b>	<b>(136,583)</b>	<b>436,950</b>
Net Deferred tax liability	<u>3,292,747</u>	<u>995,664</u>	<u>2,297,083</u>

**Note 6 :**

**Long Term Provisions**

Employees benefits :-

    Provision for Gratuity (Refer note No. 24 Fund lying with

    LIC- In a separate trust account)

    Provision for Leave Encashment

    Deposits from Customers

-	434,279
536,207	648,340
209,000	214,475
<u>745,207</u>	<u>1,297,094</u>

**Note 7**

**Short - Term Borrowings**

**Secured Loan #**

From Bank

- Cash Credit

- Export Packing Credit

- Bill Discounting

2,013,781	3,300,786
16,474,650	8,713,069
-	4,400,000
<u>18,488,431</u>	<u>16,413,855</u>

# Secured against hypothecation of Stock in Trade, Book Debts, Plant and Machinery, Other Fixed Assets and Mortgage by Deposit of Title Deeds of Leasehold Land.

**Note 8 :**

**Trade Payables**

Due to Micro, Small and Medium Enterprises \*

Due to creditors other than Micro, Small and Medium Enterprises

37,220,848	24,154,252
13,282,532	4,763,818
<u>50,503,380</u>	<u>28,918,070</u>

\* Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in The Micro, Small & Medium Enterprises, Development Act, 2006). The Company is generally regular in making payments of dues to such enterprises. Hence the question of payment of interest or provision therefore towards belated payments does not arise.

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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

As at  
31/03/2011

### Note 9 :

#### Other Current Liabilities

Other Liabilities	540,479	436,848
Liability Towards Employees	1,473,894	1,860,406
Statutory Liabilities	184,433	291,590
Unpaid Dividend #	1,006,907	693,145
Advance from Customers	-	536,053
Current Maturities of Long Term Borrowings (see note 4)	2,668,971	2,774,057
	<u>5,874,684</u>	<u>6,592,099</u>

# As at the year end there is no amount due for payment to the Investor Education & Protection Fund under Section 205C of the Companies Act, 1956.

### Note 10 :

#### Short Term Provisions

Provision for Dividend	3,000,000	4,800,000
Provision for Corporate Dividend Tax	463,500	797,232
	<u>3,463,500</u>	<u>5,597,232</u>

### Note 11

#### FIXED ASSETS

Name of Assets	Gross Block			Depreciation				Net Block	
	As at 31/03/2011	Additions	Deductions	As at 31/03/2012	Provided Upto 31/03/2011	Provided this year	Adjustment/ Deduction during the year	As at 31/03/2012	As at 31/03/2011
LAND (LEASEHOLD)	3,900,000	-		3,900,000				3,900,000	3,900,000
FACTORY BUILDING	23,535,346	120,175		23,655,521	7,875,073	788,973	-	14,991,475	15,660,273
FLAT	307,556	11,475		319,031	79,769	5,074	-	234,188	227,787
PLANT & MACHINERY	70,209,295	13,064,298	-	83,273,593	52,667,218	3,298,336	-	27,308,039	17,542,077
ELECTRICAL INSTALLATIONS	5,823,241	-		5,823,241	2,214,952	276,604	-	3,331,685	3,608,289
LABORATORY EQUIPMENT	1,385,755	182,646		1,568,401	193,142	72,077	-	1,303,182	1,192,613
OFFICE EQUIPMENTS	859,775	9,641		869,416	264,164	40,994	-	564,258	595,611
FURNITURE & FIXTURES	1,319,679	105,983		1,425,662	222,580	85,649	-	1,117,433	1,097,099
COMPUTER	806,264	15,000	-	821,264	337,564	132,308	-	351,392	468,700
VEHICLES	1,069,136	-	-	1,069,136	502,346	101,568	-	465,222	566,790
Total	109,216,047	13,509,218	-	122,725,265	64,356,808	4,801,582	-	53,566,875	44,859,239
Previous year	94,638,418	16,019,557	1,441,928	109,216,047	61,481,679	3,846,031	(970,902)	64,356,808	
Capital Work-in-Progress								4,218,151	6,258,010
								<u>57,785,026</u>	<u>51,117,249</u>

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.

### Note 12 :

#### Non Current Investments

Long-term

Unquoted and non trade

Investment in 264666 (205100) Equity shares of face value Rs.10/- each of Erca Speciality Chemicals Pvt. Ltd.,

Less: Provision for Diminution in the value of investment

	2,646,660	2,251,000
	1,817,628	-
	<u>829,032</u>	<u>2,251,000</u>

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012**

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As at  
31/03/2011

**Note 13 :**

**Long Term Loans and Advances**

*Unsecured and Considered Good*

A Capital Advances	42,500	505,626
B Security Deposits	1,250,415	1,236,115
C Asset with LIC for Leave Encashment (Refer Note 24)	699,077	648,340
D Asset with LIC for Gratuity Fund (Refer Note 24)	15,855	-
	<b>2,007,847</b>	<b>2,390,081</b>

**Note 14 :**

**Inventories - As certified by Management**

**Valued at Lower of Cost or Net Realizable Value :**

Raw Materials	22,078,614	22,076,667
Work-in- Progress	16,356,471	15,357,797
Finished Goods	5,841,825	2,770,241
Stock-in-Trade	277,571	1,079,969

**Valued at Cost :**

Stores and Spares.	161,400	338,107
Packing Materials	385,541	488,620
	<b>45,101,422</b>	<b>42,111,401</b>

**Note 15 :**

**Trade Receivables**

*Unsecured and Considered Good*

Outstanding for a period exceeding six months from the date they are due for payment

	6,124	83,526
Other Trade Receivables	49,278,656	42,090,068
	<b>49,284,780</b>	<b>42,173,594</b>

**Note 16 :**

**Cash and Bank Balances**

**A Cash and Cash Equivalents :**

Cash on hand	48,391	38,971
Balances with Banks in current accounts	3,060,947	2,393,399
	<b>3,109,338</b>	<b>2,432,370</b>

**B Others bank balances :-**

- Deposit Accounts (with maturity more than 3 months but less than 12 months) Lodged as security with Bank as

Margin Money against Letters of Credit and Bank Guarantee	1,460,125	1,335,054
Earmarked balances with bank for Unpaid Dividends	1,006,908	693,146
	<b>2,467,033</b>	<b>2,028,200</b>
	<b>5,576,371</b>	<b>4,460,570</b>

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### NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

		As at 31/03/2011
<b>Note 17 :</b>		
<b>Short - Term Loans and Advances</b>		
<i>Unsecured and Considered Good</i>		
Prepaid Expenses	177,998	205,425
Cenvat Credit Receivable	3,202,123	2,627,313
Loans to Employees	239,600	144,850
Balances with Government Authorities	4,007,549	3,986,953
Advances to Suppliers	455,966	807,379
	<u>8,083,236</u>	<u>7,771,920</u>
<b>Note 18 :</b>		
<b>Other Current Assets</b>		
<i>Unsecured and Considered Good</i>		
Interest Accrued on Investments / Deposits	121,767	78,614
Insurance claim receivable	1,192,200	-
Minimum Alternate Tax Credit Entitlement	258,000	-
<b>For others</b>		
For Advance Tax / TDS	14,318,737	17,965,357
Less : Provision for Income Tax	<u>12,751,000</u>	<u>18,807,200</u>
	1,567,737	(841,843)
<b>For others</b>		
MVAT Recoverable from Govt.	1,535,910	1,156,107
DEPB Licence Unutilised	52,353	928,410
	<u>4,727,967</u>	<u>1,321,288</u>

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		Year ended 31/03/2011
<b>Note 19:</b>		
<b>Revenue from Operations</b>		
a) Sale of Products :- (Refer note 19A)		
- Finished Goods	216,032,891	199,146,920
- Stock-in-Trade	6,519,682	6,280,046
	<u>222,552,573</u>	<u>205,426,966</u>
b) Sale of Services - Processing Charges	-	205,330
c) Other Operating Revenue (Export Incentives)	919,773	1,463,487
	<u>223,472,346</u>	<u>207,095,783</u>
Less : Excise duty	12,545,143	13,561,219
Revenue from Operations (Net)	<u>210,927,203</u>	<u>193,534,564</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

	Year ended 31/03/2011		
<b>19A Details of Products Sold</b>			
(i) Sale of finished Goods			
Organic Intermediates (Net of Excise Duty)	81,932,692	74,251,282	
Optical Brighteners (Net of Excise Duty)	121,555,056	111,334,419	
Add: Excise Duty	12,545,143	13,561,219	
(iii) Sale of Stock - in - Trade (Net of Excise Duty)			
Optical Brighteners	6,519,682	6,280,046	
	<b>222,552,573</b>	<b>205,426,966</b>	
<b>Note 20 :</b>			
<b>Other Income</b>			
Interest :			
On Bank Deposits	171,410	185,342	
Others	323,144	253,411	
Exchange Gain (Net)	2,697,141	1,921,436	
Miscellaneous Income	-	460,925	
	<b>3,191,695</b>	<b>2,821,114</b>	
<b>Note 21 :</b>			
<b>Raw Materials Consumed</b>			
Raw materials Consumed :			
Opening stock	22,076,667	19,240,295	
Add : Purchase	136,864,469	123,700,287	
	158,941,136	142,940,582	
Less : Raw Material Sales	486,587	-	
Less : Loss on account of fire	1,049,479	-	
	157,405,070	142,940,582	
Less : Closing Stock	22,078,614	22,076,667	
	<b>135,326,456</b>	<b>120,863,915</b>	
<b>(A) Details of Raw Materials Consumed</b>			
Chemicals			
Organic Intermediates	121,110,006	74,560,528	
Inorganic Intermediates	14,216,450	46,303,387	
	<b>135,326,456</b>	<b>120,863,915</b>	
<b>(B) Value of imported and Indigenous of Raw Materials consumed</b>			
	<b>2011-12</b>	<b>2010-11</b>	
	<b>Value</b>	<b>Value</b>	<b>% to total</b>
			<b>Consumption</b>
Raw Materials :			
Imported at landed cost	74,353,931	57,735,880	47.77%
Indigenously obtained	60,972,525	63,128,035	52.23%
	<b>135,326,456</b>	<b>120,863,915</b>	<b>100.00%</b>
<b>Note 22 :</b>			
<b>Purchase of stock - in- Trade</b>	<b>5,336,422</b>	<b>5,222,044</b>	
Optical Brighteners	<b>5,336,422</b>	<b>5,222,044</b>	

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Year ended  
31/03/2011

### Note 23 :

#### Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade

##### Opening Stock

Work- in- Progress	15,357,797		7,889,019	
Finished Goods	2,770,241		1,226,105	
Stock-in-Trade	1,079,969	19,208,007	1,117,527	10,232,651

##### Less : Closing Stock

Work - in - Progress	16,356,471		15,357,797	
Finished Goods	5,841,825		2,770,241	
Stock-in-Trade	277,571	22,475,867	1,079,969	19,208,007
		(3,267,860)		(8,975,356)

### Note 23 A :

#### Details of Work In Progress

Optical Brighteners	6,028,278	8,357,229
Organic Intermediates	10,328,193	7,000,568
	16,356,471	15,357,797

### Note 24 :

#### Employee Benefit expenses

Salaries, Wages and Bonus	14,126,787	13,496,711
Contribution to Provident, Gratuity and other Funds *	1,160,453	1,729,535
Staff Welfare Expenses	627,769	480,668
	15,915,009	15,706,914

\* As required by Accounting Standard 15 Employees Benefits (AS-15), the disclosures are as under :

#### A) Defined Contribution Plans

a) The company makes Contribution to Provident fund and employees pension scheme to Defined Contribution plan for qualifying employees. Under the schemes the company is required to contribute a specified percentage of the payroll costs to fund the benefits

b) Charge to Statement of Profit and Loss for Defined Contribution Plan is as under :

- Employers' Contribution to Provident Fund	469,823	469,219
- Employers' Contribution to Employees' State Insurance	26,024	24,671
- Employers' Contribution to Employees' Pension Scheme, 1995	427,936	413,422
	A 923,783	907,312

#### B) Defined Benefit Plans

a) The company offers the following employee benefit scheme to its employees

- i) Gratuity
- ii) Other Defined Benefit plans (Leave Encashment)

b) Charge to Statement of Profit and Loss for Defined Benefit Plan is as under :

- Employers' Contribution to LIC Group Gratuity Scheme	195,726	592,035
- Employers' Contribution to LIC Leave Encashment Scheme	14,529	203,455
- LIC fund management charges	26,415	26,733
	B 236,670	822,223
	Total (A+B) 1,160,453	1,729,535



## DAIKAFFIL

The following table set outs the funded status of the Defined Benefit schemes and the amounts recognised in the Financial Statements :

	<i>As at 31/03/2012</i>		<i>As at 31/03/2011</i>	
	<u>Gratuity</u>	<u>Leave Encashment</u>	<u>Gratuity</u>	<u>Leave Encashment</u>
<b>A Changes in the Present Value of Obligation</b>				
Present Value Of Obligation as at Beginning of the Year	2,973,003	470,941	2,170,879	213,136
Interest Cost	237,840	37,675	173,670	17,051
Current Service Cost	211,581	6,029	157,756	4,612
Past service Cost	-	-	-	-
Benefits paid	(49,447)	(8,571)	-	-
<b>Acturial Gains / (Loss)</b>	<b>23,897</b>	<b>30,133</b>	470,698	236,142
Present value of Obligation as at the end of the year	<u>3,396,874</u>	<u>536,207</u>	<u>2,973,003</u>	<u>470,941</u>
	-	-	-	-
<b>B Changes in the Fair Value of Plan Assets</b>				
Fair Value of Assets as at Beginning of the Year	2,538,724	648,340	2,163,485	593,990
Expected return	277,592	59,308	210,089	54,350
Acturial Gains / (Loss)	-	-	-	-
Net Contribution by Employer	645,860	-	165,150	-
Benefits paid	(49,447)	(8,571)	-	-
Fair value of Assets as at the end of the year	<u>3,412,729</u>	<u>699,077</u>	<u>2,538,724</u>	<u>648,340</u>
	-	-	-	-
<b>C Amount Recognised in the Balance sheet</b>				
Present value of Obligation as at the end of the year	3,396,874	536,207	2,973,003	470,941
Fair value of Assets as at the end of the year	3,412,729	699,077	2,538,724	648,340
Unfunded Liability / (Net asset) Recognised in Balance Sheet	<u>(15,855)</u>	<u>(162,870)</u>	434,279	(177,399)
	-	-	-	-
<b>D Balance sheet Reconciliation</b>				
Net Liability at the beginning of the year	434,279	(177,399)	7,394	(380,854)
Expense Recognised during the year	195,726	14,529	592,035	203,455
Contribution during the year	(645,860)	-	(165,150)	-
Net Liability Recognised at the end of the year	<u>(15,855)</u>	<u>(162,870)</u>	434,279	(177,399)
	-	-	-	-
<b>E Amount Recognised in Statement of Profit &amp; Loss</b>				
Current Service Cost	211,581	6,029	157,756	4,612
Interest Cost	237,840	37,675	173,670	17,051
Expected Return on Plan Asset	(277,592)	(59,308)	(210,089)	(54,350)
Net Acturial (Gain)/ Loss Recognised in the period	<b>23,897</b>	<b>30,133</b>	470,698	236,142
Total Expenses charged to Statement of Profit & Loss	<u>195,726</u>	<u>14,529</u>	592,035	203,455
	-	-	-	-
<b>F Percentage of each category of Plan assets to Fair Value of plan Assets</b>				
(1) Insurer Managed fund	100.00%	100.00%	100.00%	100.00%
<b>G Acturial Assumptions</b>				
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected return on Plan	9.15%	9.15%	9.15%	9.15%
Salary Escalation	4.00%	4.00%	4.00%	4.00%

The principle plan assets consists of a scheme of insurance taken by the trust, which is a qualifying policy. Breakdown of individual investments that comprise the total plan assets is not supplied by the insurer

# DAIKAFFIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		Year ended 31/03/2011
<b>Note 25 :</b>		
<b>Finance Cost</b>		
Bank Interest	2,068,551	1,029,345
Hire purchase charges	11,995	24,514
Processing, documentation and other borrowing cost	427,303	423,301
	<u>2,507,849</u>	<u>1,477,160</u>
<b>Note 26 :</b>		
<b>Other Expenses</b>		
Manufacturing Expenses		
Consumption of stores and spare parts	490,431	319,308
Power and fuel	12,913,733	10,352,997
Water consumption	1,106,976	908,971
Water treatment	1,171,437	3,177,000
Repairs and maintenance - Buildings	176,586	203,979
Repairs and maintenance - Machinery	1,562,403	1,540,108
Electrical Maintenance.	53,587	62,605
Laboratory Expenses	146,918	145,615
Handling Loss	51,083	38,125
	<b>TOTAL (A)</b>	<b>16,748,708</b>
<b>Selling, Distribution and Administration expenses</b>		
Rent including lease rentals	644,000	624,000
Repairs and maintenance - Others	160,096	97,496
Consumption of packing materials	6,563,298	5,376,984
Insurance	409,895	332,076
Rates and taxes	120,745	112,686
Communication	442,517	322,373
Travelling and conveyance	408,281	426,590
Printing and stationery	323,938	281,631
Freight and forwarding	5,424,718	4,829,616
Sales commission	9,968,839	6,952,089
Discount on sales	225,765	454,934
Business promotion	349,458	218,987
Legal and professional	462,597	691,439
Payments to auditors		
- Audit Fees	120,000	105,000
- Tax Audit Fees	45,000	45,000
- Taxation matter	26,000	18,000
- Certification Fees/Other Services	82,500	32,500
	<u>273,500</u>	<u>200,500</u>
Bank Commission & Charges	297,160	412,890
Clearing & Forwarding Charges	659,860	434,319
Export Freight	2,792,802	4,391,623
Electricity charges	100,058	93,697
Vehicle Expenses	321,282	264,072
Membership & Filing Fees	211,490	152,017
Terminal Handling Charges	1,101,855	691,523
Loss on sale of Fixed Assets	-	629,497
Value Added Tax	135,749	148,997
Director Sitting fees	115,000	93,000
Entertainment Expenses	152,029	118,501
Share Transfer Expenses	104,807	90,177
Miscellaneous Expenses	664,192	649,417
	<b>TOTAL (B)</b>	<b>29,091,130</b>
<b>TOTAL (A + B)</b>	<b>50,107,085</b>	<b>45,839,838</b>

**Note 27:**

**Related party Disclosure**

**I) Name of the Related party and nature of relationship**

**A. Associate Enterprises**

- M/s Caffil Private Limited
- M/s Amichem
- M/s Erca Speciality Chemicals Pvt. Ltd  
(Joint Venture Company)

**B. Key Management Personnel**

- Mr. Sishir Amin (Managing Director)
- Mr. Amit Patel (Executive Chairman)
- Mr. Jayant Patel (Expired on 1-6-2012)
- Mr. Aditya Patel (Appointed on 14-08-2012)

**II) Summary of Transactions with related parties during the year:**

	PARTICULARS	ERCA	CAFFIL	Mg. DIRECTOR	CHAIRMAN	DIRECTOR
1	Sales (Net)	2,215,924	-	-	-	-
2	Purchases-Materials	342,598	-	-	-	-
3	Charges paid for Processing Goods	-	105,907	-	-	-
4	Remuneration to Directors *	-	-	1,593,131	849,012	-
5	Director - Sitting Fees	-	-	-	-	25,000
6	Outstanding Balances:					
	Due to the Company (Debtors)	1,737,097	-	-	-	-
	Due by the Company (Creditors)	-	103,788	-	-	-

\* Excluding Provision for Gratuity & Leave encashment as the actuarial valuation is done on the overall company basis

**Note 28:**

**Contingent Liabilities**

	PARTICULARS	As at 31/03/2012	As at 31/03/2011
1	Estimated amount of Arrears on account of revision of Wages for Factory workers pending settlement with the Union	730,000	-
2	Outstanding Letters of Credit	11,740,000	1,334,000
3	Outstanding Bank Guarantee	25,000	-
		<b>12,495,000</b>	1,334,000

**Note 29:**

**Commitments**

Estimated amount of contract remaining to be executed on capital Account and not provided for Rs. 100 Lakhs (P.Y.Rs. 100 Lakhs)

**Note 30:**

**Disclosure of Interest in Joint Venture**

Details of Company's interest in its Joint Venture, having joint control, as per the requirement of Accounting Standard (AS) - 27 on "Financial Reporting of Interest in Joint Ventures" notified under the Companies (Accounting Standard) Rules, 2006, are as under:

Sr. No.	PARTICULARS	As at 31/03/2012	As at 31/03/2011
	% Shares Held	25.00%	22.78%
a)	Assets	1,489,792	1,715,154
b)	Liabilities	660,794	845,011
c)	Income	1,533,427	4,292,160
d)	Expenses	1,665,202	4,356,115
e)	Net Worth (a-b)	828,998	870,143

## DAIKAFFIL

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**Note 31 :**

The Company has not made provision for impairment, if any, in the carrying amount of assets as the same is not ascertained.

**Note 32 :**

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.

**Note 33 :**

Sundry Debtors and Loans and Advances are subject to confirmation.

**Note 34 :**

Segment Information has not been given as the Company does not have any segment.

**Note 35 :**

**Earnings per Share**

PARTICULARS	As at	As at
	31/03/2012	31/03/2011
(A) Profit attributable to Equity Shareholders (Rs.)	1,089,814	9,641,277
(B) No. of Equity Share outstanding during the year.	6,000,000	6,000,000
(C) Face Value of each Equity Share ( Rs.)	10	10
(D) Basic & Diluted earning per Share ( Rs.)	0.18	1.61

**Note 36 :**

**Expenditure in Foreign Currency on Account of :-**

- Travelling	67,372	235,620
- Commission	9,867,495	6,803,062

**Note 37 :**

**Earning in Foreign Currency**

FOB Value of Exports	149,896,821	111,461,342
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**Note 38 :**

**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	795,760
Tax deducted at source	--	--
(ii) Year to which dividend relates	2010-11	2009-10

**Note 39 :**

**Value of Import on CIF Basis**

Raw Materials	70,462,512	59,383,987
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**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 20th ANNUAL GENERAL MEETING of the Company to be held on 28th September, 2012 and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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**

**20th Annual General Meeting : September 28, 2012.**

**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 20<sup>th</sup> ANNUAL GENERAL MEETING of the Company at E-4, M.I.D.C. Tarapur, Boisar, District Thane, Maharashtra-401506 at 11.30 a.m. on Friday, September 28, 2012.

Signature of the Shareholder/Proxy \_\_\_\_\_

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

**DAIKAFFIL**

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