

Camlin

Fine Chemicals Ltd

14th Annual Report 2006-2007

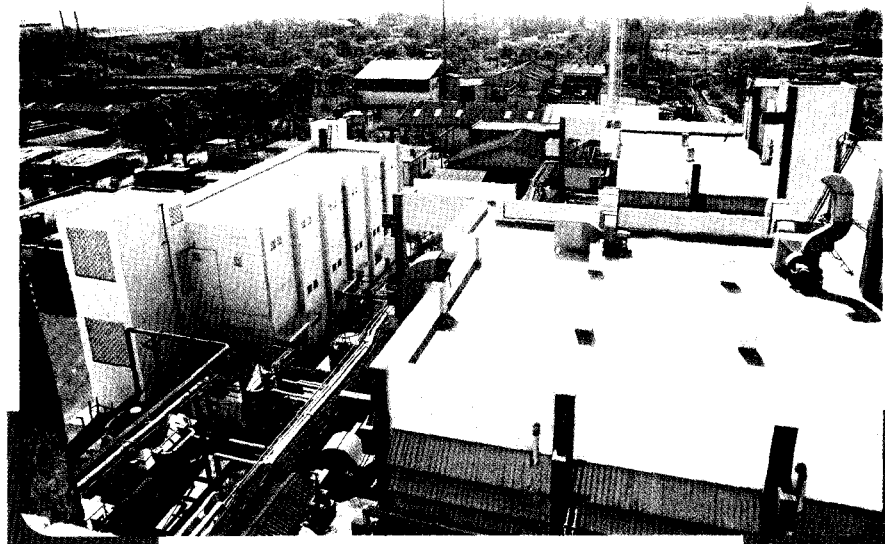


API'S FOOD ANTIOXIDANTS SWEETENER

Camlin Fine Chemicals Limited, began operations in 1984 and manufactures Active Pharmaceutical Ingredients (API'S), Food Antioxidants and Sweetener.

Camlin Fine Chemicals Limited is the world's second largest and Asia's largest manufacturer and marketer of Food Grade Antioxidants Tertiary Butyl Hydroquinone (TBHQ) and Butylated Hydroxy Anisole (BHA). Our presence spans 38 countries world wide.

We have dedicated and isolated manufacturing facilities for Food ingredients and API's. The manufacturing facilities are ISO 9001: 2000 certified. The Hazard Analysis Critical Control Points (HACCP) are implemented and certified at our food ingredient manufacturing facilities to guarantee our commitment to food safety and hygiene. The management systems are well understood and maintained at all levels in our organization.



MANUFACTURING FACILITY - OVERVIEW

BOARD OF DIRECTORS

Mr. Dilip D. Dandekar	—	Chairman
Mr. Ashish S. Dandekar	—	Managing Director
Mr. Pramod M. Sapre	—	Director
Mr. Shriram S. Dandekar	—	Director
Mr. Deepak M. Dandekar	—	Director
Mr. Sharad M. Kulkarni	—	Director
Mr. Abeezar E. Faizullahoy	—	Director

BANKERS

Bank of Maharashtra
IDBI Bank Ltd.

COMPANY SECRETARY

Mr. N. R. Joshi

AUDITORS

M/s. B. K. Khare & Co.
Chartered Accountants
Mumbai.

REGISTRARS AND TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Ltd.
(Unit: Camlin Fine Chemicals Ltd.)
Satam Estate, 3rd floor,
Cardinal Gracious Road,
Chakala, Andheri (E),
Mumbai 400 099.

WORKS

M.I.D.C. Boisar, Tarapur (Dist. Thane) 401506.

REGISTERED OFFICE

ICC Chambers, 3rd floor,
Saki Vihar Road,
Powai, Mumbai 400 072.
Tel. No. 91-22-28479609-10
Fax: 91-22-28479601
Website: www.camlinfinechem.com

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CAMLIN FINE CHEMICALS LIMITED

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Camlin Fine Chemicals Ltd., will be held at Maharashtra Chamber of Commerce Industry and Agriculture, Babasaheb Dahanukar Sabhagriha, 6th Floor Oricon House, Opp. Jahangir Art Gallery 12/K, Dubash Marg, Fort, Mumbai 400 001 on Wednesday, 25th July, 2007, at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Dilip D. Dandekar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pramod M. Sapre, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint B. K. Khare and Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Shriram S. Dandekar, who was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 27th November, 2006 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Shriram S. Dandekar as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Deepak M. Dandekar, who was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 27th November, 2006 and who holds office as such upto the date of this Annual General Meeting and in respect

of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Deepak M. Dandekar as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Sharad M. Kulkarni, who was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 27th November, 2006 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Sharad M. Kulkarni as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Abeezar E. Faizullahoy, who was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 27th November, 2006 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Abeezar E. Faizullahoy as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 & 311, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Articles of Association of the Company, the consent of the members be and is hereby accorded to the appointment of Mr. Ashish S. Dandekar as Managing Director of the Company, for a period of 3 (Three) years with effect from 1st September, 2007, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Ashish S. Dandekar, a draft whereof is placed

before the meeting with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Ashish S. Dandekar".

"RESOLVED FURTHER THAT any one of the Director or the Company Secretary be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

10. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 13, 16 and 94 and all other applicable provisions, if, any, of the Companies Act, 1956 (including any statutory modifications or re-enactments for the time being in force) and the enabling provisions in that behalf in the Articles of Association of the Company, and subject to such approvals, permissions and sanctions, if any, required from any concerned authorities, the Authorized Share Capital of the Company be and is hereby increased from the existing Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 100,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each and consequently the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and it is hereby altered by substituting the following as new Clause V in its place and stead:

- V. The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 100,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto such preferential, deferred, qualified, guaranteed or special rights, privileges or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or the Articles of the Company for the time being".

11. To Consider and, if thought fit to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, existing Article No. 3 of the Articles of Association of the Company be and is hereby altered by substituting the following new Article No. 3 in its place and stead:

Article No. 3:

The Authorized Share Capital of the Company is Rs.10,00,00,000/- (Rupees Ten Crores only) divided into 100,00,000 (One Crore) Equity Shares of Rs.10/- (Rupees Ten) each with power for the Company to increase or reduce its capital, and to issue any part of the capital, original or increased with or without any preference, priority or special privilege or subject to any postponement of rights to any conditions or restrictions".

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

"RESOLVED THAT consent of the members be and is hereby accorded under the provisions of Section 314 (1)(b) and other applicable provisions if any, of the Companies Act, 1956 to appoint Mr. Subhash D. Dandekar who is a relative of Mr. Dilip D. Dandekar, Chairman and Mr. Ashish S. Dandekar, Managing Director of the Company, for holding and continuing to hold an office of profit as a 'Sr. Corporate Advisor' with effect from 1st April, 2007 for a period of 2 years on a monthly Honorarium of Rs. 15,000/- plus service tax (if applicable) and that he be provided car with driver and reimburse telephone and other communication facilities and all other incidental expenses as may be incurred by him in course of carrying out the assignment.

"RESOLVED FURTHER THAT any one of the Director or the Company Secretary be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

By Order of the Board

N. R. JOSHI
Company Secretary

Registered Office:
ICC Chambers, 3rd floor,
Saki Vihar Road,
Powai, Mumbai 400 072.

Place : Mumbai,
Dated: 11th June 2007

CAMLIN FINE CHEMICALS LIMITED

NOTES:

1. A member entitled to attend and vote 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 instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the business referred to under Item No. 5 to 12 (both nos. inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 19th July 2007 to 25th July 2007 (both days inclusive).
4. Members/Proxies, who attend the meeting, are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. All relevant document referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturdays & Sundays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
7. Members seeking any further information about the accounts are requested to write to the company at least ten days before the date of Annual General Meeting so as to enable the Management to keep the information ready at the meeting.
8. While members holding shares in physical form may write to the Registrar for any change in their addresses and bank mandates and members holding shares in electronic form may inform the same to their Depository Participants.
9. Members who are holding shares in physical form are requested to get their shares dematerialized with any Depository Participants in their own interest.

By Order of the Board

N. R. JOSHI
Company Secretary

Registered Office:
ICC Chambers, 3rd floor,
Saki Vihar Road,
Powai, Mumbai 400 072.

Place : Mumbai,
Dated: 11th June 2007

ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956.

Item Nos. 5 to 8

Mr. Shriram S. Dandekar was appointed as an Additional Director of the Company on 27th November, 2006 by the Board of Directors of the Company. Mr. Shriram S. Dandekar, Industrialist, (46) M.Sc., M.B.A. has wide experience of 23 years in the field of Research & Development, Product Development, Business Planning and Marketing.

Mr. Deepak M. Dandekar was appointed as an Additional Director of the Company on 27th November, 2006 by the Board of Directors of the Company. Mr. Deepak M. Dandekar (49) B.Com, has wide experience of 22 years in the field of Accounts, Finance and Information Technology.

Mr. Sharad M. Kulkarni was appointed as an Additional Director of the Company on 27th November, 2006 by the Board of Directors of the Company. Mr. Sharad M. Kulkarni (67) is a Bachelor of Engineering, from University of Pune and also a Fellow of the Institute of Engineers India, Institute of Management U.K and Institute of Directors U.K. He currently acts as a corporate and business advisor to several Indian and International Companies. He has had a distinguished international career spanning over 40 years as head of major Indian and Multinational Companies in wide ranging areas of business from information technology to biotechnology, financial services to venture funds, industrial products to specialty chemicals, construction to property development. He is associated with several educational institutions such as Vidyaprathishthan – Baramati and University of Pune's School of Management. He is involved with several NGO's in the city and acts as a trustee of research centers, charitable trusts and hospital councils.

Mr. Abeezar E. Faizullahoy was appointed as an Additional Director of the Company on 27th November, 2006 by the Board of Directors of the Company. Mr. Abeezar E. Faizullahoy (42), B.Com, LLB, is a Solicitor from Bombay Incorporated Law Society. He is a Partner of J. Sagar Associates, Advocates & Solicitors. He has a wide experience in the field of Infrastructure and Regulatory Practice, Corporate, Commercial, Litigation, Alternate Dispute Resolution including Arbitration and Mergers and Acquisitions.

In accordance with the provisions of Section 260 of the Companies Act, 1956, the terms of Mr. Shriram S. Dandekar, Mr. Deepak M. Dandekar, Mr. Sharad M. Kulkarni and Mr. Abeezar E. Faizullahoy as Additional Directors would expire at the forthcoming Annual General Meeting. Notice for the resolutions as set out in Item No. 5 to 8 has been received by the Company from a member of the company with a deposit

of Rupees Five Hundred for each in terms of provisions of Section 257 of the Companies Act, 1956. The Board of Directors recommends the proposed resolutions as mentioned in Item No. 5 to 8 for your approval.

Mr. Shriram S. Dandekar, Mr. Deepak M. Dandekar, Mr. Sharad M. Kulkarni and Mr. Abeezar E. Faizullahoy are interested for themselves in their respective resolutions.

Item No. 9

Mr. Ashish S. Dandekar held the position of President (Fine Chemical Division) and Executive Director in Camlin Ltd. and by virtue of the Scheme of Arrangement approved by the Hon'ble Bombay High Court on 17th November, 2006, appointment of Mr. Ashish S. Dandekar has been transferred to Camlin Fine Chemicals Ltd on the same terms and condition as approved by the members of Camlin Ltd at the 58th Annual General Meeting held on 5th September, 2005. Mr. Ashish S. Dandekar was designated as 'Managing Director' for a period from 11th January, 2007 to 31st October, 2007.

The present terms of the office of Mr. Ashish S. Dandekar as Managing Director will be expiring on 31st October, 2007. Subject to shareholders approval, the Board of Directors, at their meeting held on 11th June, 2007 have re-appointed Mr. Ashish S. Dandekar as Managing Director for a further period of three years from 1st September, 2007, on the remuneration determined by the Remuneration Committee of the Board of Directors. The Remuneration Committee of the Board of Directors has recommended Salary of Rs. 2,30,000/- p.m plus 20% HRA p.m plus Rs. 1.50 lacs perks per annum plus commission not exceeding 5% of net profits of the Company in respect of Mr. Ashish S. Dandekar.

The broad particulars of remuneration payable to and the terms of appointment, of Mr. Ashish S. Dandekar during the tenure of his re-appointment are as under:

General: The Managing Director shall devote the whole of his time and attention to the business and affairs of the company during the normal business hours of the company and shall use his best endeavors to promote its interest and welfare. He shall conduct the day-to-day management of the company subject to the supervision, direction and control of the Board.

Term: He shall hold office as the Managing Director of the Company for a period of three years from 1st September, 2007 to 31st August 2010.

Salary: Rs. 2,30,000/- per month.

House Rent Allowance: House Rent Allowance limited to 20% of monthly salary or rent-free unfurnished accommodation in lieu thereof.

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Perquisites and Allowances: In addition to salary, house rent allowance and commission payable to Mr. Ashish S. Dandekar, he shall also be entitled to perquisites and allowances such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, provision of car with driver, telephone/fax facilities and benefit of personal accident insurance scheme and such other perquisites and allowance in accordance with the rules of the company or as may be agreed to by the Remuneration Committee/Board of Directors payable to him and such perquisites and allowances will however, be subject to the ceiling of Rs. 1.50 Lacs per annum.

Commission: Remuneration by way of commission will be payable to Mr. Ashish S Dandekar in addition to salary, house rent allowance, perquisites and allowances calculated with reference to the 5% of the net profit of the Company for particular financial year, subject to overall ceilings laid down under the provisions of section 198 and 309 of the Companies Act, 1956 and at the discretion of the Remuneration Committee/Board of Directors.

Provident, Superannuation and Gratuity Fund: Company's contribution to Provident Fund, Family Pension Scheme and Superannuation Fund to the extent these either singly or put together, are not taxable under the Income-tax Act, 1961 and gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites aforesaid.

The aggregate of the remuneration including contribution to Provident Fund, Family Pension Scheme, Superannuation Fund and Gratuity Fund payable to the Managing Director of the Company taken together shall not exceed 5% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956.

Provision of fully maintained car with reimbursement of Driver's salary for use on Company's business will not be considered as perquisite. The use of car for private purpose shall be billed by the Company to the Managing Director.

Free Use of Telephone at the Residence: Provision of telephone/mobile at the residence of the Managing Director at Company's cost will not be considered as perquisite. Personal long distance calls shall be billed by the Company to the Managing Director.

Minimum Remuneration: Notwithstanding anything contained to the contrary herein, where in any financial year, during the currency of the tenure of the appointment, the Company has no profits or its profits are inadequate, the salary, perquisites and benefits shall not exceed the ceilings laid down in this behalf under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

Other Terms and Conditions:

Mr. Ashish S. Dandekar shall not be liable to retire by rotation as a Managing Director, as per Article No. 169 of the Articles of Association of the Company.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of appointment.

Other terms and conditions shall be as per the Agreement entered into by the Managing Director with the Company.

None of the Directors other than Mr. Ashish S. Dandekar and Mr. Dilip D. Dandekar, are concerned or interested in the resolution.

Draft Agreement to be entered into between the Company and the Managing Director shall be open for inspection to the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days except Saturdays and Sundays.

Directors recommend the Special Resolution for your approval.

Item Nos. 10 and 11

The existing Authorized Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 Equity Shares of the face value of Rs. 10/- each. The present Issued, Subscribed and Paid-up Capital of the Company is Rs. 4,85,00,000/- (Rupees Four Crores and Eighty Five Lacs only) divided into 48,50,000 Equity Shares of Rs. 10/- fully paid-up.

For the purpose of financing the projects expenses, normal capital expenditure and working capital, the Company may be required to increase the Share Capital. Thus, in order to have adequate amount of Authorized Share Capital and to take care of any future issue of shares, as and when deemed fit and appropriate, it is proposed to increase the Authorized Share Capital from Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 Equity Shares of the face value of Rs. 10/- each to Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 100,00,000 Equity Shares of the face value of Rs. 10/- each.

Consequent to the increase in the Authorized Share Capital of the Company, Clause V of the Memorandum of Association and Article No. 3 of the Articles of Association of the Company is proposed to be amended as set out in the resolution at item No. 10 and 11 of the accompanying Notice.

The Board of Directors recommends the passing of the Ordinary and Special Resolution at item No. 10 and 11 of the accompanying Notice.

Copy of Memorandum and Articles of Association incorporating the proposed amendments shall be open for inspection to the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days except Saturdays and Sundays.

None of the Directors of the Company may be considered or interested in the said Resolutions.

Additional information relevant to the appointment of the Managing Director forming part of the explanatory statement as required of Schedule XIII of the Companies Act, 1956.

(I) General Information

(a) Nature of Industry:

The Company is a Manufacturer of API's, Food Antioxidants and Sweetener.

(b) Date of commencement of Commercial Production:

Camlin Fine Chemical Division since demerged into the Company pursuant to the Scheme of Arrangement was in operation since 1984.

(c) Financial Performance based on given indicators – as per audited Financial Results for the year ended 31st March, 2007.

Particulars	Rs. in Lacs
Net Sales & Other Income	4966.67
Profit before interest and depreciation	197.96
Interest	221.72
Depreciation	208.44
Profit/(Loss) before tax	(232.20)
Profit/(Loss) after taxation	(182.36)
Share Capital	485.00
Net Worth	1995.71
Book Value per share (Rs.)	41.15

(d) Export Performance and Foreign Exchange earned for the Financial Year ended 31st March, 2007:

During the year 2006-07, the Company's exports amounted to Rs. 4364.37 lacs.

(e) Foreign Investments or Collaborations, if any:

During the year 2006-07, there were no Foreign Investments/Collaborations undertaken by the Company.

(II) Information about Managing Director

(a) Background Details:

Mr. Ashish S. Dandekar (42) B.A. (Economics) and Management Studies (USA), has wide experience of 20 years in the field of Pharmaceuticals and Fine Chemicals Products including Business Planning, Information Systems, Research & Development, Product Development and Marketing. He was designated as the Managing Director effective from 11th January, 2007.

(b) Past Remuneration (2006-07):

Sr. No.	Name of the Managing Director	(Rs. in Lacs)
1	Mr. Ashish S. Dandekar	13.54

(c) Job Profile and suitability:

Mr. Ashish S. Dandekar held the position of President (Fine Chemical Division) and Executive Director in Camlin Limited. As per the Scheme of Arrangement approved by the High Court, Bombay on 17th November, 2006, the appointment of Mr. Ashish S. Dandekar has been transferred to Camlin Fine Chemicals Limited on the same terms and conditions as approved by the members of Camlin Limited at the 58th Annual General Meeting held on 5th September, 2005. The Board thereafter appointed Mr. Ashish S. Dandekar as a Director in whole time employment designated as 'Managing Director' for a period from 11th January, 2007 to 31st October, 2007.

Taking into consideration his qualification and experience in relevant field, the Managing Director is best suited for the responsibilities currently assigned to him by the Board of Directors.

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(d) Remuneration proposed:

	(Rs.)
Salary (Per Month)	Rs. 2,30,000/-
HRA	House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.
Perquisites and Allowances	Maximum of Rs. 1.50 lacs per annum.
Commission	Remuneration by way of commission in addition to salary, house rent allowance, perquisites and allowances calculated with reference to 5% of the Net Profit of the Company, subject to overall ceiling laid down under the provisions of Section 198 and 309 of the Companies Act, 1956 or such amount as the Remuneration Committee/Board of Directors may determine.

(e) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration, the size of the Company, the profile of the Managing Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level Directors in other Companies.

(f) Pecuniary relationship directly or indirectly with company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, the Managing Director does not have any other pecuniary relationship with the Company and its managerial personnel.

(III) Other Information

(a) Reasons for loss or inadequate profits:

The Company has incurred a loss of Rs. 232.20 lacs before tax. This was mainly due to steep increase in the crude oil prices globally, resulting into an increase in raw material consumption. Loss was also on account of provision for doubtful debts, one time de-merger expenses and repairs at the Tarapur Plant resulting from fire, which had taken place in the month of December, 2006.

(b) Steps taken or proposed to be taken for improvement:

The Company has already initiated the measures to utilize the recovery of By Product namely DTBHQ. The Company's R & D has successfully developed a process which has been tested and

put to commercial use for recovery of TBHQ and BHA from DTBHQ. The recovery process will reduce the material consumption by 5% for TBHQ and 3% for BHA.

(c) Expected increase in productivity and profits in measurable terms:

Consequent to the losses in the financial year 2006-07, the company has taken various measures to improve both the top line and the bottom line growth.

(IV) Disclosures:

The information in respect of Remuneration including commission along with performance criteria, service contract, notice period, stock options details if any have been given in the Corporate Government Report.

Directors recommend the Special Resolution for your approval.

Item No. 12

Section 314 (1) (b) of the Companies Act, 1956, inter alia provides that the appointment of a relative of a Director for holding an office or a place of profit in a Company carrying a total monthly remuneration exceeding Rs. 10000/- but not more than Rs. 50000/- shall require approval of the members by Special Resolution.

Mr. Subhash D. Dandekar an eminent industrialist and the founder of Fine Chemical Division of Camlin Ltd is the father of Mr. Ashish S. Dandekar and brother of Mr. Dilip D. Dandekar. Mr. Subhash D. Dandekar is also the Chairman Emeritus of Camlin Ltd. and the past Chairman of SICOM Ltd. and Past President of Maharashtra Chamber of Commerce & Industry and Maharashtra Economic Development Council. With his rich expertise and vast experience, the Company will benefit in years to come.

None of the Directors other than Mr. Ashish S. Dandekar and Mr. Dilip D. Dandekar are concerned or interested in the resolution.

Directors recommend the Special Resolution for your approval.

By Order of the Board

N. R. JOSHI
Company Secretary

Registered Office:
ICC Chambers, 3rd floor,
Saki Vihar Road,
Powai, Mumbai 400 072.

Place : Mumbai
Dated: 11th June 2007