

**Camlin Fine Chemicals Ltd.**

**Food Antioxidants**

**Polymer Stabilisers**

**Rubber Stabilisers**

**Health and Pharmaceuticals**

**Bio-diesel Feedstocks**

**Sweeteners**

**15<sup>th</sup> ANNUAL REPORT 2007-2008**



*Camlin Fine Chemicals Ltd. is a multi-product manufacturing and marketing company with a worldwide customer base spread across 45 countries with products having diverse applications in processed foods, edible oils, paints, polymers, alternative fuels (bio-diesels), rubber, health and pharmaceuticals.*



## Food Antioxidants

The company is one of the world's largest manufacturer of food grade antioxidants (TBHQ and BHA), with a worldwide market share of 35% and a market share of 70% in India.

The company has already initiated aggressive plans to increase the world market share to 50% by entering new markets like Asia, Middle East and South America.



The company aims to enter value added markets of antioxidant blends which will provide customised solutions for specific customer needs. The company plans to collaborate with a trans-national USA based company for marketing antioxidant blends worldwide.

## Industrial Antioxidants

The company is presently focused on supply of antioxidant TBHQ used in industries like paints, polymers, resins and plastics.

Its Research and Development division has already developed specific products for end user applications to be launched shortly.

## Sweeteners

This business unit is completely focused on the health segment of the market. It has developed - 'high market potential' artificial sweetener SUCRALOSE. This is a new age sweetener which is finding its niche in the growing health awareness market, worldwide.

The company has dedicated manufacturing facilities for SUCRALOSE and has also filed a process patent which is now in the advanced stage of approval.

The company is marketing SUCRALOSE in world markets like South America, Europe, Central America alongwith India. Dulcette Technologies, a subsidiary of Camlin Fine Chemicals Limited in USA is developing the market for sweeteners in USA, Canada and Mexico.



**BOARD OF DIRECTORS**

<b>Mr. Dilip D. Dandekar</b>	—	Chairman
<b>Mr. Ashish S. Dandekar</b>	—	Managing Director
<b>Mr. Pramod M. Sapre</b>	—	Director
<b>Mr. Sharad M. Kulkarni</b>	—	Director
<b>Mr. Abeezar E. Faizullahoy</b>	—	Director
<b>Mr. Deepak M. Dandekar</b> (Upto 10 <sup>th</sup> January, 2008)	—	Director
<b>Mr. Shriram S. Dandekar</b> (Upto 21 <sup>st</sup> January, 2008)	—	Director

**REGISTERED OFFICE**

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

**WORKS**

Plot No. D-2/1/1, M.I.D.C. Boisar,  
Tarapur (Dist. Thane) 401506.

**CHIEF FINANCIAL OFFICER**

**Mr. D. R. Puranik**  
(From 19<sup>th</sup> June, 2008)

**COMPANY SECRETARY**

**Mr. N. R. Joshi**

**AUDITORS**

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

**BANKERS**

Bank of Maharashtra  
IDBI Bank Ltd.  
Exim Bank Ltd.

**REGISTRARS AND TRANSFER AGENTS**

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

<b>Contents</b>	<b>Page No.</b>
Notice .....	2
Directors' Report, Management Discussion & Analysis.....	8
Report on Corporate Governance .....	15
Auditors' Report.....	25
Balance Sheet .....	28
Profit & Loss Account.....	29
Cash Flow Statement.....	30
Schedules to Accounts.....	31
Balance Sheet Abstract and General Business Profile .....	47
Statement pursuant to Section 212 of the Companies Act, 1956 .....	48
Consolidated Auditors' Report .....	50
Consolidated Balance Sheet & Profit & Loss Account.....	51
Consolidated Cash Flow Statement .....	52
Consolidated Schedules to Accounts.....	53

## CAMLIN FINE CHEMICALS LIMITED

### NOTICE

NOTICE is hereby given that the 15<sup>th</sup> Annual General Meeting of the Members of Camlin Fine Chemicals Ltd., will be held on Friday, 8<sup>th</sup> August, 2008, at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry and Agriculture, 6<sup>th</sup> Floor, Orion House, 12-K, Dubash Marg, Fort, Mumbai 400 001 to transact the following business: -

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2008 and the Balance Sheet as at that date together with the Directors Report and Auditors Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Sharad M. Kulkarni, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Abeezar E. Faizullahoy, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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

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

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, (“the Act”), the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the “SEBI Guidelines”), or any statutory modification(s) or re-enactment of the Act, the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the Equity Shares of the Company are listed and subject to any other applicable approvals, consents, permissions and/or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, consents, permissions and/or sanctions, the approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include any ‘Compensation Committee’ or any other ‘Committee’ of

the Board authorised for the purpose), to introduce and implement an ESOP Scheme titled **“CAMLIN FINE CHEMICALS EMPLOYEES’ STOCK OPTION SCHEME, 2008”** {“ESOP 2008” or the Scheme} and to grant, offer, issue and allot in one or more tranches at any time to or to the benefit of such permanent employees and directors of the Company (other than Promoters or persons belonging to Promoter Group) as may be decided by the Board, an Option under ESOP-2008 exercisable or convertible into Equity Shares (hereinafter referred to as ‘the securities’) of the Company not exceeding in the aggregate 5% of the issued, subscribed and paid up Equity Shares Capital of the Company as on 31<sup>st</sup> March, 2008 i.e. upto 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each of the Company (or such other adjusted numbers of Shares for any bonus issue, consolidation, sub division or other re-organisation of the capital structure of the Company as may be applicable from time to time), on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or any other applicable provisions as may be prevailing at that time.

**RESOLVED FURTHER THAT** the Exercise Price shall be determined by the Board of Directors and/or Compensation Committee at the time of grant of an Option and may be at such discount not exceeding 20% of the market price i.e. average of the weekly high and low of the closing prices of the related Shares quoted on the Stock Exchange during the two weeks (rounded off to the nearest rupee), prior to the date of the meeting of the Board of Directors and/or Compensation Committee in which options are granted, on the Stock Exchange where the Shares are traded and has the highest trading volume.

**RESOLVED FURTHER THAT** the Company shall be entitled to recover from the Employee/Director any tax that may be levied upon or in relation to the Options (including but not limited to the Fringe Benefit Tax).

**RESOLVED FURTHER THAT** in case of any change in the capital structure as a result of right issue, bonus issue, merger and sale of division and others, if any, additional Equity Shares are required to be issued by the Company under ESOP 2008, the above ceiling of 2,90,000 (Two Lac Ninety Thousand) Equity Shares shall be deemed to be appropriately increased to the extent of such additional Equity Shares required to be issued by the Company.

**RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the price of acquisition payable by the option grantees under ESOP 2008 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present



face value of Rs. 10/- each per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** in case of any corporate action(s) like merger, sale of undertaking etc. or change in capital structure whether by issue of right/bonus Shares, or other changes in the share capital whatsoever, the Board be and is hereby authorised to make such adjustments as it may deem fit to the quantum of Shares to be issued pursuant to the exercise of the options, the exercise price and other rights and obligations under the options.

**RESOLVED FURTHER THAT** the Equity Shares issued and allotted to the Employees/Directors upon exercise of options from time to time shall rank *pari passu* in all respects with the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in ESOP 2008 as it may deem fit and or as may be suggested by one or more concerned authorities including but not limited to the Stock Exchange, from time to time, in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws, regulations and rules for the time being in force.

**RESOLVED FURTHER THAT** to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same, as described above under ESOP 2008, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue or allotment without being required to seek further consent or approval of the members."

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

**"RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which

term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of its current subsidiaries or any other future subsidiaries of the Company, including any Directors of the Company, whether in wholtime employment or otherwise, options exercisable into Shares or securities convertible into Equity Shares within the overall ceiling of 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each of the Company as mentioned in Resolution No. 6 above, under the Scheme titled **"CAMLIN FINE CHEMICALS EMPLOYEES' STOCK OPTION SCHEME, 2008" ('ESOP 2008')**, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority each option would be exercisable for one Equity Share of a face value of Rs. 10/- each fully paid-up on payment of the requisite exercise price.

**RESOLVED FURTHER THAT** the Exercise Price shall be determined by the Board of Directors and/ or Compensation Committee at the time of Grant of an Option and may be at such discount not exceeding 20% of the market price i.e. average of the weekly high and low of the closing prices of the related Shares quoted on the Stock Exchange during the two weeks (rounded off to the nearest rupee), prior to the date of the meeting of the Board of Directors and/ or Compensation Committee in which options are granted, on the Stock Exchange on which there is highest trading volume.

**RESOLVED FURTHER THAT** the Company shall be entitled to recover from the employee any tax that may be levied upon or in relation to the Options (including but not limited to the Fringe Benefit Tax)."

8. 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 309(4) and 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 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the payment of remuneration not exceeding Rs. 12.00 Lacs (Rupees Twelve lacs) per annum to Mr. Dilip D. Dandekar, Chairman and Non Executive Director of the Company for a period of three (3) years from 1<sup>st</sup> September, 2008 to 31<sup>st</sup> August, 2011 upon the terms and conditions, set out in the Agreement, to be executed between the Company

## CAMLIN FINE CHEMICALS LIMITED

and the said Director, as placed before this meeting and in such a manner and proportion as may be decided by the Remuneration Committee/Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Directors of the Company or Company Secretary be and are hereby authorised to accept any modifications/directions given by the Central Government while approving the remuneration of Mr. Dilip D. Dandekar and to take all such appropriate steps as may be necessary for giving effect to the resolution for obtaining the approval from the Central Government."

By Order of the Board

**N. R. JOSHI**

Company Secretary

**Registered Office:**

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.

Place : Mumbai,  
Dated: 26<sup>th</sup> June, 2008

**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 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 Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect to business referred to under Item Nos. 6 to 8 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1<sup>st</sup> August, 2008 to 8<sup>th</sup> August, 2008 (both days inclusive).

4. The Dividend, if sanctioned, will be paid on or before 6<sup>th</sup> September, 2008 to those eligible shareholders whose names stand in the Register of Members as on 8<sup>th</sup> August, 2008.

5. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding Shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participants of the members.

Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.

6. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
7. Any Members desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Members, who hold Shares in dematerialised form, are requested to bring their Client ID. and DP. ID. Nos. for easy identification of attendance at the meeting.
9. Members who are holding Shares in physical form are requested to get their Shares dematerialised with any Depository Participants in their own interest.

By Order of the Board

**N. R. JOSHI**

Company Secretary

**Registered Office:**

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.

Place : Mumbai,  
Dated: 26<sup>th</sup> June, 2008

**ANNEXURE FORMING PART OF THE NOTICE**

(Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956)

**SPECIAL BUSINESS:****ITEM NO. 6 & 7**

Employees play an important and vital role in the growth and success of any organisation. The Board of Directors of the Company has identified the need to reward the employees so as to enable them to participate in the growth of the Company. The Board of Directors therefore, has proposed to offer the employees of the Company as well as the Directors (excluding the Promoters or persons belonging to the Promoter's Group) of the Company as well as its subsidiaries, an option to acquire the Equity Shares of the Company under Camlin Fine Chemicals Employees Stock Option Scheme 2008 (ESOP 2008 or the Scheme) so as to motivate, retain and reward eligible Employees/Directors for their individual performance and efforts to improve the overall business and financial performance of the Company.

The approval of the shareholders is being sought for granting stock options to the employees of the Company under the Scheme titled **"CAMLIN FINE CHEMICALS EMPLOYEES' STOCK OPTION SCHEME, 2008" ('ESOP 2008')**

The Company has constituted a Compensation Committee to administer the Stock Option Scheme of the Company.

The following are the salient features of the Scheme and various disclosures as required by Clause 6.2 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") and which has been approved by the Board at its meeting held on 26<sup>th</sup> June, 2008.

**1. Total number of options to be granted:**

Options for up to 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each would be available for being granted to eligible employees (including the Directors) of the Company and its present and future subsidiaries under ESOP 2008. Each option when exercised would be converted into one Equity Share of Rs. 10/- each fully paid up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

There is no lock-in period. Once the option is exercised and the Equity Shares are allotted, the Employees/Directors can sell the same in the market as per their choice.

SEBI guidelines require that in case of any corporate action(s) or change in capital structure such as right issue, bonus issue, sub-division/consolidation of the nominal

value of Shares, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are required to be issued for making such fair and reasonable adjustment, the ceiling of 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each shall be deemed to be increased to the extent of such additional Equity Shares issued/to be issued. Further the Board and/or Compensation Committee shall in such cases also have the power to make appropriate adjustments to the number of Shares to be allotted pursuant to the exercise of the Options, the Exercise price and other rights and obligation under the options granted.

**2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):**

All permanent employees of the Company and its subsidiary companies, including the Directors thereof whether in wholetime employment or not but excluding the promoters of the Company or persons belonging to the promoter group, as may be decided by the Board/Compensation Committee from time to time, would be entitled to be granted stock options under the ESOP 2008.

**3. Transferability of employee stock options:**

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death or permanent disability of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

**4. Requirements of vesting and period of vesting, maximum period under which options can be vested:**

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down the period of time and/or specify certain performance metrics on the achievement of which the granted options may vest (subject to the minimum vesting period as specified below). The vesting of the Options may also happen in tranches in accordance with the above mentioned conditions.

The options would vest not earlier than one year but not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Board/Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options and may be customised for individual employees.

## CAMLIN FINE CHEMICALS LIMITED

1 <sup>st</sup> Year after the grant of option	10%
2 <sup>nd</sup> Year after the grant of option	15%
3 <sup>rd</sup> Year after the grant of option	20%
4 <sup>th</sup> Year after the grant of option	25%
5 <sup>th</sup> Year after the grant of option	30%

### 5. Exercise Price or Pricing Formula:

The exercise price shall be decided by the Board of Directors and/or Compensation Committee on the date of grant which shall not be more than the Market price as defined under the SEBI Guidelines. In cases, where options are granted at a discount to the market price, the discount shall not exceed 20% of the market price i.e. average of the weekly high and low of the closing prices of the related Shares quoted on the Stock Exchange during the two weeks (rounded off to the nearest rupee), prior to the date of the meeting of the Board of Directors and/or Compensation Committee in which options are granted, on the Stock Exchange on which there is highest trading volume.

The Company shall be entitled to recover from the Employee/Director any tax that may be levied upon or in relation to the options (including but not limited to the Fringe Benefit Tax).

### 6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of a period of upto four (4) years from the date of vesting of the options. The options shall become exercisable in part or in full within the overall exercise period permitted under the Plan.

The options will be exercisable by the Employees/Directors by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the Board/Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period and would be available for being re-granted in future.

### 7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Board/Compensation Committee and will be based on criteria such as role/designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

### 8. Maximum number of options to be issued per employee and in aggregate:

The aggregate number of options/underlying Shares that may be granted under the plan shall not exceed 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each. Further, options under each Grant to an Employee shall not be less than 50 Equity Shares and shall not exceed 1% of the total issued capital of the Company in any year provided that the aggregate number of options granted per employee under the total tenure of the plan in any case shall not exceed 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each of options.

### 9. Maximum number of options to be granted to Non-Executive Directors (including independent directors) in any financial year and in aggregate:

The number of options that may be granted to any Non-Executive Director (including any independent director) in any financial year under **ESOP 2008** shall not exceed 1% of the issued and paid-up capital and in aggregate shall not exceed 2,90,000 (Two Lac Ninety Thousand) Equity Shares of Rs. 10/- each of the issued and paid up capital of the Company at the time of grant of options.

### 10. Accounting Policies:

The Company shall comply with the disclosure and the accounting policies as specified in Schedule I referred to in clause 13.1 of SEBI Guidelines.

### 11. Method of Valuation of the Options:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

### 12. Interpretation:

In the event of any ambiguity with regard to the implementation of any provision of the Scheme, interpretations given by the Compensation Committee as per the powers vested in them shall be final and binding on all the eligible Employees/Directors.

Camlin Fine Chemicals Employees Stock Options Scheme (**ESOP 2008**) setting out the terms and conditions, is available for inspection of the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company.



As the Employee Stock Option Scheme provides for issue of Equity Shares of the Company to be offered to persons other than existing Members of the Company, consent of the Members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval of Members is required by way of Special Resolution. Hence, this resolution is placed before you for approval.

All the Directors of the Company except Mr. Dilip D. Dandekar and Mr. Ashish S. Dandekar may be deemed to be concerned or interested in these resolutions to the extent of the benefit they may derive under ESOS.

The Directors recommend the Special Resolutions for your approval.

#### ITEM NO. 8

Mr. Dilip D. Dandekar, Chairman of the Company, has been actively involved in the progress of the Company since demerger. Mr. Dilip D. Dandekar being a Non Executive Director, still devotes his time for the business of the Company and also shoulders the responsibilities under the superintendence, control and directions of the Board of Director.

Mr. Dilip D. Dandekar has wide experience in the field of Marketing, Administration and Business Development. Besides, he advises the Company on various issue and strategic plans which go a long way for the growth of the Company.

Keeping in view, his varied and rich background and the involvement and responsibilities, it is appropriate that he is compensated reasonably commensurate with his responsibilities and contribution made by him.

Under Section 309 of the Companies Act, 1956, a Director who is neither in the Wholtime employment of the Company nor a Managing Director may be paid remuneration by way of monthly, quarterly or annual payment with the approval of the Central Government.

The remuneration has also been approved by the Remuneration Committee in its meeting held on 25<sup>th</sup> June, 2008.

The Board of Directors in its meeting held on 26<sup>th</sup> June, 2008 decided to pay a remuneration not exceeding Rs. 12.00 Lacs (Rupees Twelve Lacs) per annum to Mr. Dilip D. Dandekar for a period of three (3) years w.e.f. 1<sup>st</sup> September, 2008 subject to approval of members and Central Government.

Except for Mr. Dilip D. Dandekar, no other Non Executive Director is going to be paid any remuneration

No Director other than Mr. Dilip D. Dandekar is concerned or interested in the resolution.

Draft Agreement to be entered into between the Company and Mr. Dilip D. Dandekar setting out the terms and conditions is available for inspection of the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company.

The Directors recommend the Special Resolution for your approval.

By Order of the Board

**N. R. JOSHI**

Company Secretary

#### Registered Office:

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.

Place : Mumbai,

Dated: 26<sup>th</sup> June, 2008

# CAMLIN FINE CHEMICALS LIMITED

## DIRECTORS' REPORT

Your Directors are pleased to present the 15<sup>th</sup> Annual Report and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2008.

### HIGHLIGHTS OF 2007-08:

Net Sales of the Company were Rs. 7928.42 lacs.

Profit before tax were Rs. 416.56 lacs as against a loss of Rs. 232.20 lacs over the previous year.

The Directors have recommended a maiden dividend of Re. 1/- per Share of face value Rs. 10/- each.

### FINANCIAL RESULTS:

	(Rs. in lacs)	
	2007-08	2006-07
Net Sales & Other Income	8185.95	4966.67
Profit before Interest & Depreciation	1294.02	197.96
Interest	497.70	221.72
Depreciation	379.76	208.44
Profit/(Loss) before tax	416.56	(232.20)
Less: Provision for tax	139.52	(49.84)
Profit/(Loss) after tax	277.04	(182.36)
Balance bought forward from last year	(182.56)	(0.20)
Balance Carried Forward	94.48	(182.56)
Transferred to:		
Proposed Dividend	58.00	—
Corporate Dividend Tax	9.86	—
General Reserve	6.92	—
Balance Carried Forward	19.70	(182.56)
	94.48	(182.56)

### REVIEW OF OPERATIONS:

Your Company has achieved a turnover of Rs. 8185.95 lacs for the year ended 31<sup>st</sup> March, 2008 as against Rs. 4966.67 lacs in the previous year. The Company has earned a Gross Profit of Rs. 1294.02 lacs before interest and depreciation as against Rs. 197.96 lacs in the previous year. The previous years figures are not comparable as the Company's sales from manufacturing operations were from July, 06 to March, 07. Improved performance of the Company is attributed to the operational efficiencies, control over the overheads to substantial rise in production levels and optimum utilisation of capacities.

### DIVIDEND:

Your Directors are pleased to recommend a maiden dividend at the rate of 10% (Re. 1.00 per Equity Share) on 58,00,000 Equity Shares of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2008. The dividend will absorb Rs. 67.86 lacs inclusive of Dividend Distribution Tax of Rs. 9.86 lacs.

### PUBLIC DEPOSIT:

The Company has not accepted any Deposit within the meaning of section 58A of the Companies Act, 1956 and Rules made thereunder.

### MATERIAL DEVELOPMENT:

#### Preferential Issue:

During the year under review, members accorded approval for issue of 9,50,000 Equity Shares and 15,50,000 Equity Warrants of Rs. 10/- each to the Promoter Group and their relatives. Accordingly the Company has allotted 9,50,000 Equity Shares of Rs. 10/- each at a price Rs. 52.00 per Share (including Share Premium of Rs. 42.00 per Share) to the Promoter Group, their relatives on Preferential basis in accordance with SEBI Guidelines. These Shares have been listed on the Bombay Stock Exchange Limited w.e.f. on 8<sup>th</sup> May, 2008. As result of the above, the paid up Share Capital of the Company has increased from Rs. 485.00 lacs to Rs. 580.00 lacs.

The Equity Warrants are convertible into Equity Shares within a period of eighteen months from the date of allotment.

#### Utilisation of the Proceeds from Preferential Issues:

The Company had raised an amount of Rs. 494.00 lacs through allotment of 9,50,000 Equity Shares of Rs. 10/- each at a price of Rs. 52/- per Share and Rs. 80.60 lacs being 10% upfront amount through issue of 15,50,000 Equity Warrants of Rs. 10/- each.

Funds raised under this issue have been utilised for meeting capital expansion/modernisation of the existing manufacturing facilities, setting up new manufacturing facilities of the Company, working capital and other corporate initiatives determined by the Board.

### SUBSIDIARIES:

As reported last year, your Company has already entered into a joint venture with M/s. Viachem LLC. USA on 51:49 basis by setting up a Joint Venture Company namely M/s. Dulcette Technologies LLC. for marketing Sucralose, Aspartame and Acesulfame-K and their blends in USA, Canada and Mexico. Activities of Dulcette Technologies LLC. has commenced during the year in a small way.

During the year under review, your Company has acquired the control of M/s. Sangam Laboratories Ltd. (SLL) by acquiring 60% of the paid up Equity Share capital of the Company. SLL is engaged in manufacture and sale of Nutraceuticals like Glucosamine, Chitosan and other Bulk Intermediates at its Plant at Tarapur. The products manufactured by it have an excellent growth potential and will complement your Company's current product range.

Your Company has invested Rs. 5.00 lacs for acquiring controlling interest in the Equity Share Capital of Chemolutions Chemicals Limited (CCL). CCL will develop, manufacture and sell various specialty chemicals in the world market. CCL is yet to commence its business activities.