

Camlin Fine Chemicals Ltd.

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16th ANNUAL REPORT 2008-2009



Camlin Fine Chemicals Ltd.
crosses an important
milestone in
2008 - 2009
100 Crores

BOARD OF DIRECTORS

Mr. Dilip D. Dandekar	—	Chairman
Mr. Ashish S. Dandekar	—	Managing Director
Mr. Pramod M. Sapre	—	Director
Mr. Sharad M. Kulkarni	—	Director
Mr. Abeezar E. Faizullahbhoj	—	Director
Mr. Bhargav A. Patel (From 8 th January, 2009)	—	Director

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

WORKS

Plot No. D-2/3, M.I.D.C. Boisar,
Tarapur (Dist. Thane) 401506.

CHIEF FINANCIAL OFFICER

Mr. D. R. Puranik

**COMPANY SECRETARY &
GENERAL MANAGER - LEGAL**

Mr. N. R. Joshi

AUDITORS

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

BANKERS

IDBI Bank Ltd.
Exim Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited

REGISTRARS AND TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Ltd.
(Unit: Camlin Fine Chemicals Ltd.)
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road,
Sakinaka, Andheri East,
Mumbai 400 072.

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of Camlin Fine Chemicals Limited, will be held on Friday 21st August, 2009, at 3.30 p.m. at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Directors' Report and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Dilip D. Dandekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pramod M. Sapre, 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 authorize 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Bhargav A. Patel, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 8th January, 2009 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation".

7. 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 Company be and is hereby accorded under the provisions of Section 314 (1) (b) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to the appointment of 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 'Sr. Corporate Advisor' with effect from 1st April, 2009 for a period of 2 years on a monthly Honorarium of Rs. 20,000/- plus service tax (if applicable) and that he also be provided with a car and a driver to be used for the purpose of this assignment and also reimburse expenses incurred on telephone and other communication facilities and all other incidental expenses incurred by him in the course of carrying out the assignment for the Company.

8. 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 Company be and is hereby accorded under the provisions of Section 314 (1) (b) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to appoint Mrs. Leena A. Dandekar, who is a relative of Mr. Ashish S. Dandekar, Managing Director of the Company for holding and continuing to hold an office or place of profit as an employee of the Company with effect from 1st July, 2009, as General Manager – Systems on a consolidated salary of Rs. 45,000/- per month including all perquisites, allowances and benefits payable to other employees of her grade.

By Order of the Board

N. R. JOSHI
Company Secretary &
General Manager - Legal

Registered Office:

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

Place : Mumbai,
Dated : 1st June, 2009

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 of 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 14th August, 2009 to 21st August, 2009 (both days inclusive).
4. The Dividend, if approved, will be paid on or before 20th September, 2009 to those eligible shareholders whose names stand in the Register of Members as on 21st August, 2009.
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 Member 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.
10. Members who have not encashed their Dividend Warrants of financial year ended 31st March, 2008 may approach the R&T Agent/Company for issuance of demand draft upon completion of necessary formalities in the said behalf in lieu of such warrants.

By Order of the Board

N. R. JOSHI

Company Secretary &
General Manager - Legal

Registered Office:

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

Place : Mumbai,

Dated : 1st June, 2009

ANNEXURE FORMING PART OF THE NOTICE

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

SPECIAL BUSINESS:**ITEM NO. 6**

Mr. Bhargav A. Patel was appointed as an Additional Director of the Company on 8th January, 2009. Mr. Bhargav A. Patel is an Industrialist and is holding MBA degree from USA with wide experience of 24 years and is successfully running own business.

In accordance with the provisions of Section 260 of the Companies Act, 1956, ("Act") the terms of appointment of Mr. Bhargav A. Patel as an Additional Director would expire at the forthcoming Annual General Meeting of the Company and he is eligible for appointment as a director. Notice for the resolution as referred in Item No. 6 has been received by the Company from a member of the Company with a deposit of Rs. 500/- in terms of provisions of Section 257 of the Companies Act, 1956.

Details regarding the person proposed to be appointed as Director and his brief resume have been given in the Corporate Governance Report for the information of the members. Keeping in view his experience and expertise, the Board of Directors recommends the proposed resolution as mentioned in Item No.6 for your approval.

None of the Directors except Mr. Bhargav A. Patel is concerned or interested in the resolution.

Directors recommend the Ordinary Resolution for your approval.

ITEM NO. 7

At the 14th Annual General Meeting of the Company, members had approved the appointment of Mr. Subhash D. Dandekar as Sr. Corporate Advisor with effect from 1st April, 2007 for a period of 2 years. Mr. Subhash D. Dandekar's tenure has expired on 31st March, 2009. Subject to shareholders approval, the Board of Directors at its meeting held on 5th March, 2009 has re-appointed Mr. Subhash D. Dandekar for a further period of 2 years with effect from 1st April, 2009 on a monthly Honorarium of Rs. 20,000/- plus service tax (if applicable), car with a driver, reimbursement of telephone and other communication facilities and all other incidental expenses as may be incurred by him in carrying out the said assignment for the Company.

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.10,000/- but not more than Rs. 50,000/- 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 Limited 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, knowledge 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.

ITEM NO. 8

Section 314 (1) 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 total monthly remuneration exceeding Rs.10000/- but not more than Rs.50000/- shall require approval of the Members by Special Resolution.

Mrs. Leena A. Dandekar, B.A. (Economics) and MMS (Finance) has long and varied experience in the field of Administration including ERP implementation and Management and Business Planning and Information Systems.

None of the Directors other than Mr. Ashish S. 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 &
General Manager - Legal

Registered Office:

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

Place : Mumbai,

Dated : 1st June, 2009

DIRECTORS' REPORT

Your Directors are pleased to present the 16th Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2009.

HIGHLIGHTS OF 2008-09:

Net Sales of the Company were Rs. 10050.25 lacs.

Profit before tax was Rs. 520.52 lacs as compared to Rs. 416.56 lacs in the previous year.

Profit after tax was at Rs. 338.48 lacs as compared to Rs. 277.04 lacs in the previous year.

Directors recommend a higher dividend of Rs. 1.50 per Share of Rs. 10/- each (i.e.15.00%).

FINANCIAL RESULTS:

	(Rs. in lacs)	
	2008-09	2007-08
Net Sales & Other Income	10107.41	8185.95
Profit before Interest & Depreciation	1475.11	1294.02
Interest	553.46	497.70
Depreciation	401.13	379.76
Profit/(Loss) before tax	520.52	416.56
Less: Provision for tax	182.04	139.52
Profit/(Loss) after tax	338.48	277.04
Balance bought forward from last year	19.70	(182.56)
Balance Carried Forward	358.18	94.48
Transferred to:		
Proposed Dividend	87.00	58.00
Corporate Dividend Tax	14.79	9.86
General Reserve	17.00	6.92
Balance Carried Forward	239.39	19.70
	358.18	94.48

OPERATIONAL PERFORMANCE:

CAMLIN FINE CHEMICALS LIMITED, the demerged entity of Camlin Limited since July 2006, crossed an important milestone of Rs. 100.00 Crores during the financial year by recording a growth of 23.86% over the previous year in spite of global recession and fluctuation in foreign currency. Your Company maintains its status as the world's largest manufacturer of food grade antioxidants viz. Tertiary Butyl Hydroquinone (TBHQ) and Butylated Hydroxy Anisole (BHA).

The Company has earned Gross Profit of Rs. 1475.11 lacs before interest and depreciation as against Rs.1294.02 lacs in the previous year. After deducting interest of Rs. 553.46 lacs, providing a sum of Rs. 401.13 lacs towards depreciation, income tax provision of

Rs. 131.44 lacs and after considering a sum of Rs. 50.60 lacs towards deferred tax, net profit was Rs. 338.48 lacs as against Rs. 277.04 lacs in the previous year.

DIVIDEND:

Considering the Profits available for distribution, the Directors are pleased to recommend a higher dividend at the rate of Rs. 1.50 per equity share (i.e.15%) on 5800000 Equity Shares of Rs. 10/- each for the year ended 31st March, 2009. If approved by the shareholders at the Annual General Meeting, the dividend will absorb Rs. 101.79 lacs inclusive of Dividend Distribution Tax of Rs. 14.79 lacs.

PUBLIC DEPOSITS:

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

EMPLOYEE STOCK OPTION SCHEME:

At the 15th Annual General Meeting of the Company held on 8th August, 2008, members had accorded approval for introduction of ESOP Scheme to the Employees/Directors of the Company under the "CAMLIN FINE CHEMICALS EMPLOYEES' STOCK OPTION SCHEME, 2008" ('ESOP 2008'). The options were granted to the employees/Directors in accordance with the Securities and Exchange Board of India (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines 1999 ("the SEBI Guidelines"). The Compensation Committee constituted in accordance with SEBI Guidelines, administers and monitors the Scheme.

The Company has received a Certificate from the Auditors of the Company stating that the Scheme has been implemented in accordance with SEBI Guidelines and the resolution has been passed at the 15th Annual General Meeting held on 8th August, 2008. The Certificate would be placed at the Annual General Meeting and would be available for inspection to the Members.

The applicable disclosure as stipulated under SEBI Guidelines as at 31st March, 2009 is given in Annexure A to this report.

SUBSIDIARIES:

During the year under review, your Company has invested Rs. 25.50 lacs in Fine Lifestyle Brands Limited and Rs.5.10 lacs in Fine Renewable Energy Limited and acquired 51% of Equity Share Capital of each of them. Fine Lifestyle Brands Limited is in the business of distribution of luxury/premium brand products in India and Fine Renewable Energy Limited is in the business of renewable energy generated through windmills, solar panels, micro hydro, bio-mass and other renewable resources. The commercial

activities for both the Companies are expected to commence in the current year.

During the year under review, your Company further invested Rs. 92.32 lacs in the Share Capital of its present subsidiaries viz Sangam Laboratories Limited, Chemolutions Chemicals Limited & Dulcette Technologies LLC, USA.

Sangam Laboratories Limited has turned the corner in the last quarter due to the ramping of capacity utilisation and process improvements. The Company is expected to turnaround on yearly basis in the current year.

Chemolutions Chemicals Limited has successfully launched its first two products in the market and sales turnover expected from these products is Rs. 6.00 crores. Further four new products are under development stage and are expected to be launched in the current year and is also expected to ramp up the existing two products in the current year.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditors of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any members of the Company. As directed by the Central Government in its approval, the financial data of the subsidiaries have been annexed and forms part of this Annual report.

DIRECTORS:

Mr. Dilip D. Dandekar and Mr. Pramod M. Sapre retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

Mr. Bhargav A. Patel was appointed as an Additional Director on 8th January, 2009. Pursuant to Section 260 of the Companies Act, 1956, he will hold office upto the ensuing Annual General Meeting

None of the Directors are disqualified from being appointed as Directors, as specified in Section 274 (1) (g) of the Companies Act, 1956.

As required under the Listing Agreement, particulars of Directors seeking reappointment/appointment at the ensuing Annual General Meeting have been given under Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. that in the preparation of the annual accounts for the financial year ended 31st March, 2009 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. that 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 ended 31st March, 2009 and of the profit of the Company for the year under review;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2009 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the annual accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

SECRETARIAL AUDIT:

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit has been carried out at the specified period, by a Practicing Company Secretary. The findings of the Secretarial Audit were entirely satisfactory.

COST AUDIT:

The Company's Cost Records for the year ended 31st March, 2009 in respect of manufacturing activities of Bulk Drugs are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

AUDITORS:

M/s. B.K. Khare and Co., Chartered Accountants, retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment as Statutory Auditors, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Members are requested to consider and re-appoint M/s. B. K. Khare and Co., Chartered Accountants, as the Statutory Auditors of the Company for the year 2009-2010.

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and the Companies

(Particulars of Employees) Rules, 1975, as amended, forms part of this report.

However, as per the provision of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE & DEVELOPMENT

The year 2008 witnessed the global meltdown due to which the financial markets faced a considerable volatility within the Indian industry. The year also saw extreme volatility in the prices of not only petroleum based raw materials, but also other basic raw materials. Weakening of the Indian Rupee also contributed to the increase in the cost of imported raw materials.

According to the published reports, the Chemical Industry constitutes about 14% of India's industrial production and 13-14% of the total exports from the country. A substantial proportion of these exports go to USA, Europe and other developed countries.

The Chemical Industry plays an important role in the overall economic development of our economy. It produces a wide spectrum of products, which include Pharmaceuticals, Dyes, Man-made Fibres, Plastics, Pesticides, Fertilisers, Cosmetics and Toiletries, Paints, Auxiliary Chemicals and wide range of Organic and Inorganic compounds for applications ranging from automobiles, textile industry, engineering industry, construction chemicals and food additives to veterinary and health care products. Its size is estimated at around US\$ 35 billion approx., which is equivalent to about 3% of India's GDP. The total investment in Indian Chemical Sector is approx. US\$ 35 billion and total employment generated is about 1 million. The Indian Chemical Sector accounts for 13-14% of total exports and 8-9% of total imports of the country. In terms of volume, it is 12th largest in the world and 3rd largest in Asia. Currently, per capita consumption of products of chemical industry in India is about 1/10th of the world average. Over the last decade, the Indian Chemical Industry has evolved from being a basic chemical producer to becoming an innovative industry. With investments in R&D, the industry is registering significant growth in the knowledge sector comprising of specialty chemicals, fine chemicals and pharmaceuticals. Manufacture of most chemical products inter-alia covering organic / inorganic, dyestuffs and Pesticides is delicensed.

The Indian Chemical Industry comprises both small and large scale units. The fiscal concessions granted to the small scale sector in mid-eighties led to the establishment of a large number of units in this sector. Currently the Indian Chemical Industry is in the midst of a major restructuring and consolidation phase. India produces a large number of fine and specialty chemicals, which have very specific uses and are essential for increasing industrial production. These find wide usage as food additives and pigments, polymer additives, anti-oxidants in the rubber industry etc.

The compound annual growth rate in production of basic chemicals during first four years of the 10th plan is 6.4% as against consumption which increased annually at rate of 19.79% to 20.34% respectively. Maximum imports have taken place in respect of Alkali chemicals (3.80%), followed by dyes and dyestuffs (26.44%). Similarly there has been a growth in exports of organic chemicals (32.88%) followed by inorganic chemicals of the order of about 31.88% over a period of last 4 years.

SWOT ANALYSIS:

Camlin Fine Chemicals Limited is a multiproduct manufacturing and marketing Company, having customer base spread across 45 countries worldwide including India and products having applications in processed foods, edible oils, paints, polymers, alternative fuels (biodiesel), rubber, health and pharmaceuticals.

Strength

The Company has a strong Research and Development backbone, which is constantly innovating the manufacturing process, improving yield and ingredients to reduce the costs and be competitive. The manufacturing team is focussed on reducing the costs by bringing in the modern techniques and machines to reduce labour and power cost. In view of this the Company is well prepared and has established benchmarking parameter for its different business process to be globally competitive. The Company has the prestigious HACCP Certificate (Hazard Analysis of Critical Control Points), which is a confirmation of its strong R&D and Quality Control.

The Company has consistently grown at an average rate of over 25% in the past two years and in the financial year 2008-09, it has registered a growth of 23.86% in spite of global recession and fluctuation in foreign currency. This has been possible by adopting a strategy of enhancing the product basket of food antioxidant range through strong product development, process development and business development support and thereby increasing the market share in growing markets like Asia and Middle East and also in established mature markets like USA and Europe.

The consistent performance and growth is multi factorial, a) strong foundation of Research and Development of the Company which has provided the innovations in developing products & improving manufacturing processes and yields, b) the manufacturing strength of the Company with quality certifications, ISO 22000:5000, HACCP and FAMI-QS, which are mandatory world-wide and critical for ensuring food safety and quality standards, c) the strong customer relationships and long term supply chain contracts in view of our consistent quality of products and customer service.

The Company has laid out a growth strategy for the coming years based on enhancing the market share of existing core products, expanding the range of products to cater to wider areas of the food, Health and Alternative energy segments and also focussing on the development of technology for specialty chemicals with specialised applications with In-house R&D and Technology support.

New product development efforts through our state of the art R & D facility and on going product development efforts through internal technology team at the process plant will enable the Company to launch more than 3 products in the current year. All these products have already passed through the trial runs and technology transfer at the plant level and some of them have also passed through the test of customer approvals and commercialisation.

Capacity Expansion across the Tarapur facility through –

- (a) Process improvements/ de-bottle necking of process steps.
- (b) Yield improvements by suitable process modifications and process re-engineering.
- (c) Freeing the capacities at some plant location in view of process improvements.
- (d) Resultant increase in capacities in view of steps taken above.

The entire activity of additional capacity creation has been done with minimum capital expenditure. The enhanced capacity creation at the plant is already in place and is being put to operation in the current financial year. The resultant increase in capacity by about 60% over previous year is available through our internal process development team with minimum of capital expenditure in the last year and this has enabled us to be cost effective in this very sensitive global economic situation. The Company has its bandwidth in terms of products, facility and technological support to take the output to 4500 tonnes per annum for all the range of existing and new products during current year, which would account for about 60 to 70% of the world demand.

The Company has structured its business units based on the market segments and product categories to bring in sharper focus for growth and development.

The business units formed:

1. Food Antioxidants: This business unit is the biggest contributor to the Company in terms of volume and growth and the Company is also the world's largest manufacturer of Food grade antioxidants, TBHQ and BHA with market share of about 35% world wide and 70% in India.

The Company has laid out aggressive plans for increasing world wide market share above 50% by making an entry into growing food processing markets like Asia, Middle East, and South America. The plans have already been implemented and growth in volumes as envisaged in these markets has started showing its visibility in the current year. Marketing strategy is being put in place to expand the base in Middle East, East Europe and South America by setting up marketing offices and warehouses in these markets.

Value Drivers: The strategy is to enter the value added segment of the Food Antioxidant market, Antioxidant Blends and strengthen the position of the Company by being present in both the back end i.e. Bulk powder and also at the front end i.e. Customised Solutions for specific applications as per need of customers. The Company has a tie-up with a trans-national Company for marketing blends and customised solutions across the globe.

2. Industrial Antioxidants: The business unit will focus on the applications of the antioxidants, TBHQ, which are used in various industries like paints, polymers, resins, plastics.

Research and Development has already developed new products which would shortly be launched to expand the reach of the Company in other segments of the industries, like polymers, rubber, resins, plastics and many more.

New product development efforts through our state of the art R & D facility and on going product development efforts through internal technology team at the process plant will enable the Company to launch atleast 3 products in the current year. All these products have already passed through the trial runs and technology transfer at the plant level and some of them have also passed through the test of customer approvals and commercialisation.

The huge market potential has opened up an opportunity to the Company for meeting the