



KEMROCK

Industries and Exports Limited

Report  Junction.com

12th
Annual Report
2005-2006

**KEMROCK**

Industries and Exports Limited

Corporate Information

Board of Directors:

Shri Kalpesh Patel	<i>Chairman & Managing Director</i>
Shri Kaushik Bhatt	<i>Director</i>
Shri Rohit Kothari	<i>Director</i>
Shri Mukund Bakshi	<i>Director</i>

Bankers:

Punjab National Bank, Vadodara
 Canara Bank, Mumbai
 State Bank of India, Vadodara
 Indian Bank, Vadodara

Auditors:

H. K. Shah & Co.,
 Chartered Accountants

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Registered Office & Works:

Village Asoj,
 Vadodara-Halol Express Way,
 Ta. Waghodia,
 Dist. Vadodara – 391 510
 Gujarat (India).

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KEMROCK
 Industries and Exports Limited

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of KEMROCK INDUSTRIES AND EXPORTS LIMITED, will be held at the Registered Office of the Company at Village Asoj, Vadodara-Halol Express Way, Ta. Waghodia, Dist. Vadodara on Saturday, the 26th day of August, 2006 at 10.00 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet and the Profit and Loss Account for the year ended 31st March 2006 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mukund Bakshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. H.K. Shah & Co., Chartered Accountants, the retiring Auditors, as Auditors 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:

4. 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 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the existing Guidelines for preferential issue contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines), 2000 as amended (the "Guidelines") and other applicable guidelines / regulations issued by the Securities & Exchange Board of India ("SEBI") and subject to all necessary approvals, consents, permissions and/or sanctions of the Government of India, and any other statutory or regulatory authorities and other applicable laws, and the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to such terms and conditions as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which expression shall include any Committee constituted for the time being, thereof) and subject to such terms, conditions, and modifications as the Board may in its discretion impose or agree to, the consent and approval of the Company be and is hereby accorded to the Board and the Board be and is hereby authorised, to offer, issue and allot on a preferential basis 11,25,000 Equity Shares of face value of Rs. 10/- each for cash at a price of Rs.185/- per share (including a premium of Rs. 175/- per share) aggregating to Rs. 208.125 million to RPM International Inc, USA and to issue Warrants not exceeding 11,50,000 (Eleven Lacs Fifty Thousand only), each Warrant carrying two parts, each of the said part shall carry a right, entitling its registered owner to apply for, at his option, and seek allotment of one equity share of Rs. 10/- each for cash at a price of Rs.185/- per share (including a premium of Rs.175/- per share) aggregating to Rs. 425.50 million to the following Promoter and Non-Resident Indian as specified hereunder:

Sr. No.	Name of the Proposed Allottees	Maximum No. of Warrants to be allotted
1.	Mr. Kalpesh Patel (Promoter)	7,25,000
2.	Mr. Vinod Patel (NRI)	4,25,000
	Total	11,50,000

RESOLVED FURTHER THAT the proposed equity shares to be issued and allotted on preferential basis shall rank pari passu in all respect including dividend with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the offer, issue and allotment of the equity shares and aforesaid Warrants and the Equity Shares resulting from the exercise of the entitlement of the Warrant holders to subscribe to the Equity Shares shall be made at such time or times as the Board may in its absolute discretion decide, subject however to applicable guidelines, notifications, rules and regulations, and the terms and conditions given herein below.

RESOLVED FURTHER THAT the terms and conditions of the aforesaid Warrants shall be as under:

- i) The Warrant holders be entitled to exercise the Warrants in full or in part or may decline to exercise the option to convert the Warrants, in which case the unexercised Warrants shall be deemed to have lapsed at the end of their term.
- ii) In consideration of the Warrants being subscribed by the aforesaid allottees, each allottee shall pay to the Company a sum of Rs.37/- per Warrant subscribed by them (being the amount representing 10% of the issue price of the Equity Shares arising upon exercise / conversion of the Warrants), which amount shall be adjusted against the issue price of Equity Shares at the time of allotment of the Equity Shares pursuant to the exercise / conversion of the Warrants. The Board shall forfeit such 10% amount in respect of any such Warrants in respect of which the allottees do not exercise their right to convert into Equity Shares.



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- iii) Each of the said Warrant shall consist of two parts, viz. Part A and Part B. Each of the said part shall carry a right, entitling its registered owner to apply for at his option, and seek allotment of one equity share of Rs. 10/- each for cash at a price of Rs.185/- per share (including a premium of Rs.175/- per share).
- iv) Against Part A of the said Warrant, the registered owner of the Warrant shall be entitled to apply for at his option, and seek allotment of one equity share of Rs. 10/- each, in the manner aforesaid, on or before 31st March, 2007; whereas against Part B of the said Warrant, the registered owner of the Warrant shall be entitled to apply for at its option, and seek allotment of one equity share of Rs. 10/- each, in the manner aforesaid, on and after 1st April, 2007, but within the period of 18 months (being the term of the Warrant) from the date of issue of the Warrants. The Board of Directors of the Company at its discretion shall decide the time within which the application for share against surrender/exchange of each part of the said Warrant shall be made, subject to the aforesaid time limits.
- v) The Warrants shall be subject to a lock-in-period pursuant to the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended up to the date and would continue to be locked in till the exercise of option for conversion/ exchange by the Warrant holders for Equity Shares. The lock-in period on Shares acquired on conversion of the Warrants shall be reduced to the extent the Warrants have already been locked in.
- vi) The issue of the Warrants as well as Equity Shares arising from the exercise of the option given under the Warrants shall be governed by the guidelines issued by SEBI or any other statutory authority as the case may be or any modification thereof.
- vii) The equity shares to be offered, issued and allotted as aforesaid upon surrender of the said Warrant upon exercise of the option by the holder of such part of the Warrant shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- viii) The Warrant by itself shall not give to the holder thereof any rights of the shareholders or debenture holders of the Company. Further these Warrants are non-transferable and shall not be listed on the stock exchanges
- ix) In case the Equity Shares of the Company are either subdivided or consolidated before issue of the aforesaid Warrants, or exercise of option by the holders of the said Warrants, then the face value, the number of Equity Shares to be acquired upon exercise of the option attached to each part of the said Warrants and the price of acquisition of the said Equity Shares by the holders of the Warrants shall automatically stand augmented in the same proportion, as the present face value of the Equity Shares of Rs. 10/- each of the Company bears to the newly sub-divided or consolidated Equity Shares, without affecting any right or obligation of the said Warrant holders".
- x) In case the Company issues any Bonus Shares to the existing equity shareholders of the Company before issue of the aforesaid Warrants, or exercise of option by the holders of the said Warrants, to be acquired upon exercise of the option attached to each part of the said Warrants and the no. of equity shares and the price of acquisition of the said Equity Shares by the holders of the Warrants shall automatically stand adjusted in the same proportion as the issue of bonus shares to the existing shareholders of the Company.

RESOLVED FURTHER THAT the price of equity shares for allotment on preferential basis including the issue price of Warrants to be allotted on exchange / surrender of each part of the said Warrant shall not be lower than the minimum price specified as per SEBI Guidelines for Preferential Issues (Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000), considering 30 days prior to the date of this general meeting as the Relevant Date and that the Relevant Date for the Preferential issue as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended upto date for the determination of applicable price for issue of Equity Shares and Share Warrants is July 27, 2006 which is 30 days prior to the date of this Annual General Meeting i.e. August 26, 2006.

RESOLVED FURTHER THAT subject to applicable statutory provisions, guidelines, notifications, rules and regulations, the terms of issue, offer and allotment of the aforesaid Warrants and the Equity Shares resulting from the exercise of the entitlement of each part of the said Warrant by its holder may be decided, modified, altered and amended by the Board upon receipt of necessary approvals; **PROVIDED THAT** the aforesaid Warrants and the Equity Shares resulting from the exercise of the entitlement of each part of the said Warrant under this resolution shall be made fully paid-up at the time of their allotment.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient including in relation to the issue or allotment of aforesaid securities and (including the Equity Shares arising on exercise of the Warrants), and listing thereof with the Stock Exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said securities, utilization of the issue proceeds, sign all documents and undertakings as may be required and generally to do all such acts, deeds matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any Committee of Directors or to any Officer or Officers of the company to give effect to this Resolution.



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

RESOLVED THAT in supersession of the earlier resolution passed by the Company pursuant to the provisions of Section 293(1)(d) of the Companies Act 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to continue to borrow such sum or sums of money in any manner from time to time, as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the moneys so borrowed together with the moneys, already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however that the total amount so borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the limit of Rs. 300 Crores (Rupees Three Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such other steps as may be necessary or desirable to give effect to the above Resolution.

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

RESOLVED THAT in supersession of the earlier resolution passed by the Shareholders, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations, on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favor of all or any of the financial institutions, banks or any other investing agencies or Trustees for the holders of debentures, bonds or other instruments which may be issued to and subscribed by all or any of the financial institutions, banks or any other investing agencies or any other person(s) or bodies corporate by private placement or otherwise, to secure rupee or foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 300 Crores (Rupees Three Hundred Crores only) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on pre-payment, or on redemption, costs, charges, expenses and all other moneys payable by the Company to the aforesaid parties or any of them under the Agreements or Arrangements entered into/to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the aforesaid parties or any of them, the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution.

By order of the Board of Directors
KEMROCK INDUSTRIES & EXPORTS LIMITED

Date: 27th July 2006
Place: Asoj, Gujarat

Kalpesh Patel
Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books will remain closed from Thursday, the 24th August 2006 to Saturday, the 26th August 2006 (both days inclusive).
3. The documents referred to in the forgoing proposed Resolutions pertaining to the Special Business are available for inspection at the Registered Office of the Company from 11.00 a. m. to 1.00 p. m. on any working days.
4. Members/Proxies should bring the Attendance Slips duly completed for attending the Meeting.
5. Members should bring their copies of Annual Reports to the Annual General Meeting. No copies will be distributed at the Meeting as a measure of economy.
6. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers may be made readily available at the Meeting.
7. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
8. Members holding shares in physical form are requested to notify, immediately, any change in their address to Company's Registrar and Transfer Agents, Intime Spectrum Registry Ltd., 308, Jaldhara Complex, Opp. Manisha Society, Old Padra Road, Vasana Road, Vadodara-390015. Members holding shares in electronic form may update such details with their respective Depository Participants.



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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

With the ongoing reforms in India and the thrust of Government of India on the developments in various sectors and industries, the business scenario for your Company has improved and future for the industry looks positive. Your Company is trying its best to maximize the shareholders' value by accelerating the growth, in pace with the available opportunities. Accordingly, the Company proposes to make issue of shares to RPM International Inc., USA and issue of Warrants to the Promoter and Non-resident Indian on Preferential basis. In view of this, and considering the promoters' desire to acquire further shares in the Company to strengthen his holding, it is proposed to issue Warrants with option to subscribe for equity share on preferential basis to the Promoter of the Company along with the Non-resident Indian as per details given in the Special Resolution under this item of business of the notice.

The offer, issue and allotment of 11,25,000 equity shares of Rs.10/- each to the RPM International Inc., USA on preferential basis shall be completed within the period prescribed from the date of passing of the Special Resolution under this head of item above, as required under the said guidelines of SEBI.

The offer, issue and allotment of 11,50,000 (Eleven Lacs Fifty Thousand Only) Warrants to the NRI/ Promoter of the Company (each Warrant being in two parts, viz. Part A & Part B, each Part carrying a right to apply for one equity share of Rs.10/- each, of the Company in their exchange, i.e. in aggregate carrying right/option to apply for 23,00,000 (Twenty Three Lacs Only) equity shares of Rs.10/- each shall be completed within the period prescribed from the date of passing of the Special Resolution under this head of item above, as required under the said guidelines of SEBI. Each part of the said Warrant shall have such face value and shall be subject to such terms and conditions, as are stated in the Special Resolution.

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's guidelines for Preferential Issues, being Chapter XIII to the SEBI's (Disclosure and Investor Protection) Guidelines, 2000, the Memorandum and Articles of Association of the Company and other documents referred to in the proposed resolution are open for inspection at the Registered office of the Company on any working day except Public Holidays, Saturdays & Sundays between 10.00 a.m. and 6.00 p.m. upto the date of the Annual General Meeting and will also be placed before the Annual General Meeting.

The information as required under SEBI (Disclosure and Investor Protection) Guidelines, 2000, is as under for issue of Warrants:

I) Object of the Issue:

In order to generate long term resources for implementing growth plans, it is proposed to issue Equity Shares and Warrants on a preferential allotment basis.

The proceeds of the proposed preferential allotment of Equity Shares and Warrants will be utilized for the following purposes:

- Augmenting the long term working capital requirements arising out of a growth in the business of the Company.
- To finance the on-going expansion plan under implementation, envisaging increasing the existing capacity for manufacture of FRP products and resins.

II) Intention of Promoters / Directors / Key Management persons to subscribe to the offer:

The Promoter/Director of the Company viz. Mr. Kalpesh Patel, has conveyed to the Company in writing of his intention to acquire Warrants of the Company on preferential basis to consolidate and strengthen his holding in the Company as proposed under Special Resolution under this head of item, and except for Mr. Kalpesh Patel no other Director/ Key Management personnel intend to subscribe to issue of shares and Warrants on preferential basis.

III) Shareholding Pattern before and after Issue (of equity shares resulting from the exercise of the options by the warrant holders in respect of the warrants covered under resolution at Item No.4 of the notice) based on the shareholding pattern as on 27th July, 2006 is as follows:


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Category	Pre Issue Holding		Post Issue holding on Allotment of Equity Shares on preferential basis		Post Issue Holding Allotment of Equity Shares on conversion of Warrants			
	No of shares	%	No. of Shares	%	Part A		Part B	
					No. of Shares	%	No. of Shares	%
A Promoters' Holding								
Promoters								
a Indian Promoters:								
1 Mr. Kalpesh Patel 202, Atlantic-IV, Race Course Circle, Baroda - 390 007.	20,78,330	32.56	20,78,330	27.68	28,03,330	32.38	35,28,330	35.98
2 Mrs. Binita Patel 202, Atlantic-IV, Race Course Circle, Baroda - 390 007.	1,34,609	2.11	1,34,609	1.79	1,34,609	1.55	1,34,609	1.37
3 Mrs. Mrudula Patel 202, Atlantic-IV, Race Course Circle, Baroda - 390 007	35,200	0.55	35,200	0.47	35,200	0.41	35,200	0.36
Sub-Total	22,48,139	35.22	22,48,139	29.95	29,73,139	34.34	36,98,139	37.71
b Persons Acting in Concert	3,69,029	5.48	3,69,029	4.92	3,69,029	4.26	3,69,029	3.76
Sub-Total	26,17,168	41.00	26,17,168	34.86	33,42,168	38.60	40,67,168	41.47
B Non-Promoter Holding								
I Institutional Investors	—	—	—	—	—	—	—	—
a Mutual Funds and UTI	—	—	—	—	—	—	—	—
b Banks, Financial Institutions, Insurance Companies	—	—	—	—	—	—	—	—
c FIs	—	—	—	—	—	—	—	—
Sub-Total	—	—	—	—	—	—	—	—
II Corporate Bodies	4,06,598	6.37	4,06,598	5.42	4,06,598	4.70	4,06,598	4.15
C Non-Resident Individuals / OCBs								
1 RPM International Inc, 2628, Pearl Road, P.O. Box 777-Medina, Ohio 44258, USA	—	—	11,25,000	14.98	11,25,000	12.99	11,25,000	11.47
2 Mr. Vinod Patel M/s. Vinod Patel & Co. Ltd. P.O. Box 434, Ba, Fiji.	—	—	—	—	4,25,000	4.91	8,50,000	8.67
3 Others	93,066	1.46	93,066	1.24	93,066	1.07	93,066	0.95
D Indian Public	32,65,668	51.17	32,65,668	43.50	32,65,068	37.72	32,65,668	33.30
Sub-Total (B+C+D)	37,65,332	59.00	48,90,332	65.14	53,15,332	61.40	57,40,332	58.53
Total (A+B+C+D)	63,82,500	100.00	75,07,500	100.00	86,57,500	100.00	98,07,500	100.00

Note:-

- Assuming full allotment up to approved number of shares & subject to non-promoter holding (other than NRIs) remains unchanged.
- The proposed preferential allotment would not result in any change in the management control. Voting right shall change according to the change in shareholding pattern mentioned above.



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iv) Proposed time within which allotment will be completed.

- The allotment of 11,25,000 equity shares on preferential basis and issue of 11,50,000 Warrants as proposed under Special Resolution under item 4 of the notice will be completed within 15 days period from the date of this meeting, or such other time as may be prescribed under the SEBI's Guidelines on Preferential Issues, or where the allotment on preferential basis requires any approval by any regulatory authority or Central Government, the allotment of shares will be completed within 15 days from the date of such approval.
- The allotment of the 11,50,000 equity shares resulting from exercise of the options attached to Part A of the said Warrants will be completed on or before 31st March, 2007, as may be decided by the Board of Directors of the Company.
- The allotment of the 11,50,000 equity shares resulting from exercise of the options attached to Part B of the said Warrants will be completed within 18 months from the date of issue of the Warrants, but not before 1st April, 2007 as may be decided by the Board of Directors of the Company.

v) Identity of Proposed Allottees with percentage of expanded capital to be held by them:

Name of the Allottee	Post Issue holding on Allotment of Equity Shares on preferential basis		Post Issue Holding on Allotment of Equity Shares on conversion of Warrants			
	No. of Shares	%	Part A		Part B	
			No. of Shares	%	No. of Shares	%
1 Mr. Kalpesh Patel (Promoter) 202, Atlantic - IV, Race Course Circle, Baroda 390 007	20,78,330	27.68	28,03,330	32.28	35,28,330	35.98
2 Mr. Vinod Patel (NRI) M/s. Vinod Patel & Co. Ltd. P.O. Box. 434, Ba. Fiji.	-	-	4,25,000	4.91	8,50,000	8.67
3 RPM International Inc. 2628 Pearl Road, P.O. Box 777 - Medina, Ohio 44258,USA	11,25,000	14.98	11,25,000	12.99	11,25,000	11.47

Lock in period:

The Equity Shares and Warrants to be allotted under the proposed offering shall be subject to lock-in period for a period of 3 years and / or 1 year from the date of allotment of Equity Shares and Warrants as prescribed under the Guidelines. In terms of the provisions of 13.3.1(d) of the Guidelines, the lock in period on shares acquired by exercise of Warrants, shall be reduced to the extent the Warrants have already been locked-in.

Price of Allotment

Attention of the members of the Company is specially invited to the fact that the resultant equity shares on exercise of options/ entitlement attached to the aforesaid Warrants will be issued at a price to be determined in accordance with the pricing formulae prescribed under the SEBI's guidelines for Preferential Issues, i.e. Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. The above Equity Shares and Warrants will be issued and allotted at a price not less than the higher of the following in terms of the Guidelines:-

- The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related shares quoted on a Stock Exchange during the two weeks preceding the relevant date.

The price of Rs.185/- per share is in accordance with the Guidelines.

Explanation:

- Relevant date for the purpose of this clause means the date thirty days prior to the date on which the meeting of general body of shareholders is held in terms of Section 81 [1 A] of the Companies Act, 1956 (including any amendment to or re-enactment thereof) to consider the proposed issue, which relevant date, in the present case, is July 27, 2006.
- Stock Exchange for the purpose of this clause means any of the recognized Stock Exchanges in which the shares are listed


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and in which the highest trading volume in respect of shares of the company has been recorded during the preceding six months prior to the relevant date being the present case, the Bombay Stock Exchange Limited.

Section 81 (1A) of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the subscribed capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81, unless the shareholders in general meeting decide otherwise by passing a Special Resolution.

The Guidelines require that when a listed company proposes to make a preferential allotment of Equity Shares and/or Warrants convertible into Equity Shares of the listed company, the notice of the meeting, including the explanatory statement, must make the disclosures mentioned above.

Accordingly, consent of the shareholders by way of a Special Resolution is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and in terms of the provisions of the Listing Agreement to issue and allot Equity Shares and Warrants as stated in the Special Resolution.

Your Directors, recommend the above resolution for your approval.

Mr. Kalpesh Patel, who is the Chairman & Director and Promoter of the Company is interested in the Special Resolution proposed at item no. 4 of the notice to the extent of the Warrants and the Equity Shares resulting from exercise of options attached to the Warrants that may be issued, offered and allotted to him.

Besides the above, none of other Directors of the Company is any way concerned or interested in the resolution proposed under this item.

Item No 5 & 6 :

Under Section 293(1)(d) of the Act, The Board of Directors of the Company cannot, except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say reserves not set apart for any specific purpose. At the Extra Ordinary General Meeting of the Company held on 30th April, 2005, the shareholders had accorded consent to the Board of Directors for borrowings upto Rs.150 Crores.

Considering the long term financial requirements of the borrowed funds and in view of the growing operations, the Company requires additional funds as also for meeting other corporate requirement, borrowing limit previously sanctioned by the members are proposed to be increased to Rs.300 Crores. The purpose of this resolution is to seek members consent for increase in the borrowing powers as set out in the resolution at item no.5.

The proposed borrowings of the Company may, if necessary, be secured by way of mortgages, charges and hypothecations, on such of the assets of the Company, both present and future, in favor of all or any of the financial institutions, banks or any other investing agencies or Trustees for the holders of debentures, bonds or other instruments. As the documents to be executed by, with, or in favour of, the lenders/parties may contain the power to take over the management and concern of the Company in certain events, it is necessary for the members to pass a resolution under section 293 (1) (a) of the Act, for the creation of mortgages, charges and hypothecation to secure such borrowings.

Your Directors, recommend the above resolution for your approval.

None of the Directors of the Company is any way concerned or interested in the resolution proposed under this item no.5 & 6.

By order of the Board of Directors
KEMROCK INDUSTRIES & EXPORTS LIMITED

Date: 27th July 2006
 Place: Asoj, Gujarat

Kalpesh Patel
 Chairman & Managing Director

Information pursuant to Clause 49 of the Listing Agreement regarding appointment/reappointment of Directors

Name of the Director	Shri Mukund Bakshi
Date of Birth	04/03/1964
Date of Appointment	31/01/2004
Qualifications	B.Com., FCA
Directorships of other Public Companies as on 31st March, 2006	NIL
Membership of Committees in other Public Companies	NIL



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DIRECTORS' REPORT

To,
The Shareholders,
Kemrock Industries and Exports Limited

The Directors of the Company hereby present their 12th Annual Report for the year ended 31st March, 2006.

1. Financial Results

The key financial indicators of the Company's performance for the year ended 31st March, 2006 are as under :

Particulars	Year ended 31.03.2006	Year ended 31.03.2005
Total Income	5,790.28	3,799.59
Profit before Taxation	526.29	147.38
Less: Provision for Taxation	25.00	2.50
Less: Deferred Tax (Assets) Liability	22.44	2.36
Add: Prior Period Income/ Expenditure	-25.81	10.88
Net Profit	453.04	153.40
Earning per Share (EPS) (Rs.)	7.10	2.40

2. Dividend

With a view to plough back the resources for the on going growth and development, your Directors do not recommend any dividend to the equity shareholders.

3. Operations

Your Company has maintained a steady growth in its business areas. Global consumption of the Company's products has seen an increasing trend in the year under review and it is Company's constant endeavour to enhance the market presence and also, product range.

In furtherance to this initiative, the Company has recently finalized an agreement for technology transfer with Top Glass SpA of Italy for transfer of technology to enable manufacture composite Light Poles as also make available high-end pultrusion technology. This arrangement would enable Company to manufacture and market these products within Indian market and worldwide and also strengthen its technological capabilities.

Top Glass SpA is the market leader in manufacture of Light Poles which are extensively used in the markets of Europe and USA. The Company expects to have a sizeable share in this business in the coming years through its established market network and strategic global alliances.

Kemrock has also signed another agreement with Georgia-Pacific Resins, Inc., a constituent of the multi-billion Koch Group headquartered in the U.S., for promoting a Company jointly to facilitate marketing of the speciality resins manufactured under license from them. The Agreement with Georgia-Pacific is also to include the marketing of other resin products along with general purpose resins to be manufactured by Kemrock using its own technology. This arrangement would enable Kemrock to expand the product base and also enhance its penetration and presence in markets of India, Bangladesh, Sri Lanka, Middle East, Myanmar, etc. Georgia-Pacific Resins, Inc. is an established name in the field of speciality chemicals, resins, fertilizers, etc.

The Company has achieved the increasing numbers on the year on year basis. Your Directors hope to post still better results in the years to come.

4. Management Discussion & Analysis

a) Industry Structure and Developments

The Company is primarily engaged in the business of manufacturing and exports of Fiberglass Reinforced Polymer Composites. The Company has, also, stabilized and achieved recognized quality in manufacture of speciality and general resins. Continuous up-gradation of technologies & facilities has ensured a pathway to success.

b) Opportunities and Business Outlook

The Company has absorbed the processes and technology and has developed indigenous procedures to deliver high quality world class reinforced composites and resins. The Company has commercialized its production lines for the entire range of FRP products, by the various manufacturing processes. It has strongly ventured into exports and is making steady inroads in the domestic markets where the Company's products are accepted by leading industrial consumers.