



Annual Report
2004-2005



BOARD OF DIRECTORS

Harshul Dalal, Chairman & Managing Director

H.R. Prasad

J.K. Setna

Shobhan M. Thakore

Nina H. Dalal

S.R. Laghate, Executive Director

Deputy Company Secretary

Chirag N. Shah

Auditors

B.D. Jokhakar & Co.

s

ngkong and Shanghai Banking Corporation Limited

Registrars and Share Transfer Agents

M/s. Sharepro Services,
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (E),
Mumbai - 400 099.

Corporate Office

Jehangir Building,
133, Mahatma Gandhi Road,
Mumbai - 400 001.

Registered Office

Plot No. 3, GIDC Industrial Estate,
Nandesari - 391 340
Dist. Vadodara, Gujarat.

NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the Members of CAMPBOR & ALLIED PRODUCTS LIMITED will be held on Friday, the 2nd day of September 2005 at 11:00 am at the Registered Office of the Company at Plot No. 3, GIDC Industrial Estate, Nandesari, Pin: 391 340, Dist. Vadodara, Gujarat, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2005 and the Audited Balance Sheet as at that date.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Shri Shobhan M. Thakore, who retires by rotation but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J. K. Setna, who retires by rotation but being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:
"RESOLVED THAT in partial modification of the ordinary resolution passed by the members of the Company at their Annual General Meeting held on 20th September 2003, and subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any modifications or re-enactment thereof for the time being in force) and Schedule XIII there to and also subject to approval of the Central Government and other appropriate authorities, required if any; the Company do hereby approve payment to Shri Harshul Dalal, the Managing Director of the Company, the same remuneration (except commission) as the minimum remuneration under Schedule XIII to the Companies Act, 1956, which was approved as his remuneration as Managing Director of the Company by the Members of the Company at their Annual General Meeting held on 20th September 2003 vide resolution at item no. 5 read with the relevant explanatory statement annexed thereto and also as stated in the explanatory statement for item no.6 to the notice of this meeting, and in the agreement dated September 20, 2003 entered into by the Company with its Managing Director.

FURTHER RESOLVED THAT the aforesaid minimum remuneration be paid to Shri Harshul Dalal as the Managing Director in case of loss or inadequacy of profit for the financial year ended 31st March, 2005 and two succeeding financial years and that a draft supplementary agreement in respect of payment of the said minimum remuneration to Managing Director to be executed between him and the Company now placed before this meeting, duly initialled by the Chairman for identification be and is hereby approved.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to review and revise the remuneration, perquisites and benefits to be paid or provided to Shri Harshul Dalal in the light of and in conformity with any amendments to the relevant provisions in the Companies Act, 1956 and the rules and regulations made there-under and/or guidelines as may be announced by the Central Government from time to time, and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Shri Harshul Dalal.

FURTHER RESOLVED THAT THE Board of Directors be and is hereby authorised to do all such acts, deeds, things matters and things as may be necessary to give effect to this resolution."

7. To consider, and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:
"RESOLVED THAT in partial modification of the ordinary resolution passed by the members of the Company at their Annual General Meeting held on 20th September 2003, and subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any modifications or re-enactment thereof for the time being in force) and Schedule XIII there to and also subject to approval of the Central Government and other appropriate authorities, required if any; the Company do hereby approve payment to Shri S. R. Laghate, the Executive Director of the Company, the same remuneration (except commission) as the minimum remuneration under Schedule XIII to the Companies Act, 1956, which was approved as his remuneration as Executive Director of the Company by the Members of the Company at their Annual General Meeting held on 20th September 2003 vide resolution at item no. 6 read with the relevant explanatory statement

annexed thereto and also as stated in the explanatory statement for item no.7 to the notice of this meeting, and in the agreement dated September 20, 2003 entered into by the Company with its Managing Director.

FURTHER RESOLVED THAT the aforesaid minimum remuneration be paid to Shri S. R. Laghate as the Executive Director in case of loss or inadequacy of profit for the financial year ended 31st March, 2005 and two succeeding financial years and that a draft supplementary agreement in respect of payment of the said minimum remuneration to Executive Director to be executed between him and the Company now placed before this meeting, duly initialled by the Chairman for identification be and is hereby approved.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to review and revise the remuneration, perquisites and benefits to be paid or provided to Shri S.R. Laghate in the light of and in conformity with any amendments to the relevant provisions in the Companies Act, 1956 and the rules and regulations made there-under and/or guidelines as may be announced by the Central Government from time to time, and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Shri S. R. Laghate.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, things matters and things as may be necessary to give effect to this resolution."

8. To consider, and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, Company does hereby approve and consent to continuation of payment and distribution thereof a sum not exceeding 1% of the net profits of the Company as commission computed in accordance with the provisions of Section 198 of the Companies Act, 1956 (which may be determined by the Directors) amongst the Directors of the Company (excluding Managing Directors, Whole Time Directors or any other Directors whose remuneration includes any monthly remuneration) in such amounts or proportions and in such manner as may be decided by the Board and such payments shall be made in respect of the profits for the year ending 31st March 2006 and four succeeding years."

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement with the Stock Exchange, the consent of the Company be and is hereby accorded for payment of sitting fees to each Non-Executive Director for attending the meetings of the Board of Directors or Committees thereof at the rate of maximum of Rs.20,000/- (Rupees Twenty Thousand Only) for each such meeting, or such higher amount that may be prescribed under the Companies Act, 1956, or any other applicable statutes, rules, regulations or guidelines, or by the Central Government or other appropriate authority."

FURTHER RESOLVED THAT within aforesaid limits of the sitting fees, the Board of Directors of the Company be and is hereby authorised to decide from time to time, any amount which it may deem fit, as sitting fees payable to the Non-Executive Directors of the Company for attending the meetings of the Board of Directors or the Committee(s) thereof."

NOTES:

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO 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 in order to be effective, should be lodged at the Registered Office of the Company not less than forty eight hours before the time of the meeting. A blank proxy form is sent herewith.
- (B) The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 giving material facts in respect of item of special business set out under Item Nos. 6 to 9 is annexed herewith, and forms part of this Notice.
- (C) All the documents referred to in this Notice and Explanatory Statement are open for inspection of the members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the Annual General Meeting and during the time of the meeting.
- (D) The Members holding shares in physical form are requested to notify immediately any change in their address/bank account details to the Company's Registrars and Share Transfer Agents, M/s. Sharepro Services, Satam Estate, 3rd floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099. Members holding shares in demat account (electronic form) may notify changes to the Depository Participant.
- (E) The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 19th

August, 2005 to Friday, 2nd September, 2005 (both days inclusive).

- (F) The dividend when declared, will be made payable on or after 5th September, 2005 to those shareholders, whose names stand on the Register of Members of the Company on the 2nd September, 2005 and in respect of shares held in electronic form to the beneficial owners as per data as at the end of the day of 18th August, 2005 given by the Depositories.
- (G) (i) Pursuant to Section 205(A) of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1996 have been transferred to the General Revenue Account of the Central Government. The shareholders who have not encashed their dividend warrants upto the said period are requested to claim the amount from the Registrar of Companies, Gujarat.
- (ii) The dividend for the year ended 31st March, 1997 which remained unclaimed for 7 years from the date of declaration has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205(C) of the Companies Act, 1956.
- (iii) Dividend for the financial year ended 31st March, 1998 which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 27th September 2005 pursuant to the provisions of Section 205(A) & 205(C) of the Companies Act, 1956.
- (iv) Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 1998, or any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) from the Company.
- (v) Shareholders are requested to note that no claim shall lie against the Company or the said Investor Education and Protection Fund after the transfer of unclaimed dividend to the Fund.
- (H) The shares of the Company are under compulsory demat list of SEBI and therefore trading in equity shares can be done only in demat form. In case you have not demated your shares, you may do so by opening an account with any Depository Participant and completing the dematerialisation formalities.
- (I) Under the system of payment of dividend through ECS, the shareholders get the credit of dividend directly in their designated bank account. This ensures direct and immediate credit with no chance of loss of warrant in transit or its fraudulent encashment.

Shareholders holding shares in physical form and desirous of availing ECS facility are requested to furnish particulars of their bank account (including 9 digit MICR code) to the Company's Registrar & Share Transfer Agents M/s. Sharepro Services, and such particulars in respect of shares held in electronic form should be furnished to their respective Depository Participants.

- (J) Details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting:
- Shri J. K. Setna, Age 76 years, has expertise in Finance & Accounting, Business and Management. He has been a director of the Company since September 1984. He is also a director in Colgate Palmolive (India) Ltd., Tata Motors Ltd., Telco Construction Equipment Co. Ltd., Tata Infotech Ltd., Universal Ferro & Allied Chemicals Ltd.

He is Chairman of Remuneration Committee of Tata Infotech Ltd. and Telco Construction Equipment Co. Ltd. He is also a member of the Audit Committee of Colgate Palmolive (India) Ltd., Tata Motors Ltd. He is also a member of the Shareholders' Grievance Committee of Colgate Palmolive (India) Ltd. He is also a member of the Remuneration Committee and member of Audit Committee of the Company.

Shri Shobhan M. Thakore, Age 58 years, has more than 30 years of experience and expertise in the field of law as Solicitor and Advocate. He has been a director of the Company since January 1990.

He is also a director in Alkyl Amines Chemicals Ltd., Bharat Forge Ltd. and Scandent Solutions Corporation Ltd. He is a chairman of Share Transfer Committee and Investor Grievance Committee of Alkyl Amines Chemicals Ltd. He is also a chairman of Share Transfer Committee & Investor Grievance Committee and member of the Audit Committee and Remuneration Committee of the Company.

By order of the Board of Directors

Chirag N. Shah
Dy. Company Secretary

Mumbai, dated 15th July, 2005

Registered Office:
Plot No. 3, GIDC Industrial Estate,
Nandesari 391 340
Dist. Vadodara, Gujarat

EXPLANATORY STATEMENT

As required under Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the item nos. 6, 7, 8 and 9 of accompanying notice dated 15th July, 2005.

Item Nos. 6 & 7:

The members had granted their approvals for the re-appointment and terms of remuneration of Shri Harshul Dalal as Managing Director for a period of five years with effect from 1st September 2003 to 31st August 2008 and appointment and terms of remuneration of Shri S. R. Laghate as Executive Director of the Company for a period of three years with effect from 1st July, 2003 to 30th June, 2006 vide separate ordinary resolutions passed at the thirty-first Annual General Meeting of the Company held on 20th September, 2003. The terms and conditions of the said re-appointment of the Managing Director and Executive Director and the terms of their remuneration were as detailed in the explanatory statement at item no. 5 and 6 respectively placed before the said Annual General Meeting attached to the notice of the said meeting.

As the net profit for the financial year ended 31st March, 2005 is inadequate, the Managing Director and Executive Director can be paid the said remuneration as minimum remuneration subject to the conditions prescribed under Schedule XIII of the Companies Act, 1956. Further, to ensure payment of similar remuneration to them during two succeeding financial years of their tenure in case of loss or inadequacy of profits, approval of the members is being sought vide item nos. 6 & 7 of business respectively mentioned in the accompanying notice.

The terms of remuneration of the Managing Director and Executive Director as were approved by the members at their Annual General Meeting dated 20th September 2003 were as under:

a) **Salary:** Managing Director - Rs. 2,00,000/- per month

Executive Director - Rs. 35,000/- per month in the scale of Rs. 35,000/- to Rs. 50,000/-

Other terms of remuneration, each of Managing Director and Executive Director were as under:

- b) **Incentive remuneration:** Such incentive remuneration not exceeding 100% of the annual salary to be paid at the discretion of the Board annually, based on certain performance criteria,
- c) **Commission:** Such remuneration by way of Commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Managing Director and Executive Director will be based on certain performance criteria, to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors ad adopted by the Members,
- d) **Perquisites:** Perquisites will be allowed to the Managing Director and Executive Director, in addition to salary and commission. For this purpose, the perquisites are classified into three categories, PART A, B and C.

PART A

- i. **Housing:** Company owned accommodation or house rent allowance as may be decided by the Board. In case company owned accommodation is provided, maintenance and repairs allowance of Rs. 1,50,000/- shall also be paid to the Managing Director. The expenditure incurred by the Company on gas, electricity, water and furnishing if provided shall be valued as per the Income-tax Rules, 1962,
- ii. **Medical Re-imbursement:** Reimbursement of expenses incurred, each by the Managing Director and Executive Director for self and family subject to a ceiling of month's salary in a year or three months' salary over a period of three years,
- iii. **Leave Travel Concession:** Leave Travel Concession for the Managing Director and Executive Director and their families respectively once in a year incurred in accordance with the rules of the Company,
- iv. **Club Fees:** Fees of one club. This will not include admission and life membership fees,
- v. **Personal Accident Insurance:** Personal Accident Insurance as per Company's policy applicable to Senior Executives of the Company.

PART B

- i. **Provident Fund and Superannuation Fund:** Company's contribution to Provident Fund in accordance with

CAMPHOR & ALLIED PRODUCTS LIMITED

the Rules and Regulations in force in the Company from time to time. Contribution to these funds will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

- ii. **Gratuity:** Benefits in accordance with the Rules and Regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.

PART C

- i. **Car:** Provision of car for use on Company's business. Personal use of car shall be billed by the Company individually to the Managing Director and Executive Director.
- ii. **Telephone:** Provision of Telephone, at residence will not be considered as a perquisite. Additionally, cable internet at residence will not be considered as a perquisite with respect to the Managing Director. Personal long distance calls on telephone shall be billed by the Company individually to the Managing Director and Executive Director.

OTHER BENEFITS TO MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

- a. Leave as per rules in force in the Company from time to time.
- b. Benefits under loan and other Schemes, in accordance with the practices, rules and regulations in force from time to time.
- c. Such other benefits as may be provided by the Company to other senior officers from time to time.

The above remuneration is proposed to be paid as minimum remuneration (except commission) in case of loss or inadequacy of profits.

Schedule XIII Part II, Section II, clause (B) (v) (under which our Company falls) states that a special resolution should be passed at the General Meeting of the Company for payment of remuneration for a period not exceeding three years. To comply with the requirements for payment of minimum remuneration as prescribed under Schedule XIII, the Remuneration Committee and Board of Directors of the Company at their respective meetings held on 30th June, 2005, have approved the payment of same managerial remuneration as minimum remuneration on the same terms and conditions as were approved by members in the thirty-first Annual General Meeting dated 20th September 2003.

Your directors recommend the passing of item nos. 6 & 7 as a Special Resolution.

In respect of item no. 6, Shri Harshul Dalal is interested in the resolution to the extent of the remuneration, perquisites and benefits he would enjoy and Smt. Nina Dalal being a relative of Shri Harshul Dalal is also interested in this item of business.

In respect of item no. 7, Shri S. R. Laghate is interested in the resolution to the extent of the remuneration, perquisites and benefits he would enjoy.

Additional information required to be given to the shareholders under Part B, Section II, Schedule XIII of the Companies Act, 1956 in respect of the item nos. 6 & 7 of this Explanatory Statement is as under:

I General Information

- | | |
|---|----------------|
| 1 Nature of Industry | Chemicals |
| 2 Date of commencement of commercial production | Not Applicable |
| 3 Expected date of commencement of activities | Not Applicable |
| 4 Financial performance based on indicators | |

	31/03/2005	31/03/2004
Net Sales Rs.in lacs	7414.29	7515.87
Net profit Rs. In lacs	227.18	392.45
Dividend %	15	30
EPS Rs.	4.43	7.65

- | | |
|---|---|
| 5 Export performance and net foreign exchange collaborations. | During the year 2004-05 foreign exchange earnings were Rs. 1,441.59 lacs. |
| 6 Foreign Investments or collaborations, if any. | NIL |

II. Information about the Managing Director & Executive Director.

Sr. No.	Particulars	Managing Director (MD)	Executive Director (ED)																
1.	Background Details	The MD is a B.Sc (Hons), and has been associated with the Company since April 1970 and has a rich and varied experience in the field of chemical business and intermediaries.	The ED is a qualified chemical engineer, and has been associated with the Company for more than three decades. He has a wide experience in the business of the Company at various levels.																
2.	Past Remuneration	<table><tr><td>Year</td><td>Rs.</td></tr><tr><td>2002-03</td><td>27,61,953</td></tr><tr><td>2003-04</td><td>41,42,779</td></tr><tr><td>2004-05</td><td>38,14,105</td></tr></table>	Year	Rs.	2002-03	27,61,953	2003-04	41,42,779	2004-05	38,14,105	<table><tr><td>Year</td><td>Rs.</td></tr><tr><td>2002-03</td><td>Not Applicable</td></tr><tr><td>2003-04</td><td>6,82,124</td></tr><tr><td>2004-05</td><td>8,20,041</td></tr></table>	Year	Rs.	2002-03	Not Applicable	2003-04	6,82,124	2004-05	8,20,041
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2003-04	6,82,124																		
2004-05	8,20,041																		
3.	Recognition or awards	Not Applicable	Not Applicable																
4.	Job profile and his suitability	The MD has been looking after and guiding the day-to-day business of the Company. He has varied experience of the industry and has been instrumental in various expansion and development programmes undertaken by the Company.	The ED is having wide experience in independently running the Company's plants and also, has administrative experience. He has been entrusted with the responsibilities of managing the Company's plants at Bareilly and Vadodara.																
5.	Remuneration proposed	As mentioned at Item Nos. 6 & 7 of the Explanatory Statement	As mentioned at Item Nos. 6 & 7 of the Explanatory Statement																
6.	Comparative remuneration profile with respect to the industry, size of the Company, profile of the position and person.	The remuneration paid to the MD is commensurate with the remuneration packages paid to similar senior and managerial level persons in other companies and the size of the Company, and responsibilities shouldered by him.	The remuneration paid to the ED is commensurate with the remuneration packages paid to similar senior and managerial level persons in other companies and the size of the Company, and responsibilities shouldered by him.																
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any.	Apart from receiving managerial remuneration, the MD has no pecuniary relationship with the Company. The MD is a Promoter of the Company and is not related to any managerial personnel of the Company	Apart from receiving managerial remuneration, the ED has no pecuniary relationship with the Company. The ED is not related to any managerial personnel of the Company.																

III. Other Information:

1.	Reason for inadequate profits	Several factors such as abnormally high costs of fuel and various chemicals resulted into high cost of production, which could not be fully passed on to the market due to extremely competitive market conditions.
2.	Steps taken for improvement	The Company has initiated cost cutting and energy saving measures to improve the profitability.
3.	Expected increase in productivity and profits in measurable terms	The Company is expecting an increase in turnover in the coming year.

Item No. 8:

By a special resolution passed at the Twenty-eighth Annual General Meeting of the Company held on September 16, 2000, the Company has approved of and consented to the payment and distribution thereof a sum equivalent to 1% of the net profits of the Company as commission computed in accordance with the provisions of Section 198 of the Companies Act, 1956, amongst the Directors of the Company (other than Managing Director, Whole-time Director or any other Director whose remuneration includes any monthly remuneration) in such amounts or proportions and in such manner as may be decided by the Board and that such payments ending March 31, 2006 and four succeeding years Under Section 309(7) of the Act, a Special Resolution passed by the Company under Section 309 (4) of the Act does not remain in force for a period of more than five years at a time.

Your Directors recommend the passing of this resolution as a Special resolution.

All the Non-Executive Directors, viz. Shri J. K. Setna, Shri H. R. Prasad, Shri Shobhan M. Thakore and Smt. Nina Dalal are concerned or interested in this Resolution to the extent of the commission that each of them may receive pursuant to this resolution. Shri Harshul Dalal, being a relative of Smt. Nina Dalal is also interested in this item of business to the extent of commission that she may receive pursuant to this resolution.

Item No. 9:

Securities and Exchange Board of India (SEBI), vide its circular dated 29th October, 2004 which relates to Corporate Governance in listed companies and Clause 49 of the Listing Agreement of the Stock Exchange specifies that the fees/ compensation paid to the non-executive directors should be approved by the members in the general meeting. Currently, the Companies Act, 1956 prescribes the maximum amount of sitting fees that may be paid to a non-executive director for attending board meeting or committee meeting at Rs. 20,000/- per meeting.

The approval of the members is being sought under this item of business for authorising the payment of sitting fees to the non-executive directors for attending the board or committee meeting(s), subject to the overall ceiling limits as may be prescribed under the Companies Act, 1956, and/or the rules/regulations & guidelines thereof, from time to time.

Your Directors recommend the passing of this resolution as a Special resolution.

All the Non-Executive Directors, viz. Shri J. K. Setna, Shri H. R. Prasad, Shri Shobhan M. Thakore and Smt. Nina Dalal are concerned or interested in this Resolution to the extent of the sitting fees that each of them may receive pursuant to this resolution. Shri Harshul Dalal, being a relative of Smt. Nina Dalal is also interested in this item of business to the extent of sitting fees that she may receive pursuant to this resolution.

By order of the Board of Directors

Chirag N. Shah

Dy. Company Secretary

Mumbai, dated 15th July, 2005

Registered Office:

Plot No. 3, GIDC Industrial Estate,

Nandesari 391 340

Dist. Vadodara, Gujarat

DIRECTORS' REPORT

Your Directors have pleasure in submitting the 33rd Annual Report together with the audited accounts of your Company for the year ended 31st March, 2005.

Financial Results:

	Rs. in lacs	Previous Year Rs. in lacs
Gross Profit before Interest, Depreciation and Tax	599.32	824.55
Deduction therefrom:		
Interest	53.86	62.19
Depreciation	188.38	150.09
Provision for Taxation & Deferred Taxation	129.90	219.82
	372.14	432.10
Net Profit after Tax	227.18	392.45
Add: Income Tax refund of earlier years	2.59	21.88
Less: Short provision of tax	6.32	0
Add: Balance brought forward from last year	218.94	178.35
Profit available for appropriation	442.39	592.68
Your Directors recommend following appropriations:		
General Reserve	50.00	200.00
Proposed Dividend	77.01	154.01
Corporate Tax on Dividend	10.80	19.73
	137.81	373.74
Balance carried to Balance Sheet	304.58	218.94

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from operating management, confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures;
2. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. They have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records 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;
4. They have prepared the annual accounts on a "going concern basis".

Working Results:

The Company has achieved a total turnover of Rs.8323 lacs during year under review as compared to previous year's turnover of Rs.8492 lacs, representing a marginal decrease of 2%. Due to adverse economic conditions and market slowdown, the Company's turnover has recorded a marginal decrease since the last year. However, with Company's plant at Vadodara being fully operational after substantial expansion, improving economy of the country and favourable market conditions, Company is hopeful of achieving higher turnover in coming years.