



Annual Report
2005-2006

Report  Junction.com

CAMPBOR & ALLIED PRODUCTS LIMITED

BOARD OF DIRECTORS

Harshul Dalal, Chairman & Managing Director

H.R. Prasad

J.K. Setna

Shobhan M. Thakore

Nina H. Dalal

S.M. Mehta (w.e.f 21.10.2005)

S.R. Laghate, Executive Director

G.M. Finance & Company Secretary

S.S. Karandikar (w.e.f. 19.4.2006)



Auditors

B.D. Jokhakar & Co.

Chartered Accountants

Bankers

The Hongkong and Shanghai Banking Corporation Limited

Registrars and Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.

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 Fourth Annual General Meeting of the Members of CAMPHOR & ALLIED PRODUCTS LIMITED will be held on Saturday, the 9th day of September 2006 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 2006 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 H. R. Prasad, who retires by rotation but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. R. Laghate, 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 an Ordinary Resolution:

"RESOLVED THAT Shri. S. M. Mehta who was appointed as an Additional Director of the Company on 21st October, 2005 by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing pursuant to the provisions Section 257 of the Companies Act, 1956, from a member of the Company proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 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 thereto and also subject to approval of Central Government and/or of any other authorities, required if any, consent of the Company be and is hereby accorded to the re-appointment of Shri. S. R. Laghate as Executive Director of the Company and payment of remuneration to him for a period of three years with effect from 1st July, 2006 upon the terms and conditions including remuneration set out in the draft agreement submitted at this meeting and for identification signed by Shri. Harshul Dalal, Chairman & Managing Director, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri. S. R. Laghate.

FURTHER RESOLVED THAT the aforesaid remuneration except commission may be paid as minimum remuneration to Shri. S. R. Laghate, Executive Director in case of loss or inadequacy of profit for any financial year during the tenure of his appointment.

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 thereunder 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, 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 a Special Resolution:

"RESOLVED THAT the Consent of the Company be and is hereby accorded under Section 314 and other applicable provisions of the Companies Act, 1956, to the appointment of Ms. Stuti Dalal, daughter of Shri Harshul Dalal, Chairman & Managing Director and Smt. Nina Dalal, Director of the Company, to hold an office of profit in the Company as General Manager - Business Development, with effect from 1st April, 2006 on a total monthly remuneration including company's contribution to provident fund and gratuity not exceeding Rs. 50,000/- with an authority to the Board of Directors of the Company to revise the terms and conditions including designation and remuneration, of her appointment.

RESOLVED FURTHER THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors or a Committee thereof to sanction at their discretion and with the prior approval of the Central Government, where necessary, annual increments within the grade as it may deem fit and proper and to promote her to any higher grade or grades at the discretion of the Board of Directors and in due course as the Board may deem fit and proper, subject to the maximum monthly remuneration including Company's contribution to provident fund and gratuity not exceeding Rs.1,00,000/-."

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

"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 25th August, 1990 and pursuant to the provision of Section 293 (1) (d) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies, already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), at any time may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 6000 lacs and the Board of Directors be and is hereby authorized to execute such deeds of debentures and other debenture trust deeds or mortgages, charges, hypothecation, lien, and other deeds, instruments or writings as the Board may think fit containing such conditions and covenants as the Board may think fit."

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

"RESOLVED THAT in supersession of the resolution passed in the Annual General Meeting of the Company held on 25th September, 1999 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 hypothecation in addition to the existing mortgages, charges and hypothecation created by the Company, as the Board of Directors may direct, on such of the assets of the Company, both present and future, in such manner as the Board may direct, to or in favour of all or any of the financial institutions/banks/any other investing agencies/ Trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any of the financial institutions/banks/any other investing agencies or any other person(s)/ bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs.6000 lacs together with interest thereon at the respective agreed rate, compound interest, additional interest, liquidated damages, commitment charges, premia on re-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/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 finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges/hypothecation and

accepting or making any alterations, changes, variations to or in the terms and conditions and 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."

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

"RESOLVED THAT in accordance with the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and also guidelines, notifications issued/to be issued by SEBI and subject to the provisions of section 61 and other applicable provisions of the Companies Act, 1956 and other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter), and subject to such approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof), consent of the Company be and is hereby accorded to delist the Company's Equity Shares from The Delhi Stock Exchange Association Limited and Vadodara Stock Exchange Limited, at such time as the Board may in its discretion consider appropriate.

"RESOLVED FURTHER THAT authority be and is hereby accorded to the Board of Directors of the Company or any person authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

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 items of special business set out under Item Nos.6 to 11 is annexed herewith, and forms part of this Notice.
- (c) 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 change in their address, bank account details, ECS mandate if any, to the Company's Registrars and Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd., 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 Saturday, 26th August 2006 to Saturday, 9th September 2006 (both days inclusive).
- (f) The dividend when declared, will be made payable on or after 12th September, 2006 to the shareholders (shares held in physical form) whose names stand on the Register of Members of the Company on the 9th September, 2006 and to the beneficial owners (shares held in demat/electronic form) as per data as at the end of the day of the 25th August, 2006 given by the Depositories.
- (g) (i) Pursuant to Section 205A 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 unclaimed-dividends for the years ended 31st March, 1997 & 31st March 1998 which remained unclaimed for 7 years from the date of declaration have been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.
- (iii) Dividend for the financial year ended 31st March, 1999 which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 1st November 2006 pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956.
- (iv) Members who have not encashed their dividend warrant(s) for the financial year ended 31st March 1999, 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 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 (India) Pvt. Ltd. and such particulars in respect of shares held in electronic form should be furnished to their respective Depository Participants.
- (j) Details of Directors to be appointed/re-appointed at the ensuing Annual General Meeting:

Shri H. R. Prasad, Age 71 years, is a B.E. (Electrical) from Madras University and Master in Science from MIT, Sloan (USA) having wide expertise in Business, Industry, General Management & Administration. He has been director of the Company since September 1984. He is also director in UniAbex Alloy Products Ltd., Uni Deritend Ltd, American Express Bank Ltd., Victor Gaskets India Ltd. and Quorum Consulting Pvt. Ltd. He is Chairman of Investor Grievance Committee and Audit Committee of Victor Gaskets India Ltd. He is a member of Audit Committee of Uni Abex Alloy Products Ltd., Uni Deritend Ltd. He is also a member of the Remuneration Committee and Chairman of Audit Committee of the Company.

Shri. S. R. Laghate, Age 59 years, is a qualified Chemical Engineer, and is associated with the Company in various capacities for about 3 decades. He is having wide experience in independently running the Company's plants and also has administrative experience. He has been working as Executive Director of the Company since 1st July, 2003. He is a member of Investor Grievance Committee of the Company.

Shri. S. M. Mehta, Age 68 years, is B.Sc. (HONS), Ch.E. (U.K.) He was earlier associated with the Company for 38 years in various capacities. He retired as Director-Marketing. He has wide experience in the field of Marketing and Production. He is a member of Audit Committee of the Company.

By order of the Board of Directors

S.S. Karandikar

G.M. Finance & Company secretary

Mumbai, dated 29th June, 2006

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, 9, 10 and 11 of accompanying notice dated 29th June 2006.

Item No.6:

Shri. S. M. Mehta was appointed as Additional Director of the Company on 21st October, 2005 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office only upto the date of ensuing Annual General Meeting. As required under Section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Shri. S. M. Mehta as Director along with a requisite deposit.

The Board recommends the resolution at item no. 6 for your approval.

Shri S.M. Mehta is interested in the resolution relating to his appointment as Director. None of the Directors except Shri. S. M. Mehta is in any way concerned or interested in this Resolution.

Item No. 7:

Shri S.R. Laghate has been Executive Director of the Company for a period of three years i.e. from 1st July, 2003 till 30th June, 2006. At the meeting of the Board of Directors held on 29th June, 2006 subject to approval of the shareholders Shri S.R. Laghate was re-appointed as Executive Director for a further period of 3 years from 1st July, 2006 to 30th June, 2009 on remuneration as approved by Remuneration Committee, detailed herein below and specified in the draft agreement. Further in case of loss or inadequacy of profit for any financial year during his tenure of appointment, said remuneration except commission shall be paid as minimum remuneration. The principal terms and conditions, including remuneration, of the re-appointment of Shri. S.R. Laghate Executive Director as contained in the draft agreement to be entered into between him and the Company are as under:

a) Salary: Rs. 60,000/- per month in the scale of Rs. 35,000/- to Rs. 80,000/-

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, incentive remuneration 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 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 and adopted by the Members.

d) Perquisites: Perquisites will be allowed to the Executive Director, in addition to salary, incentive remuneration 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. 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, by the Executive Director for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years,

iii. Leave Travel Concession: Leave Travel Concession for Executive Director and his family once in a year incurred in accordance with the Rules of the Company,

iv. Club Fees: Fees of one club at the place of residence at Bareilly. This will not include admission and life membership fees.

GAMPHOR & ALLIED PRODUCTS LIMITED

v. Personal Accident Insurance: Personal Accident Insurance as per Company's policy applicable to Senior Executives of the Company.

PART B

i. Provident Fund & Superannuation Fund: Company's contribution to these funds in accordance with the rules and regulations in force in the Company from time to time. Contribution to these funds will not be included in 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 Executive Director.

ii. Telephone: Provision of Telephone at residence and mobile phone will not be considered as a perquisite. Personal long distance calls on telephone, mobile phone shall be billed by the Company individually to the Executive Director.

OTHER BENEFITS TO THE EXECUTIVE DIRECTOR:

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

The above remuneration is also proposed to be paid as minimum remuneration (except commission) in case of loss or inadequacy of profits in any of the financial year(s) during the tenure of his employment.

This may be treated as an abstract of the terms of agreement(s) proposed to be signed between the Company and Shri. S.R. Laghate, pursuant to Section 302 of the Companies Act, 1956.

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 no. 7 of this Explanatory Statement is as under:

I General Information

- Nature of Industry Chemicals
- Date of commencement of commercial production Not applicable
- Expected date of commencement of activities Not applicable
- Financial performance based on indicators

	31/03/2006	31/03/2005
Net Sales Rs. in Lacs	9224.67	7414.29
Net Profit Rs. in Lacs	31.57	227.18
Dividend %	15	15
EPS Rs.	0.62	4.43

- Export Performance and net foreign exchange collaborations. During the year 2005-06 foreign exchange earnings were Rs. 2293.81 Lacs. (FOB value of exports)
- Foreign Investments or collaborators, If any Nil

II Information about the Executive Director

Sr.No.	Particulars	Executive Director (ED)								
1.	Background details	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><th>Year</th><th>Rs.</th></tr><tr><td>2003-04</td><td>6,82,124</td></tr><tr><td>2004-05</td><td>8,20,041</td></tr><tr><td>2005-06</td><td>11,14,936</td></tr></table>	Year	Rs.	2003-04	6,82,124	2004-05	8,20,041	2005-06	11,14,936
Year	Rs.									
2003-04	6,82,124									
2004-05	8,20,041									
2005-06	11,14,936									
3.	Recognition or awards	Not Applicable								
4.	Job profile and his suitability	The ED is having wide experience in independently running the Company's plants and also has administrative experience. He has been entrusted with the responsibility of managing the Company's plant at Bareilly.								
5.	Remuneration proposed	As mentioned at Item No. 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 ED is commensurate with the remuneration package 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 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	There has been improvement in the turnover and resultant operating profit. However, high cost of mainly imported raw material and energy has been affecting the results.
2.	Steps taken for improvement	Efforts are made to reduce costs by controlling wastages with most efficient use of plant and machinery, as well as by alternate energy means.
3.	Expected increase in productivity and profits in measurable terms.	Company's Vadodara plant is operational since completion of substantial expansion in 2004-05 and with further improvement in turnover, market conditions and reduction/stabilisation of input costs the company is hopeful of achieving better performance.

The Board recommends the resolution at item no. 7 for your approval.

Shri S.R. Laghate is interested in this resolution proposing his remuneration.

None of the directors except Shri. S. R. Laghate himself is in any way concerned or interested in this resolution.

Item No. 8

Ms. Stuti Dalal, daughter of Shri. Harshul Dalal, Chairman & Managing Director and Smt Nina Dalal, Director of the Company is a graduate with Economics Major from Vassar College in USA and a Masters in Management with Distinction from the University of Bath in UK. She was appointed as a Management Trainee w.e.f. 25th January, 2005 on a monthly remuneration of Rs. 10,000/- including Company's contribution to provident fund and gratuity. Ms. Stuti Dalal has been focusing on development of Company's business and in particular international trade. Reviewing her performance the Board of Directors at the meeting held on 29th June, 2006 designated her as General Manager-Business Development and revised her monthly remuneration w.e.f. 1st April, 2006 to Rs. 50,000/- including company's contribution to provident fund and gratuity subject to approval of members. This being an office of profit under section 314 of the Companies Act, 1956, approval of members in General Meeting by way of a special resolution is necessary as the total monthly remuneration is more than Rs.10, 000/-.

Approval of members is therefore being sought for payment of monthly remuneration as above with effect from 1st April, 2006 with an authority to the Board of Directors to revise her designation and to revise the remuneration on annual basis so, however, that the monthly remuneration including Company's contribution to provident fund and gratuity shall not exceed Rs.1, 00,000/- subject to prior approval of the Central Government if required as per the provisions of the Companies Act, 1956.

Having regard to her qualifications and performance till date, the Board recommends the resolution at item no. 8 for your approval.

None of the Directors except Shri. Harshul Dalal and Smt. Nina H. Dalal being relatives of Ms. Stuti Dalal are in any way concerned or interested in this Resolution.

Item No. 9:

As per the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of members in a 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 Paid-up Capital and Free Reserves of the Company, that is to say, Reserves not set apart for any specific purpose. In the Annual General meeting held on 25th August, 1990 the members had accorded their consent to the Board of Directors for borrowing upto Rs. 2500 lacs, when the aggregate of Paid-up Capital & Free Reserves stood at Rs.1142.85 lacs. This could have restrictive effect on the borrowing power of the Board of Directors inspite of the fact that aggregate Paid-up Capital and Free Reserves of the Company as at 31st March, 2006 is Rs. 5233.30 lacs. To meet the capital expenditure requirements and for additional working capital needs and general corporate purposes, it may be necessary to enhance the present borrowing limit. Therefore, the Board of Directors propose that borrowing power of the Board of Directors be revised to Rs. 6000 lacs. The debt equity ratio will be within a reasonable limit even if borrowing reaches the proposed limit.

The Board recommends the resolution at item no. 9 for your approval.

None of the Directors is in any way concerned or interested in this Resolution.

Item No. 10:

To meet the requirement of funds for financing of capital expenditure, working capital requirements and/or general corporate purposes, the Company has to raise funds from time to time. With completion of expansion project at Vadodara the requirement of working capital has already increased. The borrowings are normally to be secured by a mortgage/charge over the immovable/movable property of the Company in such form and manner as may be determined by Board of Directors or its committee for time to time in consultation with the lenders. In view of the provisions of Section 293(1) (a) of the Companies Act, 1956 approval of members is necessary to create charge by way of mortgage, hypothecation, pledge, lien etc. on immovable/movable properties of the Company. The limit of Rs.2500 lacs approved vide resolution passed in Annual General Meeting held on 25th September 1999 is therefore proposed to be increased to Rs.6000 lacs.

The Board recommends the resolution at item no.10 for your approval.

None of the Directors is in any way concerned or interested in this Resolution.

Item No. 11:

The Company's shares are presently listed on The Bombay Stock Exchange Ltd., (BSE), The Delhi Stock Exchange Association Limited (DSE) and Vadodara Stock Exchange Limited. (VSE). BSE provides country-wide trading facilities to the investors. As per the direction of Securities and Exchange Board of India, trading in the Company's shares is compulsory in demat form for all investors. Substantial volume of trading is carried on through BSE and trading volumes at Delhi and Vadodara Stock Exchanges is nil in last four years. No extra benefit is available to the shareholders by continuing the listing of the shares on the stock exchanges at Delhi and Vadodara. The delisting of shares from the stock exchanges at Delhi and Vadodara will not adversely affect the shareholders of the Company. Pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, and as good Corporate Governance it is proposed to seek approval of shareholders by a Special Resolution for Delisting of the Equity Shares from these two stock exchanges. Hence, the Special Resolution at item no.11 of the Notice for voluntary delisting of shares is proposed. The shares of the Company will continue to be listed on BSE.

The Board recommends the resolution at item no. 11 for your approval.

None of the Directors of the Company is any way concerned or interested in this resolution except to the extent of their shareholding in the Company

By order of the Board of Directors

S.S. Karandikar
G.M. Finance & Company secretary

Mumbai, dated 29th June, 2006

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