



Annual Report  
2006-2007



CAMPHOR & ALLIED PRODUCTS LIMITED

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## **BOARD OF DIRECTORS**

Harshul Dalal, Chairman & Managing Director

H.R. Prasad

J.K. Setna

Shobhan M. Thakore

Nina H. Dalal

S.M. Mehta

S.R. Laghate, Executive Director

## **Deputy Company Secretary**

Renuka Tandon

## **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 Fifth Annual General Meeting of the Members of CAMPHOR & ALLIED PRODUCTS LIMITED will be held on Saturday, the 8<sup>th</sup> day of September 2007 at 12.00 noon 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 Audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2007 and the Audited Balance Sheet as at that date together with the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Smt. Nina H. Dalal, who retires by rotation but being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri S. M. Thakore, 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 a 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 20<sup>th</sup> 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 20<sup>th</sup> 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 ending 31<sup>st</sup> March 2008 and till 31<sup>st</sup> August 2008 of the next financial year 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 amendment 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, matters and things as may be necessary to give 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 item of special business set out under item No. 6 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. and 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, 25<sup>th</sup> August 2007 to Saturday, 8<sup>th</sup> September 2007 (both days inclusive).
- f) The dividend when declared, will be made payable on or after 11<sup>th</sup> September, 2007 to the shareholders (holding shares in physical form) whose names stand on the Register of Members of the Company on the 8<sup>th</sup> September, 2007 and to the beneficial owners (holding shares in demat/electronic form) as per data as at the end of the day, the 24<sup>th</sup> August, 2007 given by the Depositories.
- g)
  - (i) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31<sup>st</sup> 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 financial years ended from 31<sup>st</sup> March, 1997 to 31<sup>st</sup> March 2000 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 31<sup>st</sup> March, 2001 which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 8<sup>th</sup> September 2008 pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March 2001, or any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) from the Company.
  - (iv) 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 procedure.
- 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 in respect of shares held in electronic (demat) form such particulars should be furnished to respective Depository Participants.

j) Details of Directors to be re-appointed at the ensuing Annual General Meeting:

Smt. Nina H. Dalal, Age 57 years is B. Sc and has expertise in Business, Industry, General Management & Administration. She has been director of the Company since November 1994. She is also Director of Midland Finance & Investment Enterprises Pvt. Ltd. She is a member of Investor Grievance Committee of the Company. She holds 50000 shares (0.97%) in the Company.

Shri Shobhan M Thakore, Age 60 years is BA, LLB and has more than 30 years of experience and expertise in the field of law as Solicitor and Advocate. He has been director of the Company since January 1990.

He is also a director in Alkyl Amines Chemicals Ltd., Bharat Forge Ltd., Cambridge Solutions Ltd., Carraro India Ltd., Carraro PNH Components (India) Pvt. Ltd., Morarjee Textiles Ltd., Turbo Gears India Pvt. Ltd., Uni Deritend Ltd. and Uni Klinger Ltd. and member of Advisory Board of DSP Merrill Lynch Fund Managers.

He is a Chairman of Share Transfer Committee and Investor Grievance Committee of Alkyl Amines Chemicals Ltd. He is a chairman of Investor Grievance Committee and member of the Audit Committee and Remuneration Committee of the Company. He holds 90 shares (0.0017%) in the Company.

By order of the Board of Directors

Mumbai, dated 29<sup>th</sup> June, 2007

**Renuka Tandon**  
Dy. Company Secretary

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 no. 6 of the accompanying notice dated 29<sup>th</sup> June 2007.

### Item No. 6:

The members had granted their approval for the re-appointment and terms of remuneration of Shri Harshul Dalal as Managing Director for a period of five years with effect from 1<sup>st</sup> September 2003 to 31<sup>st</sup> August 2008 vide ordinary resolution passed at the thirty-first Annual General Meeting of the Company held on 20<sup>th</sup> September 2003. The terms and conditions of the said re-appointment of the Managing Director and the terms of his remuneration were as detailed in the explanatory statement at item no. 5 placed before the said Annual General Meeting attached to the notice of the said meeting.

If, the net result for the financial year ending 31<sup>st</sup> March 2008 and subsequent financial year covering period of 1.4.07 to 31.8.08 is inadequate profit or there is no profit, the Managing Director can be paid the said remuneration as minimum remuneration subject to the conditions prescribed under Schedule XIII of the Companies Act, 1956. To ensure payment of similar remuneration to him during this period of his tenure in case of no profit or inadequacy of profits, as required under the Companies Act, 1956 approval of the members by special resolution is being sought vide item no. 6 of business mentioned in the accompanying notice.

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

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

Other terms of remuneration of the Managing 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 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 Managing 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/- p.a. 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 by the Managing 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 Managing Director and his family 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 & 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 to the Managing Director,

**ii. Telephone:** Provision of Telephone and cable internet 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 to the Managing Director.

### OTHER BENEFITS TO THE MANAGING 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 no profit (loss) or inadequacy of profits.

And as per Schedule XIII, Part II, Section II, clause (B) (v) in case of no profit (loss) or inadequacy of profits a Special Resolution should be passed at the General Meeting by members 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 29<sup>th</sup> June 2007, have approved the payment of managerial remuneration as per the terms and conditions as were approved by members in the thirty-first Annual General Meeting held on 20<sup>th</sup> September 2003 as "minimum remuneration" even if the Company has no profit or profits are inadequate.

This may be treated as an abstract of the terms of agreement (supplementary) under section 302 of the Companies Act, 1956 proposed to be signed between the Company and Shri Harshul Dalal.

Your directors recommend passing of Resolution at item no. 6 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.

**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. 6 of this Explanatory Statement is as under:**

### I General Information

1. Nature of Industry	Chemicals	
2. Date of commencement of Commercial production	November, 1974	
3. Expected date of commencement of activities	Not applicable	
4. Financial performance based on indicators		
	31/03/2007	31/03/2006
Net Sales (Rs. In lacs)	11494.36	9224.67
Net Profit (Rs. In lacs)	167.06	31.57
Dividend (Per equity share of Rs. 10/- each)	1.50	1.50
EPS Rs.	3.25	0.62
5. Export Performance and net foreign exchange collaborations	During the years 2006-07 and 2005-06 foreign exchange earnings were Rs. 3202.32 lacs & Rs. 2293.81 lacs respectively. (FOB value of exports)	
6. Foreign Investments or collaborators, if any	Nil	

**II Information about the Managing Director:**

Sr.No.	Particulars	Managing Director (MD)								
1.	Background Details	The MD is B.Sc (Hons), and has been associated with the Company since April 1972 and has a rich and varied experience in the field of manufacture and sale of chemicals and intermediates.								
2.	Past Remuneration	<table><tr><td>Year</td><td>Rs.</td></tr><tr><td>2004 – 05</td><td>38,14,105</td></tr><tr><td>2005 – 06</td><td>49,49,374</td></tr><tr><td>2006 – 07</td><td>37,57,719</td></tr></table>	Year	Rs.	2004 – 05	38,14,105	2005 – 06	49,49,374	2006 – 07	37,57,719
Year	Rs.									
2004 – 05	38,14,105									
2005 – 06	49,49,374									
2006 – 07	37,57,719									
3.	Recognition or awards	Nil								
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.								
5.	Remuneration proposed	As mentioned at Item No. 6 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, 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 except the shares held in the Company. The MD is a Promoter of the Company and is not related to any managerial personnel of the Company. However Ms. Stuti Dalal daughter of Shri Harshul Dalal is General Manager (Business Development) in 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 stiff competition for some of the finished products 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.	At Bareilly factory, new solid fuel boiler will be operational by October 2007 which will substantially reduce energy cost and improve profitability. At Nandesari factory, Alpha Pinene Epoxide capacity is being doubled, alongwith modification and debottlenecking of other sections of the plant to further improve productivity and profitability of existing operations.

By order of the Board of Directors

**Renuka Tandon**

Dy. Company Secretary

Mumbai, dated 29<sup>th</sup> June, 2007

Registered Office:

Plot No. 3, GIDC Industrial Estate,

Nandesari 391 340, Dist. Vadodra, Gujarat.



## DIRECTORS' REPORT

Your Directors have pleasure in submitting the 35<sup>th</sup> Annual Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March 2007.

### Financial Results :

	Current Year (Rs. In lacs)	Previous Year (Rs. In lacs)
Gross Profit before Interest, Depreciation and Tax	461.24	370.79
Deduction therefrom :		
Interest	111.89	104.50
Depreciation	220.12	217.25
Provision for Tax, FBT & Deferred tax	(37.83)	17.47
	<u>294.18</u>	<u>339.22</u>
Net Profit after Tax	<b>167.06</b>	<b>31.57</b>
Add : Income Tax refund of earlier years	-	13.42
Add/Less : Excess/Short provision for tax	0.97	7.67
Add : Balance brought forward from last year	<u>244.43</u>	<u>304.58</u>
Profit available for appropriation	412.46	357.24
Your Directors recommend following appropriations :		
General Reserve	25.00	25.00
Proposed Dividend	77.01	77.01
Corporate Tax on Proposed Dividend	<u>13.09</u>	<u>10.80</u>
	115.10	112.81
Balance carried to Balance Sheet	<u>297.36</u>	<u>244.43</u>

### 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 is no material departure;
2. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied the accounting policies 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 or loss 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 turnover of Rs. 12805.83 lacs during the year under review as compared to turnover of Rs. 10357.50 lacs during the previous year, representing an increase of about 24%. In the last two years, there has

**CAMPOR & ALLIED PRODUCTS LIMITED**

been improvement in turnover mainly from Vadodara plant and resultant operating results. However input costs mainly raw material is affecting the financial performance inspite of savings in manufacturing expenses like power.

**Dividend:**

Your Directors recommend a dividend at the rate of Rs. 1.5 per equity share of Rs. 10/- each. In the previous year the dividend at the rate of Rs. 1.50 per equity share of Rs. 10/- each was recommended.

**Finance:**

The Company restarted the Fixed Deposit Scheme in February 2006. The scheme was revised in April 2007 with respect to minimum amount of fixed deposit, rate of interest and brokerage. As at 31-03-2007 the company has 465 Fixed Deposits amounting to Rs. 168.10 lacs. Out of deposits accepted till July 2003, 12 deposits amounting to Rs. 1.36 lacs have remained unclaimed as at 31-03-2007 (of which 2 deposits amounting to Rs. 0.32 lacs have since been repaid and 1 deposit amounting to Rs. 0.05 lacs has since been transferred to Investor Education and Protection Fund). During the year 2 deposits, amounting to Rs. 0.09 lacs were transferred to Investor Education and Protection Fund.

**Expansion & other projects:**

At Bareilly factory, new solid fuel boiler will be operational by October 2007 which will substantially reduce energy cost and improve profitability. At Nandesari factory, Alpha Pinene Epoxide capacity is being doubled, alongwith modification and debottlenecking of other sections of the plant to further improve productivity and profitability of existing operations.

**Insurance:**

The Company's buildings, plant & machinery and inventories have been adequately insured. Loss of profit with respect to both factories has also been adequately insured.

**Directors:**

In accordance with the Companies Act, 1956 and Articles of Association of the Company, Smt. Nina H. Dalal and Shri S. M. Thakore are retiring by rotation but being eligible, have offered themselves for re-appointment.

**Auditors:**

M/s. B. D. Jokhakar & Company, Chartered Accountants, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from M/s. B. D. Jokhakar & Company, Chartered Accountants, pursuant to the provisions of Section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment.

**Auditors' Report:**

The Auditors without qualifying their opinion have drawn attention to Note No.3 of Schedule 3.3 of the Annual Accounts regarding possible liability to repay Rs. 98.11 lacs towards refund of sales tax (Jammu & Kashmir) on Gum Resin given to erstwhile Pine Chemicals Ltd.(PCL). The directors wish to state that the said note is self explanatory.

**Cost Auditors:**

M/s. P.D. Phadke & Associates, Cost Accountants, have been appointed to conduct Cost Audit for the year ended 31<sup>st</sup> March 2007. They will submit their report to the Department of Company Affairs, Government of India.

**Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo:**

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as Annexure A.