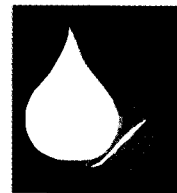


30th ANNUAL REPORT AND ACCOUNTS

2005 - 2006

Report  junction.com



**PUNJAB CHEMICALS
AND
CROP PROTECTION LIMITED**

(Formerly known as Punjab Chemicals and Pharmaceuticals Limited)

www.reportjunction.com

उद्यमेन हि सिध्यन्ति
कार्याणि न मनोरथैः



20.7.1932-18.12.1997

S D SHROFF

(Known to all as 'Sasubhai')

He dared.

He cared.

He shared.

His vision to grow the company remains.....

**BOARD OF DIRECTORS**

G. Narayana, Chairman
Shalil Shroff, Managing Director
Capt. S.S. Chopra (Retd.)
Atul G Shroff
Mukesh D Patel
Vijay Rai
Jagdish R Naik
Ajit R Sanghvi (01.01.2006)
Jai Parkash Bhambhani (w.e.f. 06.04.2006)
Gurcharan Singh (Upto 06.04.2006)
Umesh Sanghvi (Upto 06.04.2006)
Avtar Singh, Director (Operations & Business Development)
Shiv Shanker Tiwari, Whole Time Director (w.e.f. 06.04.2006)
Rupam Shroff, Whole Time Director (w.e.f. 06.04.2006)

**VICE PRESIDENT
(FINANCE) & SECRETARY**

Punit K Abrol

CHIEF FINANCIAL OFFICER

Vipul Joshi

AUDITORS

J.R. Khanna & Co., Chandigarh
Chartered Accountants

BANKERS

State Bank of India
UTI Bank Ltd.

REGISTERED OFFICE

SCO: 417-418, Sector-35C
Chandigarh-160 022.
Ph.: 0172-2600955, 2603120, 2604127
Fax : 0172-2603621
E-mail: info@chd.pcplsts.com

CORPORATE OFFICE

Plot No.: 645-646, 4th/5th Floor
Oberoi Chambers II
New Link Road, Andheri (W)
Mumbai-400 053, Tel.: 022-2674 7900 (30 lines)
Fax: 022-2673 6013, 2673 6193
E-mail: stschem@bom3.vsnl.net.in

OTHER OFFICES**NEW DELHI**

1012, Ansal Bhawan
K.G. Marg, New Delhi-110 001
Ph.: 011-23314867, 23312406
Fax: 011-23314890
E-mail: pcpldel@satyam.net.in

HYDERABAD

414, Navketan Complex
Opp. Clock Tower
52, S.D. Road, Secunderabad
Tel.: 040-27805662
Fax: 040-27805663
E-mail: punjabcrop@sify.com

MANUFACTURING SITES

Agro Chemicals Division - PCCPL - Derabassi
Pharma Division - Alpha Drug - Lalru
Industrial Chemical Division - Excel Phospho Chem I - Tarapur
Industrial Chemical Division - Excel Phospho Chem II - Pune

**PUNJAB CHEMICALS AND CROP PROTECTION LIMITED****INFORMATION FOR SHAREHOLDERS****Share Transfer System**

Share transfer would be registered and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects.

Assistance

For assistance regarding share transfers and transmission, change of address, duplicate/missing share certificates and other matters, please write to Regd. Office or Corporate Office of the Company.

30th Annual General Meeting

Thursday, the 7th September, 2006 at 11.00 A.M.
at the Registered Office of the Company.

Book Closure Dates

28th August, 2006 to 7th September, 2006

Registrar and Share Transfer Agent

Alankit Assignment Ltd.
RTA Division
2E/21, Anarkali Market
Jhandewalan Extension
New Delhi-110 055.

Shares of the Company are listed on Ludhiana, Mumbai and Delhi Stock Exchanges and the listing fees has been paid.

The trading in the equity shares of the Company is compulsorily in dematerialised form since 28th August, 2000. Therefore, the same should be got dematerialised, if not done so far.

Website: www.pcplsts.com



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A REQUEST

We are sure you will read with interest the Annual Report for the year 2005-06. You may desire to have some clarification or additional information at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Regd. Office: SCO: 417-418, (1st and 2nd Floor), Sector-35C, Chandigarh-160 022

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the members of Punjab Chemicals and Crop Protection Limited will be held on Thursday, the 7th September, 2006 at 11.00 A.M. at the Registered Office of the Company at SCO 417-418, Sector-35C, Chandigarh-160 022 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account of the Company for the financial year ended 31st March, 2006, the Balance Sheet as at that date, and the Reports of the Directors and the Auditors Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri G. Narayana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri M.D. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s S.V. Ghatalia & Associates, Chartered Accountants, Mumbai as Auditors and to fix their remuneration for the financial year 2006-07.
M/s S.V. Ghatalia & Associates, Chartered Accountants have offered themselves for the appointment as the Auditors of the Company.
6. **To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**
"RESOLVED THAT Mr. Anil Khanna, Proprietor M/s J.R. Khanna & Co., Chartered Accountants, Chandigarh be and is hereby appointed as the Branch Auditors of the Company under Section 228 of the Companies Act, 1956, to audit the accounts of the Agro Chemicals Division Derabassi, Pharma Division - Alpha Drug, Lalru and the Registered Office of the Company at Chandigarh for the financial year 2006-07, at the remuneration to be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

7. **To consider and, if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution:**
"RESOLVED THAT Shri S.S. Tiwari, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and being eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company."
8. **To consider and, if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution:**
"RESOLVED THAT Smt. Rupam Shroff who was appointed as an Additional Director by the Board of Directors of the Company pursuant to section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and being eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company."
9. **To consider and, if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution:**
"RESOLVED THAT Shri J.H. Bhambhani who was appointed as an Additional Director by the Board of Directors of the Company pursuant to section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and being eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
10. **To consider and, if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution:**
"RESOLVED THAT Shri Ajit R Sanghvi who was appointed as an Additional Director by the Board of Directors of the Company pursuant to section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and being eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
11. **Appointment of Shri S.S. Tiwari, as the Whole Time Director of the Company and to fix his remuneration.**
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 sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 read with schedule XIII thereto and subject to the limits specified in schedule XIII of the said Act, approval of the Company be and is hereby accorded to the appointment of Shri S.S. Tiwari as the Whole-Time Director of the Company for a term of 3 (three) years with effect from 06.04.2006.
RESOLVED FURTHER THAT approval of the Company be and is hereby accorded for the remuneration paid to Shri S.S. Tiwari for the period 06.04.2006 to 31.05.2006 and further revision in the remuneration with effect from 01.06.2006 as approved by the Remuneration Committee and the Board of Directors in their respective meetings and as per the details set out in the Explanatory Statement annexed to the notice of this meeting.
RESOLVED FURTHER THAT the remuneration payable to Shri S.S. Tiwari as aforesaid for the period 06.04.2006 to 31.05.2006 and as further revised w.e.f. 01.06.2006 shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year, but subject to the ceiling laid down in this behalf in the said schedule XIII."
12. **Appointment of Smt. Rupam Shroff, as the Whole Time Director of the Company and to fix her remuneration.**
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 sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 read with schedule XIII thereto and subject to the limits specified in schedule XIII of the said Act, approval of the Company be and is hereby accorded to the appointment of Smt. Rupam Shroff as the Whole-Time Director of the Company for a term of 3 (three) years with effect from 06.04.2006."



RESOLVED FURTHER THAT approval of the Company be and is hereby accorded for the remuneration paid to Smt. Rupam Shroff for the period 06.04.2006 to 31.05.2006 and further revision in the remuneration with effect from 01.06.2006 as approved by the Remuneration Committee and the Board of Directors in their respective meetings and as per the details set out in the Explanatory Statement annexed to the notice of this meeting.

RESOLVED FURTHER THAT the remuneration payable to Smt. Rupam Shroff as aforesaid for the period 06.04.2006 to 31.05.2006 and as further revised w.e.f. 01.06.2006 shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year, but subject to the ceiling laid down in this behalf in the said schedule XIII."

13. Reappointment of Shri Avtar Singh as the Whole-Time Director of the Company and to fix his remuneration.

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 sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the resolution passed by the Remuneration Committee and the Board of Directors of the Company and subject to such other approvals as may be necessary, consent of the Company be and it is hereby accorded to the reappointment of Shri Avtar Singh as the Whole-time Director, designated as the Director (Operations) & Business Development of the Company for a term of 3 (three) years with effect from 14.11.2006 to 13.11.2009 on the terms and conditions including remuneration as reproduced in the relevant explanatory statement annexed to the notice of this meeting.

RESOLVED FURTHER THAT approval of the Company be and is hereby accorded for the revision in the remuneration to be paid to Shri Avtar Singh w.e.f. 01.04.2006 as approved by the Remuneration Committee and the Board of Directors in their respective meetings and as per the details set out in the Explanatory Statement annexed to the notice of this meeting.

RESOLVED FURTHER THAT the remuneration payable to Shri Avtar Singh as aforesaid shall be payable as minimum remuneration in case of absence or inadequacy of profit in any financial year, but subject to the ceiling laid down in this behalf in the said schedule XIII."

Notes:

- 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.**
- The instrument appointing proxy should be deposited at the Registered Office of the Company not later than forty eight (48) hours before the commencement of the meeting.
- Members, who hold shares in dematerialised form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
- Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
- Members are requested to notify immediately any change in their addresses to their depository participants (DPs) in respect of their electronic share accounts quoting Client ID No. and to the Company in respect of their physical shares quoting Folio No. and giving complete address in block capitals with pin code of the postal address.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 28th August, 2006 to 7th September, 2006 (both days inclusive).
- Payment of dividend, as recommended by the Board of Directors, if declared at the meeting, will be made on or after 7th September, 2006, to those members, whose names stand on the Register of Members on 7th September, 2006 and in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by NSDL and CDSL at the close of business hours on 27th August, 2006.
- Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven years from the date they become due for payment are required to be transferred to Investors Education & Protection Fund.

The details of dividend declared/paid from the year 1998-99 of PCCPL on standalone basis are given hereunder:

FINANCIAL YEAR	DIVIDEND %AGE	TYPE	DATE OF DECLARATION	DUE DATE OF TRANSFER
1998-99	50	Final	24-08-1999	04-10-2006
1999-2000	15	Final	22-08-2000	02-10-2007
2000-01	12.5	Final	25-09-2001	24-10-2008
2001-02	Nil	-	-	-
2002-03	25	Final	08-09-2003	07-10-2010
2003-04	50	Final	18-08-2004	17-09-2011
2004-05	40	Final	28.12.2005	27.01.2013

- The dividend remained unpaid/unclaimed in the accounts of erstwhile STS Chemicals Ltd., which has been amalgamated with the Company, for the years 2002-03, 2003-04, 2004-05 shall be transferred to Investors Education and Protection Fund on the due dates.
- The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting is annexed hereto. (Annexure I)**
- Information pursuant to Clause 49VI(A) of the Listing Agreement required to be disclosed for the Directors who are being appointed / re-appointed is annexed as Annexure II to this notice.
- A statement to the shareholders of the Company pursuant to Schedule XIII Part II, Section II Clause 1(B) and proviso (iv) to sub clause (B) of the Companies Act, 1956 alongwith the notice calling the 30th Annual General Meeting of the Company is given in the Explanatory Statement.

By order of the Board

Punit K Abrol

V.P. (Finance) & Secretary

Chandigarh, 30th May, 2006



ANNEXURE I

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Appointment of Branch Auditors of the Company.

Consequent upon the amalgamation of erstwhile Alpha Drug India Limited and STS Chemicals Limited with the Company, the activities of the Company have been divided into various divisions. Accordingly, the Agro Chemicals Division - Derabassi, Pharma Division - Alpha Drug, Lalru, and the Registered Office of the Company will now be treated as branches for the audit purpose separately. The appointment of Mr. Anil Khanna, Proprietor M/s J.R. Khanna & Co. has been proposed as the Branch Auditor in this Annual General Meeting pursuant to Section 228 of the Companies Act, 1956 on the remuneration to be fixed by the Board of Directors of the Company. Mr. Anil Khanna, Proprietor, M/s J.R. Khanna & Co. and M/s S.V. Ghatalia and Associates who have been proposed for the appointment as the Statutory Auditor of the Company for the financial year 2006-07 have given their consent.

Further, your Board of Directors feels that this arrangement will be beneficial for the Company and therefore, the resolution at Item No. 6 of the Notice is recommended for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

ITEM NO. 7 and 11

Appointment of Shri S.S. Tiwari as a Director and Whole-time Director of the Company and to fix his remuneration.

The Board of Directors of the Company at its meeting held on 6th April, 2006, appointed Shri S. S. Tiwari as an Additional Director of the Company pursuant to the provisions of Article 133 of the Articles of Association of the Company, read with section 260 of the Companies Act, 1956. Shri S.S. Tiwari holds office of Director only upto the conclusion of this Annual General Meeting.

The Company has received a notice in writing alongwith the required deposit of Rs. 500/- from a member under section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri S.S. Tiwari as a Director of the Company.

Shri S.S. Tiwari, aged 52 years, is M.Sc., DBM was working with erstwhile STS Chemicals Ltd., the amalgamated company since last 30 years and was Whole-time Director in the said Company for around 10 years. He has worked at the operational level and look after the domestic market and production sites located in Maharashtra. He is a partner in Salil Meta Chem.

The Remuneration Committee and the Board of Directors of the Company in their respective meetings held on 06.04.2006 in accordance with the provisions of Sections 198, 269 and 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and further subject to the approval of the members of the Company in General Meeting, appointed Shri S.S. Tiwari as the Whole-time Director of the Company for a period of three years w.e.f. 06.04.2006 to 05.04.2009 on the terms and conditions, which are reproduced here below:

A. Remuneration of Shri S.S. Tiwari for the period 06.04.2006 to 31.05.2006.

1. Basic Salary of Rs. 98,000/- per month in the scale of Rs. 50,000/- - Rs. 2,50,000/-.
The annual increment will be effective from 1st April each year, taking into consideration the Company's performance and as may be decided by the Remuneration Committee and the Board of Directors.
2. Commission on net profits of the Company, as may be determined and fixed by the remuneration committee/ Board of Directors at their discretion subject to the maximum of 1% of Net Profit of each financial year.
3. **Perquisites:**
Perquisites will be allowed in addition to salary:
 - a. Payment of House Rent Allowance at 50% of Basic Salary.
 - b. LTA for self and family, as per the rules and scheme of the Company.
 - c. Reimbursement of medical expenses as per the rules and scheme of the Company.
 - d. Payment of subscription and fees in respect of obtaining credit card.
 - e. Special Allowance of Rs. 29,250/- per month in the scale of Rs. 21,000/- - Rs. 60,000/-.
 - f. Bonus Rs. 500/- per month.
 - g. Payment of premium of Rs. 300/- per annum for Personal Accident Insurance.
 - h. Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund shall be as per the scheme of the Company and subject to Income Tax Act.
 - i. Gratuity as per the rules of the Company, payable in accordance with the approved Gratuity Fund.
 - j. Encashment of leave at the end of the tenure as per the rules of the Company.
 - k. Provision of Car: Maintained by the Company for use on Company's Business.
 - l. Telephone: The Company provides telephone facility at his residence.

Provided that perquisites as per Item Nos. h to l will not be included in computation of ceiling of perquisites.

B. Further, the Remuneration Committee and the Board of Directors in their respective meetings held on 30.05.2006 revised the remuneration of Shri S.S. Tiwari w.e.f. 1st June, 2006, which is reproduced below:

1. Salary: Rs. 1,10,000/- per month with effect from 1st June, 2006 in the scale of Rs. 75,000 - Rs. 1,75,000.
The annual increment will be effective from 1st April each year taking into account the Company's performance and as decided by the Remuneration Committee and the Board of Directors.
2. Commission on net profits of the Company as may be determined and fixed by the Board of Directors subject to a limit of half percent (½%) of the net profits of each financial year.



3. Perquisites :

- a) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Shri S.S. Tiwari; such perquisites for each year not to exceed his annual salary. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- b) One time Ex-gratia payment of Rs. 4,00,000/- shall be paid to Shri S.S. Tiwari.
- c) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

4. Minimum Remuneration :

If, in any financial year, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the ceilings and the conditions set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

5. Other Terms :

- a) Leave: On full pay and allowance, as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- b) Reimbursement of entertainment and/or travelling, hotel and other expenses actually incurred by him in performance of duties.
- c) The appointment may be terminated by either party giving to the other party ninety days' notice in writing.
- d) In the event of any dispute or difference arising at any time between Shri S S Tiwari and the Company in respect of the terms of his appointment or the construction thereof, the same will be submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

The resolution is being proposed for approval as a special resolution in compliance with the requirements of Schedule XIII, Part II, Section II, Clause 1 (B) and proviso (iv) to sub clause (B) of the Companies Act, 1956.

THE REQUIRED DISCLOSURE AS PER SCHEDULE XIII, PART II, SECTION II, CLAUSE 1(B) AND PROVISIO (iv) TO SUB CLAUSE (B) IS AS STATED BELOW:

I. GENERAL INFORMATION:

- (1) Nature of industry : Chemicals and Drugs.
- (2) Date or expected date of commencement of commercial production : In production since 1978
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : N.A.
- (4) Financial performance based on given indicators

	(Rs. Lacs)
1. Sales Turnover (Gross)	2005-06
a. Domestic	13762.76
b. Export	12930.26
Total	26693.02
2. Profit before tax (PBT)	1370.61
3. Profit after tax (PAT)	1398.16
4. Gross Block	14446.87
5. Net Block	7801.32
6. - Paid-Up Capital	431.13
- Share Capital Suspense Account	
Shares to be issued to the Shareholders of erstwhile ADIL & SCL consequent upon amalgamation with the Company.	228.16
7. Reserves & Surplus	6899.99
8. Net Worth	7559.28
9. EPS	Rs. 25.34
10. Return on Net Worth	18.50%
(5) Export performance and net foreign exchange.	- Exports 12930.26
	- Net foreign exchange earnings 5338.37
(6) Foreign investments or collaborations, if any.	N.A.



II. INFORMATION ABOUT THE APPOINTEE:

SHRI S S TIWARI

(1) Background details

Shri S S Tiwari, aged 52 years, is M.Sc & Diploma in Business Management. He was associated with the Erstwhile STS Chemicals Limited, Amalgamated Company since last 30 years and was the Whole-time Director for around 10 years. He has worked at the operational level and look after the domestic market and production sites located in Maharashtra. He is a partner in Salil Meta Chem.

(2) Past remuneration

The details of the past remuneration are as follows:

Particulars	2005-06*
Salary	1176000
Commission	-
Contribution to Provident Fund and other funds.	374058
House Rent Allowance	588000
Perquisites	613970
Total	2752028

*Remuneration paid by erstwhile STS Chemicals Ltd.

(3) Recognition or awards

The Company has received the following awards:

- A. State Award for Export Promotion in the Year 1990-91.
- B. Export House Recognition in the year 1999.
- C. Punjab State Safety Award, 2002.
- D. 2nd Chemexcil Award on Export performance for the year 2000-01.

(4) Job profile and his suitability

Shri S S Tiwari, looks after the day to day management, affairs including domestic sale of the manufacturing units of the Company located in Maharashtra, subject to the superintendence and control of the Board of Directors and the Managing Director. He is having experience of more than 30 years including as the Whole-time Director for 10 years in erstwhile STS Chemicals Ltd., now merged with the Company. He will be most suitable for the Company and will provide continuity in the affairs of the Company's units in Maharashtra.

(5) Remuneration proposed

As stated above in the Explanatory Statement.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).

The Remuneration Committee and the Board of Directors of the Company have decided the remuneration keeping in view the size of the Company and job profile of Shri S S Tiwari. The remuneration of senior executive of this level in the allied industries is reported to be in the Range of Rs. 30 lacs to Rs. 40 lacs per annum.

(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.

He was appointed as Additional Director of the Company w.e.f. 06.04.2006.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits.

Not applicable.

(2) Steps taken or proposed to be taken for improvement.

Not applicable.

(3) Expected increase in productivity and profits in measurable terms.

The Company is a profit making Company and it has the definite plans of the growth in the coming years. Barring unforeseen circumstances the expected growth should be 10% per annum.

IV. DISCLOSURES:

(1) Apart from him, Shri Shail Shroff, Managing Director, Smt. Rupam Shroff & Sh. Avtar Singh are the Whole-time Directors, who draw the remuneration from the Company.

(2) The required disclosures have been given in the Board of Directors Report under the heading "Corporate Governance", attached to this annual report, under the sub head 'Remuneration of Directors.'

Your Directors feel that the Company would be immensely benefited from the wide experience of Shri S.S. Tiwari and his proposed remuneration is commensurate with his duties and responsibilities and accordingly, recommend the passing of the resolutions proposed at Item No. 7 and 11 of the Notice.

None of the Directors of the Company other than Shri S.S. Tiwari, himself is concerned or interested in the aforesaid resolution.

ITEM NO. 8 and 12

Appointment of Smt. Rupam Shroff as a Director and Whole-time Director of the Company and to fix her remuneration.

The Board of Directors of the Company at its meeting held on 6th April, 2006, appointed Smt. Rupam Shroff as an Additional Director of the Company pursuant to the provisions of Article 133 of the Articles of Association of the Company, read with section 260 of the Companies Act, 1956. Smt. Rupam Shroff holds office of Director only upto the conclusion of this Annual General Meeting.