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17th

ANNUAL REPORT

2007-08



SABERO ORGANICS GUJARAT LIMITED

BOARD OF DIRECTORS

Mr. Hero J. Chuganee : *Chairman*
 Mr. Mohit H. Chuganee : *Vice Chairman & Managing Director*
 Mr. John R. English
 Mr. Raj Tandon
 Mr. Anand Swaminathan
 Dr. U. T. Bhalerao
 Mr. Sumit H. Chuganee
 Mr. S. R. B. Nair : *Director & Chief Operating Officer*
 (w.e.f. 1st November, 2007)
 Mr. J. S. Sethi : *Director - Corporate Affairs*
 (upto 1st November, 2007)

REGISTERED OFFICE & FACTORY

Plot No. 2102, GIDC,
 Sarigam - 396 155,
 Dist - Bular,
 Gujarat.
 Tel. : 0260 - 2780395, 2780852
 Fax : 0260-2780853

CORPORATE OFFICE

A-302, Phoenix Houe,
 3rd Floor, 62, Senapati Bapat Marg,
 Worli (East), Mumbai - 400 013.
 Tel. : 022-24964898, 24960979
 Fax : 022-24953727

AUDITORS

S M N P & Co.
Chartered Accountants

BANKERS

Union Bank of India
 Bank of India
 Oriental Bank of Commerce
 IDBI Bank Ltd.
 ICICI Bank Ltd.

SOLICITORS

Manilal Kher Ambalal & Co.
 Rajani Associates

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.
 C-13, Kantilal Mangalal Industrial Estate,
 Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West),
 Mumbai - 400 078.
 Tel. : 55555454
 Fax : 022-55555353

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NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of Sabero Organics Gujarat Limited will be held on Friday, 26th September, 2008 at 11.30 A.M. at Umergam Club, Madhuban Complex, Sanjan Road, Umergaon - 396 171, Dist. Bulsar to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2008 and the Profit & Loss Account for the financial year ended on that date together with the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Raj Tandon who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. U. T. Bhalerao who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT in supersession of the resolution, passed by the Members at the 10th Annual General Meeting of the members of the Company held on 28th September, 2001 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the 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) 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 sum of Rs. 350 crore (Rupees Three Hundred Fifty Crore) over and above the aggregate of the paid - up capital of the Company and its free reserves."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Company do hereby accord its approval to appointment of Mr. S. R. B. Nair as a Whole Time Director designated as Director & Chief Operating Officer of the Company for a period of 2 years and 5 months from 1st November, 2007 to 31st March, 2010 upon the terms, conditions and stipulations contained in a Agreement entered by the Company with Mr. S. R. B. Nair."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company do hereby, accord its approval to the re-appointment of Mr. Mohit H. Chuganee as Vice Chairman and Managing Director of the Company for a period of five years w.e.f. 01.08.2007 upon remuneration and terms and conditions and stipulations contained in an Agreement entered by the Company with Mr. Mohit H. Chuganee with authority to the Board of Directors to alter and to vary the terms and conditions in accordance with Schedule XIII of the Companies Act, 1956, if any and/or any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time."

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

"RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, Company do hereby

accord its approval to the re-appointment of Mr. Sumit H. Chuganee, Director of the Company as a Technical Consultant of the Company from 01.08.2007 for a period of 1 year 2 months at monthly professional fees of Rs. 2,50,000/- to be revised from time to time by the Board not exceeding Rs. 3,00,000/- plus such out of pocket expenses (including the reimbursement of medical expenses for self & family and entertainment expenses during his stay in India) for acting as Technical Advisor and commission of 1% (one percent) per annum of the Net Profit of the Company in accordance with Section 349 and 350 of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company do hereby, accord its approval to the appointment of Mr. Sumit H. Chuganee as a Whole Time Director designated as Executive Vice Chairman of the Company for a period of five years w.e.f. 01.10.2008 upon remuneration and terms and conditions and stipulations contained in an Agreement entered by the Company with Mr. Sumit H. Chuganee with authority to the Board of Directors to alter and to vary the terms and conditions in accordance with Schedule XIII of the Companies Act, 1956, if any and/or any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company do hereby, accord its approval to the re-appointment of Mr. Hero J. Chuganee w.e.f. 17.10.2008 designated as Chairman of the Company for a period of five years of which he is appointed as Whole Time Director for a period of eighteen months upto 16.04.2010 upon remuneration and terms and conditions and stipulations contained in an agreement entered by the Company with Mr. Hero Chuganee with authority to the Board of Directors to alter and to vary the terms and conditions in accordance with Schedule XIII of the Companies Act, 1956, if any and/or any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time, and for the balance period of three and a half years (i.e. for Forty two months) w.e.f. 17.4.2010 till 16.10.2013 will be non-executive Chairman of the Company".

By Order of the Board of Directors
For Sabero Organics Gujarat Limited

Place : Mumbai
Date : 30.6.2008

(S. Srinivasan)
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to send their queries in writing so as to reach at the Corporate Office of the Company at Lower Parel, Mumbai at least one week before the meeting, so that the information required will be made available at the meeting.
4. Explanatory Statement relating to the Special Business under item nos. 5 to 10 as required under Section 173 (2) of the Companies Act 1956 is annexed hereto.



SABERO ORGANICS GUJARAT LIMITED

5. The Register of Members of the Company will remain closed from Saturday, 20th September, 2008 to Friday, 26th September, 2008 (both days inclusive).
6. Members are requested to notify immediately any change in their address to their Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID No. and to M/s. Intime Spectrum Registry Limited, the Company's Registrar and Transfer Agents in respect of their physical shares, quoting Folio No.
7. The Company's shares are trading in electronic form. The investors are requested to hold their securities in the electronic form.
8. Mr. Raj Tandon who is retiring by rotation and being eligible offers himself for re-appointment. He has been holding the position of the Director of the Company for last 13 years and his business experience has been very helpful to the Company.
9. Mr. U. T. Bhalerao who is retiring by rotation and being eligible offers himself for re-appointment. He has been holding the position of the Director of the Company for last 2 years and his business experience has been very helpful to the Company.
10. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and the same will be available for inspection at the Annual General Meeting.

By Order of the Board of Directors
For Sabero Organics Gujarat Limited

Place : Mumbai
Date : 30th June, 2008

(S. Srinivasan)
General Manager (Legal) &
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 ('the Act')

ITEM NO. 5

The Company is in the process of expansion of all its plants so as to double its capacities and has been granted Working Capital Facilities as well as Term Loan by Company's consortium of banks. The Company would also be required to make further borrowings for meeting the working capital requirements and/or creation of fixed assets. The Special Resolution proposed under item no. 5 is an enabling resolution authorizing the Board of Directors to borrow funds upto Rs. 350 crore over and above the Paid up Capital and Free Reserves of the Company. The said resolution is recommended for your consideration. None of the Directors of the Company is in any way, deemed to be concerned or interested in the said Resolution.

ITEM NO. 6

The Board of Directors of the Company in their Meeting held on 31st October, 2007 have appointed Mr. S. R. B. Nair as a Whole Time Director designated as Director and Chief Operating Officer for a period of 2 Years and 5 months w.e.f. 1st November, 2007 as per the terms and conditions as stipulated in the Agreement signed by the Company with Mr. S. R. B. Nair. The said appointment of Mr. S. R. B. Nair is sought to be approved by the members in this meeting.

Mr. S. R. B. Nair is holding Master Degree in Science and has more than 34 years of experience in Bulk Drugs and Allied Industries and is considered suitable for the position of Director and Chief Operating Officer. Your Directors consider that the experience and expertise of Mr. S. R. B. Nair, would benefit the Company and they recommend the resolution for approval.

The material terms of the appointment and remuneration payable to Mr. S. R. B. Nair as embodied in the Agreement entered into with him are as follows:

Period of Appointment:

For a period of 2 Years and 5 Months from 1st November, 2007 to 31st March, 2010 subject to terms and conditions as per the Standard Company's employees contract.

A. Basic Salary:

Rs. 40,000/- per month in salary grade Rs. 40,000/- - 60,000/- per month.

The Director & COO will be entitled to such annual increment as may be decided by the Vice Chairman & Managing Director.

B. House Rent Allowance:

60% of Basic salary i.e. Rs. 24,000/- p.m.

C. Leave Travel Allowance:

Rs. 18,000/- p.a.

D. Medical Reimbursement as per the rules of the Company and the same not to exceed Rs. 15,000/- p.a.

E. Company maintained car and telephone facility at the residence for official purpose. The Director & COO will also be re-imbursed, the driver's salary, not exceeding Rs. 5000/- p.m.

F. Encashment of Privilege Leave at the end of tenure as per Company's rules.

G. Since the Director & COO has reached the age of superannuation, he is not entitled to Provident Fund and Gratuity.

H. The Director & COO will be eligible for Performance Bonus upto Rs. 1,00,000/- (Rupees One Lac only) per annum, based on achievement of KRI's & Performance of the Company, as per the discretion of the management, of which Rs. 20,000/- (Rupees Twenty Thousand Only) per annum is guaranteed (payable annually)

I. Notwithstanding anything mentioned in this part, where in any financial year, during the currency of the tenure of the Director the Company has no profits or its profits are inadequate, the Company shall pay him by way of salary and perquisites not exceeding the limits specified above.

J. The Director & COO shall be entitled to other perquisites as are allowed to executives in the Company based on the approval of the Board of Directors from time to time.

The Director and Chief Operating Officer, so long as he functions as such, will not be entitled to any sitting fees for attending meetings of the Board of Directors or committee thereof.

The Agreement may be terminated at any time by either party hereto by giving to the other two month's notice in writing for such termination and neither party will have any claim against other for damages or compensation by reason of such termination. In any event, the Director and Chief Operating Officer shall not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act, 1956.

If any time this Agreement is terminated and/or Mr. S. R. B. Nair ceases to be a Director of the Company, he shall cease to be Director and Chief Operating Officer of the Company."

None of the Directors of the Company except Mr. S. R. B. Nair is in any way deemed to be concerned or interested in the aforesaid resolution. The explanation together with the recompanying Notice is to be regarded as an abstract of Terms and Memorandum of Interest under section 302 of the Companies Act, 1956.

The draft agreement is available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the Meeting and also at the Meeting.

ITEM NO. 7

The Board of Directors of the Company in their meeting held on 31.01.2008 have re-appointed Mr. Mohit H. Chuganee as Vice Chairman and Managing Director of the Company. Mr. Mohit H. Chuganee is B.S. in Electrical Engineering and MBA-International Management, both from U.S.A. and has more than 20 years of experience in the field of Business Management. Mr. Mohit H. Chuganee is a Director of the Company since Incorporation and has rendered valuable guidance and advice to the Company. The terms and conditions including remuneration of Mr. Mohit H. Chuganee as Vice Chairman and Managing Director are subject to approval of the share holders in General Meeting as mentioned below:

1. i) **Period of Appointment:** 5 Years from 01/08/2008 to 31/07/2012.

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- ii) A monthly salary of Rs. 1,50,000/- in the scale of Rs. 1,50,000/- to Rs. 7,50,000/-. He shall be entitled to such annual increments as may be decided by the Board of Directors.
- iii) **Perquisites:** Perquisites shall be restricted to an amount equal to annual salary. These perquisites are as follows:
 - a) **Furnished Accommodation:**

Housing I: The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of 60 (sixty) per cent of the salary.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance equal to sixty percent of the salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however be subject to a ceiling of ten percent of the Salary.
 - b) **Medical Re-Imbursement:** Expenses incurred for self and his family subject to a ceiling of one months' salary in a year or three months salary for a period of 3 years.
 - c) **Leave Travel Concession:** For self and his family, once in a year equivalent of one month's salary.
 - d) **Club Fee:** Fees of Clubs subject to a maximum of two Clubs. This will not include the Admission Fee.
 - e) Personal Accident Insurance.
 - f) Contribution to Provident Fund, Superannuation Fund or Annuity Fund 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. Gratuity payable should not exceed half a month's salary for each completed year of service.
 - g) Encashment of Leave at the end of the tenure will be permitted in accordance with the Rules of the Company and not be included in the computation of the ceiling on perquisites.
 - h) Provision of Car for use on Company's business and telephone at the residence will not be considered as perquisite. Personal long distance calls on telephone and use of Car for private purpose shall be billed by Company to the Vice Chairman and Managing Director.
 - i) Commission equal to 1% of the Net Profits of the Company in a particular year, shall be subject to the overall ceilings laid down in sections 198 and 309 of the Companies Act, 1956
 - j) In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may in its discretion increase the remuneration payable to him, subject to obtaining such approvals as may be required.
2. Where in any Financial Year, during the currency of the tenure of the Vice Chairman & Managing Director, the Company has no profits or its profits are inadequate the Company shall pay him remuneration by way of salary and perquisites not exceeding the limits specified above.
3. No sitting fee shall be paid to Mr. Mohit Hero Chuganee for attending meetings of the Board of Directors or any Committee thereof.
4. Salary, Perquisites and Commission mentioned herein above shall be revised from time to time in accordance with the provisions of Schedule XIII of the Companies Act, 1956 for the time being in force.
5. The Vice Chairman & Managing Director will be entitled to reimbursement of all actual expenses of charges incurred by him for and on behalf of the Company in furtherance of its business and objects.

6. Subject to the provisions of Section 318 of the Companies Act, the Company shall in the event of its terminating the appointment of the Vice Chairman & Managing Director prior to the expiry of his term under this Agreement, pay compensation to the Vice Chairman & Managing Director in such sum as shall not exceed the remuneration which the Vice Chairman & Managing Director would have earned if he had been in office for the un-expired residue of his term calculated on the basis of his average remuneration actually earned by him during the period of twelve months he held office as Vice Chairman & Managing Director immediately preceding the date on which he ceases to hold that office.
7. The Vice Chairman & Managing Director will be working whole time for the Company and he will not accept any post or work outside. He will call the meetings of the Board of Directors from time to time as required by the Board and as he may think proper. He will also attend all meetings of the Board. He will fix the agenda of the meetings of the Board and supply to the Director copies of all relevant papers and documents required to be considered in the meeting.
8. Either party hereto shall have the option to terminate this Agreement by giving six months previous notice in writing of its or his desire to terminate the same and thereupon either party shall not have any claim of any nature whatsoever against the other in consequence of such termination except the compensation as payable to the Vice Chairman & Managing Director by the Company as set out in the para 6 above, provided however that if on account of any misconduct or defalcation on the part of the Vice Chairman & Managing Director the Company shall have in law any remedy, relief or claim against him, it shall be entitled to seek such remedy or relief or make such a claim against him for the same.

None of the Directors of the Company except Mr. Mohit H. Chuganee, Mr. Sumit H. Chuganee and Mr. Hero J. Chuganee are concerned or interested in the resolution.

The Directors recommend the resolution set out at Item No. 7 of the accompanying Notice for your approval.

The explanation together with the accompanying Notice is to be regarded as an abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The said draft Agreement referred to in the Resolution at item No. 7 is available for inspection to the Members at the Registered Office of the Company on any working day (excluding Saturdays) between 11.00 A.M. and 1 P.M. upto and including the day of the Annual General Meeting.

ITEM NO. 8

The Board of Directors of the Company in their meeting held on 30.06.2008 have re-appointed Mr. Sumit H. Chuganee as Technical Consultant of the Company for a period of 1 year 2 months w.e.f. 1st August, 2007 at a monthly professional fees of Rs. 2,50,000/- to be revised from time to time by the Board not exceeding Rs. 3,00,000/- plus such out of pocket expenses (including the reimbursement of medical expenses for self & family and entertainment expenses during his stay in India) for acting as Technical Advisor and commission of 1% (one percent) per annum of the Net Profit of the Company in accordance with Section 349 and 350 of the Companies Act, 1956. Mr. Sumit H. Chuganee is a B.S. in Electrical Engineering M.B.A. in Finance, both from U.S.A, and has more than 20 years of experience in the field of Business Management. Mr. Sumit H. Chuganee is a Director of the Company since Incorporation and has rendered valuable guidance and advice to the Company. The terms and conditions including remuneration of Mr. Sumit H. Chuganee as Technical Consultant are subject to approval of the share holders in General Meeting.

None of the Directors of the Company except Mr. Mohit H. Chuganee, Mr. Sumit H. Chuganee and Mr. Hero J. Chuganee are concerned or interested in the resolution.

The Directors recommend the resolution set out at Item No. 8 of the accompanying Notice for your approval.

The explanation together with the accompanying Notice is to be regarded as an abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.



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ITEM NO. 9

Since the term of Mr. Sumit H. Chuganee as the Technical Consultant is expiring on 30/09/2008, the Board of Directors of the Company in their meeting held on 31.01.2008 have appointed Mr. Sumit H. Chuganee as Whole Time Director designated as Executive Vice Chairman of the Company. Mr. Sumit H. Chuganee is a B.S. in Electrical Engineering M.B.A. in Finance, both from U.S.A, and has more than 20 years of experience in the field of Business Management. Mr. Sumit H. Chuganee is a Director of the Company since Incorporation and has rendered valuable guidance and advice to the Company. The terms and conditions including remuneration of Mr. Sumit H. Chuganee as Executive Vice Chairman are subject to approval of the share holders in General Meeting as mentioned below:

1. i) **Period of Appointment:** 5 Years from 01/10/2008 to 30/09/2013.
- ii) A monthly salary of Rs. 2,00,000/- in the scale of Rs. 2,00,000/- to Rs. 7,50,000/-. He shall be entitled to such annual increments as may be decided by the Board of Directors.
- iii) **Perquisites:** Perquisites shall be restricted to an amount equal to annual salary. These perquisites are as follows:
 - a) **Furnished Accommodation:**

Housing I: The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of 60 (sixty) per cent of the salary.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance equal to sixty percent of the salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however be subject to a ceiling of ten percent of the Salary.
 - b) **Medical Re-Imbursement:** Expenses incurred for self and his family subject to a ceiling of one months' salary in a year or three months salary for a period of 3 years.
 - c) **Leave Travel Concession:** For self and his family, once in a year equivalent of one month's salary.
 - d) **Club Fee:** Fees of Clubs subject to a maximum of two Clubs. This will not include the Admission Fee.
 - e) Personal Accident Insurance.
 - f) Contribution to Provident Fund, Superannuation Fund or Annuity Fund 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. Gratuity payable should not exceed half a month's salary for each completed year of service.
 - g) Encashment of Leave at the end of the tenure will be permitted in accordance with the Rules of the Company and not be included in the computation of the ceiling on perquisites.
 - h) Provision of Car for use on Company's business and telephone at the residence will not be considered as perquisite. Personal long distance calls on telephone and use of Car for private purpose shall be billed by Company to the Executive Vice Chairman.
 - i) Commission equal to 1% of the Net Profits of the Company in a particular year, shall be subject to the overall ceilings laid down in sections 198 and 309 of the Companies Act, 1956
 - j) In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may in its discretion increase the remuneration payable to him, subject to obtaining such approvals as may be required.

2. Where in any Financial Year, during the currency of the tenure of the Executive Vice Chairman, the Company has no profits or its profits are inadequate the Company shall pay them remuneration by way of salary and perquisites not exceeding the limits specified above.
3. No sitting fee shall be paid to Mr. Sumit H. Chuganee for attending meetings of the Board of Directors or any Committee thereof.
4. Salary, Perquisites and Commission mentioned herein above shall be revised from time to time in accordance with the provisions of Schedule XIII of the Companies Act, 1956 for the time being in force.
5. The Executive Vice Chairman will be entitled to re-imbursement of all actual expenses of charges incurred by him for and on behalf of the Company in furtherance of its business and objects.
6. Subject to the provisions of Section 318 of the Companies Act, the Company shall in the event of its terminating the appointment of the Executive Vice Chairman prior to the expiry of his term under this Agreement, pay compensation to the Executive Vice Chairman in such sum as shall not exceed the remuneration which the Executive Vice Chairman would have earned if he had been in office for the un-expired residue of his term calculated on the basis of his average remuneration actually earned by him during the period of twelve months he held office as Executive Vice Chairman immediately preceding the date on which he ceases to hold that office.
7. The Executive Vice Chairman will be working whole time for the Company and he will not accept any post or work outside. He will call the meetings of the Board of Directors from time to time as required by the Board and as he may think proper. He will also attend all meetings of the Board. He will fix the agenda of the meetings of the Board and supply to the Director copies of all relevant papers and documents required to be considered in the meeting.
8. Either party hereto shall have the option to terminate this Agreement by giving six months previous notice in writing of its or his desire to terminate the same and thereupon either party shall not have any claim of any nature whatsoever against the other in consequence of such termination except the compensation as payable to the Executive Vice Chairman by the Company as set out in the para 6 above, provided however that if on account of any misconduct or defalcation on the part of the Executive Vice Chairman the Company shall have in law any remedy, relief or claim against him, it shall be entitled to seek such remedy or relief or make such a claim against him for the same.

None of the Directors of the Company except Mr. Mohit H. Chuganee, Mr. Sumit H. Chuganee and Mr. Hero J. Chuganee are concerned or interested in the resolution.

The Directors recommend the resolution set out at Item No. 9 of the accompanying Notice for your approval.

The explanation together with the accompanying Notice is to be regarded as an abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The said draft Agreement referred to in the Resolution at item No. 9 is available for inspection to the Members at the Registered Office of the Company on any working day (excluding Saturdays) between 11.00 A.M. and 1 P.M. upto and including the day of the Annual General Meeting.

ITEM NO. 10

The Board of Directors of the Company in their meeting held on 30th April, 2008 have re-appointed Mr. Hero J. Chuganee as Chairman of the Company for a period of five years w.e.f. 17.10.2008, of which Mr. Hero J. Chuganee be appointed as Whole Time Director of the Company for a period of Eighteen months upto 16.4.2010 and for the balance period of Three and a Half years (i.e. for Forty Two months) he will be Non-Executive Chairman and he has agreed to extend technical consultancy. Mr. Hero Chuganee is a Post Graduate in Chemical Engineering from London, and a Member of Institute of Chemical Engineers, and have done Advance Management Program from Harvard Business School and has more than 40 years of experience in Chemical Industry. Mr. Hero J. Chuganee is a Director of the Company since Incorporation and

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has rendered valuable guidance and advise to the Company. The terms and conditions including remuneration of Mr. Hero J. Chuganee as Chairman are subject to approval of the share holders in General Meeting as mentioned below:

1. TERMS OF APPOINTMENT AS WHOLE-TIME DIRECTOR

- a. **Period of Appointment:** Eighteen months from 17/10/2008 to 16/04/2010.
- b. A monthly salary of Rs. 2,00,000/- in the scale of Rs. 2,00,000/- to Rs. 7,50,000/-. He shall be entitled to such annual increments as may be decided by the Board of Directors.
- c. **Perquisites:** Perquisites shall be restricted to an amount equal to annual salary. These perquisites are as follows:

I. Furnished Accommodation:

Housing I: The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of 60 (sixty) per cent of the salary.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance equal to sixty percent of the salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however be subject to a ceiling of ten percent of the Salary.

- ii. **Medical Re-imbursement:** Expenses incurred for self and his family subject to a ceiling of one months' salary in a year or 45 days salary for a period of Eighteen months.
- iii. **Leave Travel Concession:** For self and his family, once in a year equivalent of one month's salary.
- iv. **Club Fee:** Fees of Clubs subject to a maximum of two Clubs. This will not include the Admission Fee.
- v. **Personal Accident Insurance.**
- vi. Contribution to Provident Fund, Superannuation Fund or Annuity Fund 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. Gratuity payable should not exceed half a month's salary for each completed year of service.
- vii. Encashment of Leave at the end of the tenure will be permitted in accordance with the Rules of the Company and not be included in the computation of the ceiling on perquisites.
- viii. Provision of Car for use on Company's business and telephone at the residence will not be considered as perquisite. Personal long-distance calls on telephone and use of Car for private purpose shall be billed by Company to the Chairman.
- ix. Commission equal to 1% of the Net Profits of the Company in a particular year, shall be subject to the overall ceilings laid down in sections 198 and 309 of the Companies Act, 1956
- x. In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may in its discretion increase the remuneration payable to him, subject to obtaining such approvals as may be required.

2. Where in any Financial Year, during the currency of the tenure of the Chairman, the Company has no profits or its profits are inadequate the Company shall pay them remuneration by way of salary and perquisites not exceeding the limits specified above.

3. No sitting fee shall be paid to Mr. Hero J. Chuganee for attending meetings of the Board of Directors or any Committee thereof.
4. Salary, Perquisites and Commission mentioned herein above shall be revised from time to time in accordance with the provisions of Schedule XIII of the Companies Act, 1956 for the time being in force.
5. The Chairman will be entitled to re-imbursement of all actual expenses of charges incurred by him for and on behalf of the Company in furtherance of its business and objects.
6. Subject to the provisions of Section 318 of the Companies Act, 1956 the Company shall in the event of its terminating the appointment of the Chairman prior to the expiry of his term under this Agreement, pay compensation to the Chairman in such sum as shall not exceed the remuneration which the Chairman would have earned if he had been in office for the un-expired residue of his term calculated on the basis of his average remuneration actually earned by him during the period of twelve months he held office as Chairman immediately preceding the date on which he ceases to hold that office.
7. The Chairman will be working wholtime for the Company and he will not accept any post or work outside. He will call the meetings of the Board of Directors from time to time as required and as he may think proper. He will also attend all meetings of the Board. He will fix the agenda of the meetings of the Board and supply to the Director copies of all relevant papers and documents required to be considered in the meeting.
8. Either party hereto shall have the option to terminate this Agreement by giving six months previous notice in writing of its or his desire to terminate the same and thereupon either party shall not have any claim of any nature whatsoever against the other in consequence of such termination except the compensation as payable to the Chairman by the Company as set out in the para 6 above, provided however that if on account of any misconduct or defalcation on the part of the Chairman the Company shall have in law any remedy, relief or claim against him, it shall be entitled to seek such remedy or relief or make such a claim against him for the same.

2. TERMS OF APPOINTMENT AS TECHNICAL CONSULTANT

- a. **Period of Appointment:** Forty Two months from 17/4/2010 to 16/10/2013.
- b. The Board of Directors is authorized to decide the Consultation fees payable to Mr. Hero Chuganee from time to time, but not exceeding Rs. 3,00,000/- plus such out of pocket expenses (including reimbursement of medical expenses for self and family and entertainment expenses) per month.
- c. Commission equal to 1% of the Net Profits of the Company in a particular year, shall be subject to the overall ceilings laid down in sections 198 and 309 of the Companies Act, 1956. None of the Directors of the Company except Mr. Mohit H. Chuganee, Mr. Sumit H. Chuganee and Mr. Hero J. Chuganee are concerned or interested in the resolution. The Directors recommend the resolution set out at Item No. 10 of the accompanying Notice for your approval. The explanation together with the accompanying Notice is to be regarded as an abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956. The said draft Agreement referred to in the Resolution at item No. 10 is available for inspection to the Members at the Registered Office of the Company on any working day (excluding Saturdays) between 11.00 A.M. and 1 P.M. upto and including the day of the Annual General Meeting.

By Order of the Board of Directors
For Sabero Organics Gujarat Limited

Place : Mumbai
Date : 30th June, 2008

(S. Srinivasan)
General Manager (Legal) &
Company Secretary



SABERO ORGANICS GUJARAT LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 17th Annual Report and audited accounts of your Company for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS:

The salient features of the company's results are:

	(Rs. in lacs)	
	Year Ended 31.03.2008	Year Ended 31.03.2007
Gross Sales: Domestic	12782.52	7523.46
Export	8944.32	9479.81
TOTAL GROSS SALES	21726.84	17003.27
Net Sales	19610.07	15433.18
Profit before interest, Depreciation and Taxation	2730.20	1862.70
Less: Interest & Finance Charges	1482.73	1224.60
Depreciation	527.57	503.11
Provision for Tax (including deferred Tax & FBT)	190.62	101.13
Profit/(Loss) for the year before prior period adjustments	529.28	33.86
Less: Prior period adjustments	0.31	(7.13)
Misc. Expenses of earlier years written off	42.19	-
Balance Carried to Balance Sheet	486.78	40.99

DIVIDEND:

In view of the forthcoming expansion projects for building up capacities and to capitalize on the available market opportunities at right time, the Board has decided to conserve the available resources and hence does not recommend any dividend for the year 2007-08.

AUDITORS' OBSERVATIONS:

In this connection, your attention is invited to Schedule 17 forming part of the accounts, which is self explanatory.

DEPOSITORY SYSTEM:

The company's shares continue to be traded in the DEMAT form and is registered with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

FIXED DEPOSITS:

The Company has not accepted any deposits from Public under section 58A of the Companies' Act 1956 during the financial year under review.

HUMAN RESOURCES:

Your Company continuously monitors its human resource requirements to ensure that it has adequate human skills commensurate with its requirements. We recognise the value of people as our most valuable asset and believe that your Company's employees are central to its sustainable success. The company has periodical programs and activities for training as also motivational programs for its employees and events for fellowship and wellness programs.

Your Company continuously strives for developing, motivating, rewarding and retaining talent at all levels. Performance accountability is textured into the reward systems and recognition of achievements forms a critical part of our HR processes. Delegation, empowerment, learning from failures that emanate from calculated risks is being institutionalized as well.

INSURANCE:

All the properties of the company have been adequately insured.

BANK & FINANCIAL INSTITUTIONS:

We wish to place on record our appreciation for the support by our Bankers viz. Union Bank of India (lead Bank), Bank of India, Oriental Bank of Commerce, IDBI Bank and ICICI bank.

DIRECTORS:

Mr. J. S. Sethi resigned as Director of the Company w.e.f. 1st November, 2007. The Board records its appreciation for the contribution made by Mr. Sethi during his tenure with the Company.

Mr. S. R. B. Nair was appointed as an Additional Director in the capacity of Whole Time Director designated as Director and Chief Operating Officer w.e.f. 1st November, 2007. He needs to be appointed as a Director in the capacity of Whole Time Director designated as Director

and Chief Operating Officer at this Annual General Meeting.

Mr. Raj Tandon and Mr. U. T. Bhalariao will be retiring by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment.

Mr. Hero J. Chuganee re-appointed w.e.f. 17-10-2008 designated as Chairman of the Company for a period of 5 years – appointed as Whole Time Director for 18 months & for balance period of 42 months as non-executive Chairman of the Company.

Mr. Sumit H. Chuganee, appointed as Technical Consultant till 30-09-2008 and thereafter appointed on Executive Vice Chairman for 5 years w.e.f. 01-10-2008.

Mr. Mahit H. Chuganee is re-appointed as Vice Chairman and Managing Director for 5 year w.e.f. 01-08-2007.

The Board recommends their reappointment.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review;
- That the Directors have taken proper and sufficient care 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;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

CORPORATE GOVERNANCE:

As a listed Company your Company has taken necessary measures to comply with the Listing Agreements with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, given in Annexure 'B', forms a part of this Annual Report.

AUDITORS:

The term of M/s S M N P & Co, Chartered Accountants, expires at the conclusion of this Annual General Meeting and they are eligible for re-appointment. The Auditors have given a certificate to the effect that the re-appointment if made will be within the prescribed limits specified u/s 224(1B) of the Companies Act, 1956. The observations made in the Auditors' Report are a statement of facts and do not require further clarifications.

SUBSIDIARIES:

A statement relating to Sabero Argentina S.A., u/s. 212 of the Companies Act, 1956 is annexed.

While the Accounts of Sabero Argentina S.A., subsidiary company is annexed, the accounts of other subsidiary companies could not be attached since they are non-operative. The company is making an application to MCA New Delhi, under sub-section (8) of section 212 of the Companies Act, 1956 to seek permission for not enclosing the same.

CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details as required under the Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 are annexed.

PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, regarding employees and forming part of this report is furnished in the annexure to this report.

INDUSTRIAL RELATIONS:

The overall industrial relations in the company have been cordial. Your

17TH ANNUAL REPORT



Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of the company.

ACKNOWLEDGEMENTS:

The Board acknowledges the co-operation and assistance received from Investors, suppliers, customers, business associates, Bankers and Various authorities of the Governments.

The Board also thank the employees for their significant contribution made by them to the Company.

The Board now looks forward to the future with confidence.

On behalf of the Board of Directors
For Sabero Organics Gujarat Limited

Place : Mumbai
Date : 30th June, 2008

Sd/-
Hero J. Chuganee
Chairman

ANNEXURE "A" TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2008.

FORM - A**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	CURRENT YEAR 2007-2008	PREVIOUS YEAR 2006-2007
A. POWER & FUEL CONSUMPTION		
1) Electricity		
a) Purchased Units (kwh)	15304290	14121390
Total Amount (Rs.)	82816274	76469887
Average Rate/Unit (Rs.)	5.41	5.41
b) Own Generation		
Through Diesel generator		
Unit (kwh)	256806	163964
Diesel used in D. G.	88050	47252
Unit per liter of:		
Diesel Oil	2.92	3.47
Cost per unit (Rs.)	11.95	10.69
2) Fuel for Steam Generation		
i. Furnace Oil		
Quantity (KL)	203	5162
Total Amount (Rs.)	4479815	84501940
Average Rate (Rs./KL)	22015	16370
ii. HSD (KL)		
Total Amount	Nil	Nil
Average Rate (Rs./kl)	Nil	Nil
iii. Natural Gas, Cubic meters		
Total Amount	5234130	93630
Average rate (Rs./cu. Mtr.)	11.30	9.59

CONSERVATION OF ENERGY:**Points on conservation of energy:**

- Resizing of chilled water primary pump by single pump of 50 HP in place of 50 + 40 HP pump with closed circuit.

- Resizing of cooling water pump for process by 60 + 40 HP pump in place of 170 HP pump.
- Commissioned additional coil in NaHTCP reactor and using Chilled water in place of Ch Brine.
- Resizing of CW pump for TMP with 75 HP instead of 170 HP pump.
- Using of cooling water in place of chilled water in Glyphosate reactor, thereby conserving energy.

FORM B

Disclosure of particular with respect to:

a) Research & Development:

The role of R & D is of prime importance for sustenance and growth of a company. Based on the R & D activities the Company being the global player in Crop Protection and Speciality Chemicals produce the highest quality products with continuous improvement and innovation by garnering innate creativeness. It is with a complete commitment to safety, health and environment because of its continuous efforts. We are introducing new products and improve existing products continually. The productivity, yield, quality, safety, eco-friendly products. Some of the recently developed products mentioned below for which the plants are being erected and designed are ready for commercialization.

Triclopyr Butotyl Ester, Glyphosate Ammonium, Clodinafop Propargyl (herbicide), Propineb and Zineb (fungicides) & Imidacloprid (Insecticide) and its formulations.

In our future plans, we have various products including Fipronil (insecticide), Prothiophos (Insecticide), Metsulfuron Methyl, Fluroxypyr (herbicide) & Thiamethoxam (Insecticide).

Backward Integration of Intermediates like DSIDA, PMIDA which are the key intermediates for Glyphosate have been developed in-house and are commercialized.

R & D is recognized by Department of Science & Industrial Research (DSIR), Government of India and is fully equipped with modern sophisticated instruments like Gas Chrometograph, High Pressure Liquid Chromatograph, UV - Visible Spectrophotometer, Potentiometer Titrator etc.

Today, we command presence in over 62 countries for our Agro and Speciality Chemicals basing on the products developed inhouse and their approved registrations in the fields of Organophosphates like Insecticides, Weedicide, Synthetic Pyrethroids, Carbarnates, speciality chemicals, fungicides etc. R & D is based on strategies related in business strategy.

b) Technology absorption, adoption and innovation.

During the year 2007-08, the company has absorbed technology for Glyphosate by Aqueous route, Peroxide Route and backward integrations of intermediates like DSIDA and PMIDA.

c) Foreign Exchange Earnings and Outgo

	CURRENT YEAR 2007-2008	PREVIOUS YEAR 2006-2007
1. Foreign Exchange earned		
Export of goods on FOB basis	8014.99	8722.40
2. Outgo of foreign exchange Value of Imports on CIF basis:		
(a) Raw materials	5678.64	3784.02
(b) Stores, components and spares	NIL	NIL
(c) Capital goods	NIL	NIL
3. Expenditure in foreign currencies (others)	40.66	48.65
4. Net Foreign exchange earning	2295.69	4889.73

ANNEXURE "B" TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 2008.

Name	Designation/ Nature of duties	Remuneration (Rs.) Gross/Net	Qualification	Experience (Years)	Date of commencement of employment	Age	Particulars of last employment
Mr. Mohit H. Chuganee	Vice Chairman & Managing Director	Gross 2,496,000 Net 1,946,300	B.S. in Electrical Engineering MBA in International Manage- ment both from USA	20 years	18 th August 2002	42 yrs	Nil



SABERO ORGANICS GUJARAT LIMITED

ANNEXURE "C" TO THE DIRECTORS' REPORT

Statement of particulars regarding Company's Interest in the subsidiary pursuant to Section 212 of the Companies Act, 1956.

1. Name of subsidiary as at 31.03.2008.	Sabero Argentina Ltda.
2. The Company's interest in subsidiary	
i) No. of Shares held	117800
ii) Face value	A\$1
iii) Extent of Holding	95%
3. Net aggregate amount so far as it concerns members of the company and is not dealt with in the Company's accounts of the subsidiary's profits.	
i) For the year ended 31 st March, 2008	R\$ 38268.85
ii) For previous financial years of the subsidiary since it became a subsidiary.	R\$ (57453.32)
4. Net aggregate amount of the profits so far as those profits are dealt with or provision is made for those losses in the company's accounts.	
i) For the year ended 31 st March, 2008	R\$ 1908.89
ii) For previous financial year of the subsidiary since it became a subsidiary.	R\$ (3023.86)

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS:

The Company's net sales increased from Rs. 15433.18 lacs in 2006-07 to Rs. 19610.07 lacs in 2007-08. The increase in sales is attributed to steep growth domestic as well as global demand. Exports constituted to 42.28% of the total net sales. The Company has reported a Profit before interest, depreciation and tax of Rs. 2730.20 lacs in 2007-08 as compared to Rs. 1862.70 lacs in 2006-07, and the PBT has increased to Rs. 719.90 lacs in 2007-08 as compared to Rs. 134.99 lacs in 2006-07. The cost of raw materials as a percentage of sales is high at 65% and the employee cost saw an increase of 25% over the previous year.

ENTERPRISE SYSTEM:

Owing to the rapid growth of your company and the expansion projects that your company is currently in the process of implementing, it may be necessary to upgrade our ERP system. Therefore, the Management of your company is evaluating various options including the implementation of SAP to better integrate the operations and information sources across your company.

FUTURE OUTLOOK:

All the excitement in the past has been associated with industries in the IT, retail, services sector. In the current scenario, traditional industries like agriculture, mining, commodities etc. are starting to look up. Your company which is an important player, in servicing the needs of the agriculture sector, both in India and globally, has now got an opportunity to participate in the growth of these sectors. Companies have now understood that manufacturing is an important strength and forms the backbone of the economy because without "bricks there can be no clicks"

The competition on various products from China reduced to some extent during 2007 - 2008 and 2008-09 as the prices of most products originating from China firmed up considerably. This was brought about owing to the closure of various chemical plants in China by its Government owing to environmental violations. The catalyst for this was the hosting of the Olympic Games in China but the tight environmental regulations are expected to persist even after the conclusion of the Olympic Games, leading to a more stricter regime going forward. Companies will be expected to invest in ETP plants and spend the required money on treating and safely disposing all the waste. The Chinese government has also modified some policies which increase the paid up capital requirement, to commence new manufacturing activity. The Chinese Government has imposed environmental cess and a new labour law stipulating minimum wages. The Chinese currency, the Yuan has appreciated considerably and export duty drawback benefits have

been halved. Owing to port congestion in China, shipping rates have considerably increased especially for chemicals which are considered to be hazardous; and the net result of all the above initiatives is that the cost structure in China has considerably changed. Another noticeable feature is that a large part of the industry has been quickly moving from being State owned, to now being privately owned whereby the motive of profit is an important consideration, while pricing the product and making business decisions.

Your company participates in all the three segments of the pesticide market, viz. herbicides, fungicides and insecticides. The largest herbicide globally, is Glyphosate which is the single largest product consumed globally in the pesticide segment. The demand of this product has grown significantly as it is consumed for most genetically modified crops and also for crops like Maize which are being used for Bio fuel as per the recently introduced energy policy of the USA. This product has been manufactured by your company since 1998 and owing to the opportunity presenting itself now, your company is in the process of expanding its capacity. The price of this product has zoomed up from USD 4/Kg. to USD 14/Kg. and has now stabilized at around USD 11.5/Kg. Your company has also decided to backward integrate and make the Intermediate for Glyphosate viz-a-viz PMIDA which was manufactured by us in the year 2000 for a couple of years; but it was stopped later owing to intense competition from China.

In the fungicide sectors, the largest fungicide sold globally is a product called Mancozeb, which in fact has been one of the key products of your company since the year 2000. While the demand for this product has been growing globally, the largest producer of the product namely Dow Agro Sciences has shut down its largest plant in Europe owing to high costs, strong Euro and high maintenance overheads as the plant is very old, incurring high replacement costs. Availing this opportunity, your company has decided to expand this plant as well. Also the pricing of this product has gone up from USD 1.8/Kg. to USD 4.5/Kg. and still continues to rise.

In the insecticide sector, one of the largest molecules globally is Chlorpyrifos, which your company has been manufacturing since 2004. The demand for this product has increased globally, as some older molecules have been discontinued/replaced with the share of this molecule being taken up by Chlorpyrifos. Your company has therefore decided to expand this plant as well since the price of this product has risen from USD 5/Kg. to USD 9/Kg.

For all the above three products, the increase in prices has been driven both by increase in the price of raw materials as well the shortage in these products. Your company expects to improve its margins both in percentage terms and in absolute terms for the three products. In each of these expansions, the capacities will be doubled. Further more, these expansions will be catering primarily to the export markets as all the three products are large global products. During 2007/2008, the branded business of your company has doubled since your company had renewed its focus in this business. Your company continues to lay emphasis on your company's domestic branded business and would like to triple its domestic branded business during 2008 - 2009.

Your company's joint venture in Brazil commenced its operations on 1st September, 2007 and the sales of the joint venture company for 7 months period ending 31st March, 2008 was Rs. 26.4 Crores with a profit after tax of Rs. 2.56 Crores. The same was consolidated to the extent of the shareholding of 44% in the joint venture company. The sales of the Brazilian operations continue to grow as this is the second largest agricultural country in the world after the USA.

All the above developments have given your company the confidence to target a turnover of Rs. 1,000 Crores and "enter the Rs. 1,000 Crore Club" in the next couple of years.

Your company was successful in changing over its feed stock from furnace oil to gas and thus had a substantial saving in the last year and the same has reflected in its Operations. In addition, your company continues its efforts in energy conservation and with the increased levels of production it expects to better leverage its energy costs, which are semi variable in nature leading to reduction in the unit energy costs of production.

HEALTH, SAFETY & ENVIRONMENT (HSE)

Your company continued to invest in Health, Safety & Environment and continues to meet the requirements of the Gujarat Pollution Control