



Caprolactam Chemicals Limited

21st Annual Report
31-03-2010

DIRECTORS

| | | |
|----------------------|---|---------------------------------|
| Mrs. Z.S. Bhanushali | - | Chairperson & Managing Director |
| Mr. S. S. Bhanushali | - | Director (Technical) |
| Mr. V. P. Adagale | - | Director |
| Mr. R. P. Mange | - | Additional Director |
| Mr. V. L. Mange | - | Additional Director |

AUDITORS

M/s. Sumaria & Sumaria
Chartered Accountant
Mumbai - 400 080.

BANKERS

UTI Bank Ltd.
Bank of India

SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.

33, Printing House,
28-D, Police Court Lane,
Fort, Mumbai - 400 001.

FACTORY & REGISTERED OFFICE

B/31, MIDC, Mahad,
Dist. Raigad - 402 301,
Maharashtra.
02145-233427.

DIRECTORS

| | | |
|----------------------|---|---------------------------------|
| Mrs. Z.S. Bhanushali | - | Chairperson & Managing Director |
| Mr. S. S. Bhanushali | - | Director (Technical) |
| Mr. V. P. Adagale | - | Director |
| Mr. R. P. Mange | - | Additional Director |
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FACTORY & REGISTERED OFFICE

B/31, MIDC, Mahad,
Dist. Raigad - 402 301,
Maharashtra.
02145-233427.

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of Caprolactam Chemicals Limited will be held on Wednesday, the 29th September, 2010 at 10.00 a.m. at the Registered Office of the Company at B/31, MIDC, Mahad, Dist. Raigad 402 301 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram P. Adagale, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Sumaria & Sumaria, Chartered Accountants, Mumbai, (Registration No.39147) as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Vasant Laxmidas Mange, who was appointed as an Additional Director of the Company on 30th September 2009 and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Vasant Laxmidas Mange as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Rajesh Purshottam Mange, who was appointed as an Additional Director of the Company on 30th September 2009 and who holds office upto the date of this Annual General Meeting of the Company under 260 of the Companies Act 1956 and in respect of whom the Company has received a Notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Rajesh Purshottam Mange as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, and on the basis of remuneration as may be approved by the Board from time to time subject to the limits specified in Schedule XIII to the said Act, the approval be and is hereby accorded for the appointment of Mrs. Zaver S.Bhanushali as Managing Director of the Company for a further period of five years with effect from 1st August, 2010 on the terms and conditions including remuneration as set out in the draft agreement submitted to this meeting and signed by the Chairman of the remuneration committee for the purpose of identification which agreement is hereby specifically sanctioned with a liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or agreement, so as not to exceed the limits of remuneration, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Mrs. Zaver S.Bhanushali. RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

NOTES

1. 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.
2. Members desirous of seeking any further information of the Company clarifications in respect of accounts and operations of the Company are requested to send their queries in writing so as to reach the Registered Office of the Company at least seven days before the meeting to enable the Company to provide information at the meeting.
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books will remain closed from Thursday, the 23rd September, 2010 to Wednesday, the 29th September, 2010 (both days inclusive)
5. Members are requested to bring their copies of the Annual Report at the Annual General Meeting since the copies of the same will not be provided at the Hall.
6. Information required pursuant to the Clause 49(VI) of the Listing Agreement is annexed herewith and forming part of the Notice.

Mahad, 7th June, 2010

Registered Office:

B/31 MIDC, Mahad,

Dist. Raigad 402301.

By Order of the Board of Directors

(Mrs.Zaver S. Bhanushali)

Chairperson & Managing Director

ANNEXURE TO NOTICE FURNISHING THE INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

- Equity Shares of the Company have been listed on Bombay Stock Exchange Limited . The listing fee has been paid for the year 2010-2011.
- Details of the Directors seeking appointment and re-appointment at the 21st Annual General Meeting to be held on 29th September, 2010.

| Name of Director | Mrs.Zaver S. Bhanushali | Mr.Siddharth S. Bhanushali | Mr.Vikram Adagale | Mr.Rajesh Mange | Mr.Vasant Mange |
|--|---|---|--|--|--|
| Date of Birth | 28/012/1958 | 30/06/1979 | 10/04/1984 | 18/03/1957 | 04/11/1952 |
| Date of Appointment | 17/03/1997 | 29/01/2007 | 02/04/2008 | 30/09/2009 | 30/09/2009 |
| Experience in specific functional areas. | Vast experience in the field of Business Development, Marketing & Taxation. | Expertise in Chemical Engineering such as Process Control, Polymerization, Separation Technology etc. | Technical knowledge in Plant Engineering, Designing. | Expert in the field of Administration & Human Resource | Vast knowledge in the field of Banking & Finance |
| Qualification | D.Ed. | B.E.(Chemical) | D.E.(Chemical) | B.Com | B.Com,L.L.B |
| List of directorships in other companies. | 1 | 1 | --- | 1 | --- |
| Chairman/Member of the Committees of the Board of directors of the Company | Director | Director | --- | Director | --- |
| Chairman/Member of the Committees of Director of other Companies in which he is a Director | Adhiraj Chemindustries P. Ltd. | Vamotech Organic Ltd. | --- | Pavithra Aqua P. Ltd. | --- |

Mahad, 7th June, 2010
Registered Office:
B/31 MIDC, Mahad,
Dist. Raigad 402301.

By Order of the Board of Directors
(Mrs.Zaver S, Bhanushali)
Chairperson & Managing Director

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.4

The Board of Directors of the Company at their Board Meeting held on 30th September 2009 appointed Mr. Vasant Laxmidas Mange as an Additional Director. Pursuant to Section 260 of the Companies Act, 1956, he holds office only upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose him as a Director.

Mr. Vasant Laxmidas Mange aged 58 years is commerce graduate & L.L.B. and has vast knowledge in the banking & finance field which will be of benefit to the Company. The Board, therefore, considered desirable to recommend his appointment as a Director of the Company. None of the Directors except Mr. Vasant Laxmidas Mange is concerned or interested in the resolution.

ITEM NO.5

The Board of Directors of the Company at their Board Meeting held on 30th September 2009 appointed Mr. Rajesh Purshottam Mange as an Additional Director. Pursuant to Section 260 of the Companies Act, 1956, he holds office only upto the date of the forthcoming Annual General Meeting. Notice in writing has been received from a member of the Company along with the prescribed deposit under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Rajesh Purshottam Mange as a candidate for the office of Director.

Mr Rajesh Purshottam Mange aged 53 years is commerce graduate and has vast knowledge and experience in administration & human resource field which will be of benefit to the Company. The Board, therefore, considered desirable to recommend his appointment as a Director of the Company.

None of the Directors except Mr. Rajesh Purshottam Mange is concerned or interested in the resolution.

ITEM NO. 6.

The present term of Mrs. Zaver S.Bhanushali as Managing Director would be expiring on 31st July, 2010.

The Board of Directors of the Company at its Meeting held on 7th June, 2010 re-appointed Mrs. Zaver S.Bhanushali as Managing Director of the Company, with effect from 1st August, 2010 for a further period of five years, subject to the approval of the Company in General Meeting in accordance with Schedule XIII of the Act and such other approval, as required. The terms and conditions including remuneration payable to Mrs. Zaver S. Bhanushali are set out in the draft Agreements entered into by the Company with Mrs. Zaver S. Bhanushali contain inter alia the following terms and conditions.

Terms of re-appointment of Mrs Zaver S. Bhanushali, Managing Director are as under:

1. Period of employment: 5 years.
2. Salary of Rs.41,000/- per month effective from 1st August, 2010 with an annual increment effective from 1st April of each year, as may be decided by the Board or Committee of the Board.
3. The Company shall reimburse to the Managing Director, entertainment, travelling and all other Expenses actually and properly incurred for the business of the Company, subject to a reasonable ceiling on entertainment expenses being fixed by the Company.
4. She shall not be paid any sitting fees for attending the meetings of the Board of Directors and committees thereof.

The re-appointment may be terminated by either party by giving to the other party three months notice. The Board recommends the resolution for approval of the members. None of the Directors except Mr. Siddharth S. Bhanushali and Mrs. Zaver S., Bhanushali is concerned or interested in the resolution. The above may be treated as an abstract of the terms and conditions of contract between the Company and Mrs. Zaver S. Bhanushali pursuant to Section 302 of the Companies Act, 1956.

Mahad, 7th June, 2010

Registered Office:

B/31 MIDC, Mahad,

Dist. Raigad 402301.

By Order of the Board of Directors

(Mrs.Zaver S, Bhanushali)

Chairperson & Managing Director

DIRECTOR'S REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their 21st Annual Report together with the Audited Accounts for the year ended on 31st March, 2010.

FINANCIAL HIGHLIGHTS

| Particulars | 31 st March,2010 | 31 st March,2009 |
|---|-----------------------------|-----------------------------|
| Profits /Loss (before interest ,depreciation and taxation) | (31,12,122) | 58,42,489 |
| Less : Interest | --- | --- |
| Depreciation | 21,48,172 | 24,19,344 |
| Profit /Loss before Tax | (9,63,950) | 34,23,145 |
| Less :Provision for Taxation | --- | 3,84,675 |
| Add : Deferred Tax Benefit | 2,40,601 | 3,05,922 |
| Profit/Loss after tax | (7,23,349) | 33,44,392 |

Due to stiff competition and complexity of the operation, the Company's result are not satisfactory, The Company's operation remained confined mainly to job work. Your Directors are taking various initiatives for improving the condition of the Company.

DIVIDEND

In view of the accumulated losses, your Directors have not recommended any dividend for the year .

BIFR

Your Company has been registered as sick company by the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has submitted the scheme which envisages relief and concession from State and Central Government as per their guideline /packages . Further progress is awaited.

DIRECTORS

In accordance with the provision of the Companies Act, 1956, Mr. Vikram Adagale retire by rotation and being eligible offers himself for re-appointment. The Board of Directors have re-appointed Mrs. Zaver S Bhanushali as Managing Director of the Company w.e.f 1st August, 2010 for a period of five years subject to all necessary approvals including of Members. Mr. Vasant Mange and Mr. Rajesh Mange were co-opted on 30th September,2009 as additional directors of the Company till the date of the annual general meeting. Directors recommend their appointment as Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments 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 loss of the company for that period
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

RELATED PARTY TRANSACTIONS

In accordance with the Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India, transactions with related parties have been disclosed separately and form a part of this report.

CORPORATE GOVERNANCE:

A report on Corporate Governance along with Auditors' certificate regarding compliance of conditions of corporate governance as stipulated in Clause 49 of Listing Agreement and Management Discussion and Analysis Report are annexed to this Report.

LISTING FEE PAYMENT

The Company's securities are listed on the Bombay Stock Exchange Limited and the Company has paid Annual Listing fee for the financial year 2010-11.

PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

The information as required 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 Directors' Report for the year ended 31st March, 2010 is annexed and forms a part of this Report.

AUDITORS:

- M/s.Sumaria & Sumaria, Chartered Accountants, Mumbai will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re appointment. The Board recommends their appointment as the statutory auditors of the Company for the next year.

COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Certificate from a Secretary in whole time practice confirming that the Company has complied with all the provisions of the Companies Act, 1956 during the financial year under review and a copy of such certificate is annexed to this Report.

ACKNOWLEDGEMENT:

Your Directors record their appreciation for the valuable cooperation extended by Banks and concerned Government and other authorities. Your Directors acknowledge the contribution made by the Company's personnel at all levels.

Place: Mahad

Date: 7th June, 2010

For and on behalf of the Board of Directors

(Mrs.Zaver S. Bhanushali)

Chairperson & Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS**1) Industry Structure and Development**

Our products being the intermediate for Perfumes Industries, Soap and Detergent, Agarbattis and also in food colours.

2) Opportunities & Threats

There is no branded products owned by the Company for sale in direct market. The Company is undertaking job works activities of other units who after using intermediate products, sale their final products in domestic as well as for export. The Company's future depends upon the export demands. Considering the present trends in the Market, the Company's production facilities will be fully utilized and the Company will be able to produce the satisfactory result. The Company will be able to combat competition from China as the product base of the Company is of good quality.

3) Product wise Performance

Your Company is engaged in undertaking the job works and hence the question of products and its sale does not arise.

4) Outlook

The Company's business prospect are closely linked to the economic environment prevailing locally and globally and the development of its customer industries. Substantial improvement in the current market conditions is not expected in the near future. Given, the challenging market environment, stiff competition and unstable geo-political condition, it is difficult to make an optimistic prediction for business prospect in the coming year.

The Company however, continue to evaluate ways and means for sales growth and remains competitive in the challenging environment.

5) Risk and Concerns

The price fluctuation in global market and local market affect profitability of the Company in getting volume of job works.

6) Internal Control System

Your Company has in place adequate internal control systems. The Management Team takes the corrective actions immediately to address any inconsistent development.

7) Discussion on financial performance with respect to operational performance

Turnover has decrease from 218.37 Lacs from previous year (2008-2009) to Rs. 181.83 Lacs in current year. (2009-2010)

8) Human Resources/Industrial Relations

The relation with the employees at all levels were cordial throughout the year.

Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be "forward looking statement" within the meaning of applicable laws and regulation. Actual results might differ materially from those either expressed or implied.

Place : Mahad

Date : 7th June, 2010

By Order of the Board of Directors

(Mrs.Zaver S. Bhanushali)

Chairperson & Managing Director

REPORT ON CORPORATE GOVERNANCE

1) Corporate Governance Philosophy

The Company's philosophy on corporate governance is to conduct its business in a transparent manner, comply with all the statutory and regulatory requirements relating to corporate governance.

2) Board of Directors

The Composition of the Board of Directors and related information as on 31st March, 2010 is as follows:-

| Name of the Director & Designation | Executive / Non Executive / Independent | No. of Board Meetings attended | Whether last AGM* attended | Membership of Board of Directors of other companies | No. of other Board Committees of which Member / Chairman |
|------------------------------------|---|--------------------------------|----------------------------|---|--|
| Mr. Zaver S.Bhanushali | Managing Director (Promoter) | 6 | Yes | 01 | 01 |
| Mr. Siddharth S.Bhanushali | Executive Director (Promoter) | 6 | Yes | 01 | 01 |
| Mr. Vikram P.Adagale | Non Executive and Independent Director | 6 | Yes | - | - |
| Mr. Vasant Mange | Non Executive and Independent Director | 3 | - | - | - |
| Mr. Rajesh Mange | Non Executive and Independent Director | 3 | - | 01 | 01 |

- Annual General Meeting ("AGM") held on 29th September, 2009.
- None of the Directors on the Board holds the office of director in more than 15 companies or memberships of committees of the Board in more than 10 committees or chairmanship of more than 5 committees across all companies.

Board Meetings held during the Year

During the year Six Board meetings were held on 28th April, 2009, 9th July, 2009, 29th July, 2009, 30th September, 2009, 29th October, 2009 and 29th January, 2010.

Details of Directors being re-appointed

Mr. Vikram Adagale retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-election. The additional information relating to Mr. Siddharth S. Bhanushali as required under Clause 49 of the Listing Agreement with the Stocks Exchanges is furnished as part of the Notice convening the Annual General Meeting.

3. Committee of the Board

A. Audit Committee

The Company is not required to constitute an Audit Committee as its paid up capital is less than Rupees Five Crores as per Section 292(A) OF THE Companies Act, 1956.

B. Remuneration Committee

The Remuneration Committee has been constituted on 7th June, 2010 to recommend the remuneration package of the Managing Director based on the performance. The Company has not issued any stock options to any of its Directors and employees. The Committee comprises of Mr. Vikram .P.Adagale (Independent Director), Mr. Vasant L. Mange (Independent Director) and Mr. Rajesh P. Mange (Independent Director).

C. Investor's Grievance Committee

Investors Committee comprises of Mrs. Zaver .S Bhanushali, (Managing Director and Promoter Group) and Shri. Vikram .P.Adagale (Independent Director) There were no complaints received by the Company during the year under review. The Board has designated Mr. Siddharth S. Bhanushali , as Compliance Officer.

4. Details of remuneration paid to the Directors for the year ended 31st March, 2010.

i) The total remuneration paid to the Managing Director and Director during the year ended 31st March,2010 was as under :

| Name | Remuneration (Rs.) | Commission (Rs.) | Perquisites (Rs.) | Contribution to Provident Fund |
|----------------------------|--------------------|------------------|-------------------|--------------------------------|
| Mrs.Zaver.S. Bhanushali | 2,40,000.00 | NIL | NIL | NIL |
| Mr.Siddharth.S. Bhanushali | 1,99,200.00 | NIL | NIL | NIL |

ii) The Non Executive Director is not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors .During the year 2009-10, the Company has paid total sitting fee of Rs.14000.00 to Non executive directors.

5. General Body Meetings

The date, time and venue of the last 3 General Body Meeting of the Company are given below:

| Financial Year Ended | Date | Time | Venue |
|---|------------|------------|-------------------------------------|
| 31 st December, 2006 | 28.06.2007 | 11.00 a.m. | B-31,MIDC,Mahad,Dist:-Raigad 402301 |
| 31 st March , 2008 (15 months) | 14.08.2008 | 11.00 a.m. | B-31,MIDC,Mahad,Dist:-Raigad 402301 |
| 31 st March,2009 | 29.09.2009 | 11.00 a.m. | B-31,MIDC,Mahad,Dist:-Raigad 402301 |

None of the items at the said meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there are no items on the agenda requiring to be passed by postal ballot.

6. Disclosures

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large.

7. Compliances

There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

Pecuniary Relation

There were no transactions of material nature with the Directors or the management or their relatives.

8. Means of Communication

| | |
|---|---|
| Half-yearly report sent to each household if shareholders | No. |
| Quarterly Results | No. |
| Newspapers in which results are normally published | Normally it is published in the Free Press Journal in English and Navshakti in Marathi. |
| Website where displayed. | No. |
| Whether it also displays official news releases | No |
| Presentation to institutional investors or analysts | No |
| Whether Management Discussion and Analysis is a part of the Annual Report | Yes |

The Company has not made any presentation to institutional investor or equity analysts.

9. General Shareholder Information

The 21st Annual General Meeting of the shareholders will be held on Wednesday, the 29th September, 2010 at 10.00 a.m.Venue:B-31,MIDC ,Mahad Dist:- Raigar-402 301 ,Maharashtra

Financial Calendar

Financial Year: 1st April to 31st March

Consideration of Financial Results (tentative)

- First Quarter (unaudited) last week of July
- Second Quarter (unaudited) last week of October
- Third Quarter (unaudited) last week of January
- Fourth Quarter (unaudited) last week of April
- Annual (audited) last week of May or June

Book closure: 23rd September 2010 to 29th September (both days inclusive)

Listing

The equity shares of the company are listed on Bombay Stock Exchange Limited.

Scrip Code : 507 486

The Company has not opted for De-mat in view of absence of trading of Equity Shares on any stock exchanges.

Plant Location : B-31, MIDC, Mahad, Dist :- Raigad -402 301, Maharashtra

Name and Address of the Registrar and Share Transfer Agents

Purva Sharegistry (India) Pvt Ltd

33, Printing House, 28-D, Police Court Lane, Fort, Mumbai- 400 001.

Share Transfer System

Share transfer are registered normally within 15 days from the date of receipt, if the documents are clear in all respects.

Stock Data

1. Distribution of Share Holding as on 31st March 2010

| Shareholding of Nominal Value | | Shareholders | | Share Amount | |
|-------------------------------|-----------|--------------|------------|-----------------|---------------|
| From | To | Number | % of Total | Rupees | % of Total |
| Upto | 5000 | 7265 | 91.17 | 12586000 | 27.36 |
| 5001 | 10000 | 436 | 5.47 | 3728000 | 8.10 |
| 10001 | 20000 | 163 | 2.05 | 2430000 | 5.28 |
| 20001 | 30000 | 41 | 0.51 | 1002000 | 2.18 |
| 30001 | 40000 | 19 | 0.24 | 672000 | 1.46 |
| 40001 | 50000 | 13 | 0.16 | 616000 | 1.34 |
| 50001 | 100000 | 12 | 0.15 | 858000 | 1.87 |
| 100001 | And above | 20 | 0.25 | 24108000 | 52.41 |
| TOTAL | | 7969 | 100 | 46000000 | 100.00 |

2. Distribution of shareholding according to categories of shareholders as on 31st March, 2010

| Sr.No | Category Code | Description | Shares | % of the Capital | No. of Holders | % of the holders |
|-------|---------------|---------------------|---------|------------------|----------------|------------------|
| 1 | 00 | Resident Individual | 2310800 | 50.23 | 7788 | 97.73 |
| 2 | 31 | Bodies Corporate | 181000 | 3.93 | 18.54 | 25.90 |
| 3 | 41 | Directors | 852860 | 18.54 | 4 | 0.05 |
| 4 | 42 | Director's Relative | 1191440 | 25.90 | 6 | 0.08 |
| 5 | 94 | N.R.I (Non -Repat) | 53900 | 1.17 | 151 | 1.89 |
| 6 | 95 | N.R.I.(Repat) | 10000 | 0.22 | 2 | 0.03 |
| | Total | | 4600000 | 100.00 | 7969 | 100.00 |

14) Investor Correspondence:

Purva Sharegistry (India) Pvt Ltd

33, Printing House,
28-D, Police Court Lane,
Fort, Mumbai -400 001

Caprolactam Chemicals Ltd

B/31, MIDC, Mahad,
Dist. Raigad -402 301

On behalf of the Board of Directors

Caprolactam Chemicals Ltd

(Mrs. Zaver S. Bhanushali)

Chairperson & Managing Director

Place : Mahad

Date : 7th June, 2010

Declaration by the Managing Director to the Compliance of Code of Conduct in pursuance of Clause 49(D)(ii) of the Listing Agreement

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause

49(D) (ii) of the Listing Agreement.

Place: Mumbai

Date: 7th June, 2010

(Mrs. Zaver S. Bhanushali)

Chairperson & Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

Information u/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report.

FORM- A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY - POWER AND FUEL CONSUMPTION IS ON ACCOUNT OF MAINLY JOB WORK AND HENCE SAME IS NOT REPORTED.

FORM -B

FORM FOR DISCLOSURE OF PARTICULAR WITH RESPECT TO ABSORPTION OF RESEARCH AND DEVELOPMENT (R&D)

A. RESEARCH AND DEVELOPMENT (R&D)

1) Specific area in which R&D carried out by the Company

Development activities of the Company are directed towards energy conservation, Separation Technology, process and plant engineering.

2) Benefits derived as a result of the above R & D

Reduction in production cost, improvement in specific consumption of energy in process plant on account of energy saving scheme, quality improvement and reduction in the cost of plant maintenance.

3) Future Plan of action

To continue R& D work on the above cases.

4) Expenditure on R & D

The Development work in continuously undertaken by the technical department, no separate records of the expenditure incurred on R & D as such is maintained.

B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATIONS

1) Effort in brief & benefit derived

The Company has acquired technology know how to manufacture Ethyl Acetate, technology in plant process & in separation. Continuous efforts are made to check the material balances on the actual performance against design. These measures have helped in increasing the productivity and reduction in overall energy consumption.

2) Detailed of technology imported derived in the past 5 years.

a) Technology imported } no technology has been

b) Year of import } imported during the past

c) Has technology been fully absorbed } N.A

d) If not fully absorbed, area where } N.A

This has not taken place.

C. FOREIGN EXCHANGE EARNING AND OUTGO

1) Activities relating to Exports : Nil

2) Total Foreign Exchange used and earned : Nil

Place: Mahad

Date: 7th June, 2010

On behalf of Board of Directors
(Mrs. Zaver S. Bhanushali)
Chairperson & Managing Director

Compliance Certificate

To,

The Members,

CAPROLACTAM CHEMICALS LIMITED.

(Corporate Identification Number – L24110MH1988PLC049683)

B/31, MIDC, Mahad,

Dist. Raigad- 402 301.

We have examined the registers, records, books and papers of Caprolactam Chemicals Limited ("the Company") as required to be maintained under the Companies Act, 1956. ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010. In our opinion and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Maharashtra, Mumbai, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made there under.
3. The Company is a Public Limited Company and hence comments under this paragraph are not required.
4. The Board of Directors met Six (6) times respectively on 28th April, 2009, 9th July, 2009, 29th July, 2009, 30th September, 2009, 29th October, 2009 and 28th January, 2010 respectively and the proceedings were recorded and signed in the Minutes Book maintained in loose leaf form for the purpose. The Company has not passed any resolution by circulation.
5. The Company has closed its Register of Members from 23rd September, 2009 to 29th September, 2009. (both days inclusive) and necessary compliance of Section 154 of the Act has been made.

6. The Annual General Meeting for the year ended 31st March, 2009 was held on 29th September, 2009, after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose in loose leaf form.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act during the financial year.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. During the year, the Company has not appointed any person holding office or place of profit falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company
 - (i) has delivered all the certificates on lodgement thereof for transfer in accordance with the provisions of the Act. There was no allotment/transmission of securities during the financial year.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund, since there was no amount, on account of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, lying with the Company, and which was required to be transferred to the said fund.
 - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of two Additional Directors have been duly made during the financial year. No appointment of any Alternate Directors and Directors to fill casual vacancies was made during the year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. As per the information provided by the management of the company, the company was not required to obtain any approvals of Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors of the Company have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any redeemable preference shares/debentures and hence the question of redemption does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Companies Act, 1956, during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As per the information given by the management, no prosecution has been initiated against or show cause notices has been received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted its own Provident fund for its employees and therefore the provisions of Section 418 of the Act are not applicable to the Company.

For DHOLAKIA & ASSOCIATES
(Company Secretaries)
(CS B. V. Dholakia) C.P. No. 507
Proprietor

Place: Mumbai

Date: 5th June, 2010

Annexure-A

Registers as maintained by the Company

1. Register of Charges u/s 143 of the Act.
2. Register of Directors', Managing Director, Manager and Secretary u/s 303 of the Act.
3. Register of Directors Shareholdings u/s.307 of the Act.
4. Register of Members u/s 150 of the Act is being maintained by the Registrar and Share Transfer Agents of the Company.
5. Register of Transfer u/s 108 of the Act is being maintained by the Registrar and Share Transfer Agents of the Company.
6. Minutes Books of Board of Directors u/s.193 (1) of the Act.
7. Minutes Books of the proceedings of General Meeting u/s 193(1), 196(1) of the Act.

Annexure-B

Forms and Returns as filed by the Company with following authorities, during the financial year ended 31st March, 2010.

i) With Registrar of Companies.

| Sr.No. | Forms | Purpose |
|--------|-------------------------------------|--|
| 1. | Annual Accounts (Form 23AC & 23ACA) | U/s 220 of the Companies Act 1956 as on 31 st March, 2009 was filed on 7 th November, 2009 |
| 2 | Annual Return (Form 208) | U/s 159 Of the Companies Act, 1956 as on 29 th September, 2009 was filed on 30 th Nov., 2009 |
| 3 | FORM 32 | U/s 303(2) of the Companies Act, 1956, for appointment of Mr. Vasant L. Mange and Mr. Rajesh P. Mange as Additional Directors with effect from 30 th September, 2009 was filed on 28 th October, 2009. |

ii) With Regional Director. Not Applicable

iii) With Central Government or other authorities. Not Applicable

For DHOLAKIA & ASSOCIATES

(Company Secretaries)

(CS B. V. Dholakia)

Proprietor

C.P.No.507

Place: Mumbai

Date: 5th June, 2010

To,

The Members,

CAPROLACTAM CHEMICALS LIMITED,

MAHAD.

AUDITOR'S REPORT TO THE MEMBERS: -

We have audited the Balance Sheet of CAPROLACTAM CHEMICALS LIMITED as at 31st March 2010 and also the Profit & Loss a/c. for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to above, we report that;

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken our record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) In the case of the Profit & Loss Account, of the Profit (Loss) for the year ended on that date; and
 - c) In the case of Cash Flow statement, of the Cash Flows for the year ended on that date.

PLACE : MAHAD

DATED : 07/06/2010

For SUMARIA & SUMARIA

CHARTERED ACCOUNTANTS

J.J.SUMARIA

PARTNER

M.NO.: 39147/ F.R.NO. 124343W

ANNEXURE REFERED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT

- 1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular system of verification at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature if its assets. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off substantial part of its fixed assets, which affect the going concern status of the Company.
- 2) (a) The inventories are physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate
- (b) In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the company has maintained proper records of inventory. The discrepancies between the physical stock and book stocks were not material and have been properly dealt with in the books of the account.
- 3) The company has not granted any loans, secured or unsecured from / companies, firm or other parties covered in the Register maintained under section 301 of the companies Act, 1956 and accordingly paragraphs 4(iii) (b), (c) and (d) are not applicable.
- 4) In our opinion & according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control procedures.
- 5) Based on the audit procedures applied by us and according to the information & explanation given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained in pursuance of section 301 of the companies Act, 1956.
- 6) In our opinion an according to the information & explanations given to us, the company has not accepted any deposits from the public and hence paragraph 4(vi) of the order is not applicable.
- 7) The company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business
- 8) The rules made by the Central Government for the maintenance of Cost records under section 209(1)(d) of the Act are not applicable to the company.
- 9) (a) According to the records provided to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and other material statutory dues with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, , sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2010 for period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there is no disputed liability towards sales tax, income tax, custom duty, excise duty & cess that was not paid to the concerned authorities.
- 10) The Company has accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year and in immediately preceding year.
- 11) According to the records of the company examined by us and information and explanations given to us by the management, the company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- 12) Based on our examination and according to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund/ nidhi /mutual benefit fund/ society and clause (xiii) of the Order is not applicable.
- 14) The company is not dealing or trading in shares, securities, debentures, and other investments.
- 15) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions and therefore paragraph 4(xv) of the order is not applicable.
- 16) In our opinion and according to the information and explanations given to us, no term loans have been taken from banks or financial institutions.
- 17) On the basis of our examination of the Balance Sheet of the Company and according to the explanations given to us, in our opinion, funds raised on short-term basis have not been used for long-term investment and vice versa.
- 18) The company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Act.
- 19) The company has not issued any secured debentures.
- 20) The company has not raised any money by issue of shares to the public.
- 21) During the course of examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

PLACE : MAHAD

DATED :07/06/2010

For SUMARIA & SUMARIA
CHARTERED ACCOUNTANTS

J.J.SUMARIA

PARTNER

M.NO.: 39147/ F.R.NO:12434W

BALANCE SHEET AS ON 31st MARCH 2010

| Particulars | Sch. | As on 31.03.2010 (Amount in Rs.) | As on 31.03.2009 (Amount in Rs.) |
|----------------------------------|------|-------------------------------------|-------------------------------------|
| SOURCES OF FUND | | | |
| 1. Share Holders Fund : | | | |
| a) Share Capital | 1 | 45,903,000.00 | 45,903,000.00 |
| b) Reserves & Surplus | 2 | <u>(34,404,290.00)</u> | <u>(33,680,561.00)</u> |
| | | | 12,222,439.00 |
| 2. Loan Funds | | | |
| a) Secured Loans | 3 | - | 1,203,242.00 |
| b) Unsecured Loans | 4 | <u>4,593,975.00</u> | <u>6,443,600.00</u> |
| c) Deferred Tax Liabilities | 5 | 3,172,749.00 | 3,413,350.00 |
| Total | | <u>19,265,434.00</u> | <u>23,282,631.00</u> |
| APPLICATION OF FUNDS | | | |
| 1) Fixed Assets | | | |
| Gross Block | 6 | 94,382,756.00 | 92,532,206.00 |
| Less : Depreciation | | <u>78,931,325.00</u> | <u>76,783,153.00</u> |
| Net Block | | 15,451,431.00 | 15,749,053.00 |
| 2) Net Current Assets | | | |
| Current Assets, Loans & Advances | | | |
| 1) Inventories | | 1,384,082.00 | 923,900.00 |
| 2) Sundry Debtors | 7 | 2,607,312.00 | 6,578,452.00 |
| 3) Cash & Bank Balance | 8 | 612,588.00 | 347,357.00 |
| 4) Loans & Advances | 9 | <u>1,991,535.00</u> | <u>1,551,742.00</u> |
| | | 6,595,517.00 | 9,401,451.00 |
| Less : | | | |
| Current Liabilities & Provisions | 10 | 2,781,514.00 | 1,867,873.00 |
| Net Current Assets | | 3,814,003.00 | 7,533,578.00 |
| Total | | <u>19,265,434.00</u> | <u>23,282,631.00</u> |

AS PER OUR REPORT OF EVEN DATE

FOR SUMARIA & SUMARIA

Chartered Accountants

J.J. SUMARIA

Partner

FOR CAPROLACTAM CHEMICALS LTD.

MRS. Z.S. BHANUSHALI

(Managing Director)

S.S. BHANUSHALI

V.P. ADAGALE

Directors

Place : Mahad

Date : 07/06/2010.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010.

| Particulars | Sch. | As on 31.03.2010 (Amount in Rs.) | As on 31.03.2009 (Amount in Rs.) |
|---|------|-------------------------------------|-------------------------------------|
| I. INCOME | | | |
| a) Sales & Job Work | | 18,069,709.00 | 21,675,690.00 |
| b) Other Income | 11 | 113,298.00 | 137,997.00 |
| Total.....A | | 18,183,007.00 | 21,813,687.00 |
| II. EXPENDITURE | | | |
| (a) Opening Stock | | 923,900.00 | 1,012,840.00 |
| Purchases For Manufacturing | | 131,250.00 | 712,899.00 |
| Purchases Spares & Tools | | <u>1,058,260.00</u> | <u>916,792.00</u> |
| | | 2,113,410.00 | 2,642,531.00 |
| Less : Closing Stock | | <u>1,384,082.00</u> | <u>923,900.00</u> |
| | | 729,328.00 | 1,718,631.00 |
| (b) Manufacturing & Direct Exp. | 12 | 13,426,037.00 | 11,251,286.00 |
| (c) Administrative, Selling Distribution Exp. | | | |
| (d) Managerial Remuneration | 13 | 2,376,645.00 | 2,533,991.00 |
| (e) Auditors Remuneration | | 439,200.00 | 439,200.00 |
| (f) Depreciation | | 27,575.00 | 28,090.00 |
| | | 2,148,172.00 | 2,419,344.00 |
| Total.....B | | 19,146,957.00 | 18,390,542.00 |
| III Profit (LOSS) BEFORE TAX (A - B) | | (963,950.00) | 3,423,145.00 |
| IV. A PROVISION FOR TAXATION | | | |
| a. Taxation For Current Year | | - | (352,584.00) |
| b. Provision For Fringe Benefit Tax | | - | (32,091.00) |
| B SHORT PROVISION TO EARLIER | | | |
| | | | |
| C DEFFERED TAX BENEFIT | | 240,601.00 | 305,922.00 |
| V. PROFIT (LOSS) AFTER TAX | | (723,349.00) | 3,344,392.00 |
| VI PRIOR PERIOD ITEMS | | (380.00) | |
| DEFFERD TAX ASSET WRONG PROVISION | | | (197,662.00) |
| VI. SURPLUS B/F. | | (33,680,561.00) | (36,827,291.00) |
| VII. BALANCE CARRIED TO BALANCE SHEET | | (34,404,290.00) | (33,680,561.00) |
| ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | 14 | | |

AS PER OUR REPORT OF EVEN DATE

FOR SUMARIA & SUMARIA

Chartered Accountants

J.J. SUMARIA

Partner

Place : Mahad

Date : 07/06/2010.

FOR CAPROLACTAM CHEMICALS LTD.

MRS. Z.S. BHANUSHALI

(Managing Director)

S.S. BHANUSHALI

V.P. ADAGALE

Directors

SCHEDULE FORMING PART OF ACCOUNTS

| | As on 31.03.2010 | As on 31.03.2009 |
|--|------------------|------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| SCHEDULE - 1 Equity Capital | | |
| a) Authorized Capital | | |
| 50,00,000 Equity Shares of Rs.10/- Each | 5,00,00,000.00 | 5,00,00,000.00 |
| b) Issued, Subscribed & Paid Up | | |
| 46,00,000 Equity Shares of Rs.10/ Eac | 4,60,00,000.00 | 4,60,00,000.00 |
| Less : Calls Unpaid | 97,000.00 | 97,000.00 |
| Total | 4,59,03,000.00 | 4,59,03,000.00 |
| SCHEDULE - 2 Reserve & Surplus: | | |
| | (34,404,290.00) | (33,680,551.00) |
| SCHEDULE - 3 Secured Loans: | | |
| Deferred Sales Tax Loan | - | 1,203,242.00 |
| SCHEDULE - 4 Unsecured Loans from Directors | | |
| | 4,593,975.00 | 6,443,600.00 |
| SCHEDULE - 5 | | |
| Differed Tax Liability | 3,413,350.00 | 3,521,609.00 |
| Less :- Differed Tax Asset | 240,601.00 | 108,259.00 |
| Total | 3,172,749.00 | 3,413,350.00 |
| SCHEDULE - 7 Sundry Debtors: | | |
| | 2,607,312.00 | 6,578,452.00 |
| SCHEDULE - 8 Bank Of India | | |
| Cash In Hand | 2,678.00 | 48,050.00 |
| Total | 612,588.00 | 347,357.00 |
| SCHEDULE - 9 Loans & Advances : | | |
| | 1991535.00 | 1551742.00 |
| SCHEDULE - 10 Current Liabilities : | | |
| a) SUNDRY CREDITORS FOR GOODS AND CAPITAL : | 1,184,100.00 | 975,529.00 |
| b) SUNDRY CREDITORS FOR EXPENSES : | 1597414.0000 | 892344 |
| Total | 2,781,514.00 | 1,867,873.00 |
| SCHEDULE - 11 Other Income | | |
| Bank F.D.R. Interest | 30,347.00 | 30,198.00 |
| Discount From Sundry Creditors & Others | 82,951.00 | 74,324.00 |
| Interest On Income Tax Refund | ----- | 33,475.00 |
| Total | 113,299.00 | 137,997.00 |
| SCHEDULE - 12 MFG. & DIRECT EXPENSES | | |
| Electricity Charges | 2,476,190.00 | 1,396,700.00 |
| Fuel Charges | 4,737,139.00 | 5,245,505.00 |
| Lab Equipments | 196,402.00 | 149,285.00 |
| Labor Charges | 4,542,323.00 | 3,146,456.00 |
| Repairs & Maintenance - Machinery | 160,966.00 | 87,385.00 |
| Sales Tax | - | 8,688.00 |
| Testing Charges | 2,100.00 | - |
| Transport on Fuel | 492,782.00 | 448,689.00 |
| Transport on Spare | 36,563.00 | 37,245.00 |
| Transport on Raw material | 4,000.00 | 0.00 |
| Utility Expenses | 387,191.00 | 356,428.00 |
| Wages | 110,320.00 | 94,110.00 |
| Water Charges | 265,941.00 | 266,215.00 |
| Weighing Charges | 14,120.00 | 14,580.00 |
| Total | 13,426,037.00 | 11,251,286.00 |
| SCHEDULE - 13 ADMINISTRATIVE EXP. | | |
| Bank Charges | 2,466.00 | 1,981.00 |
| Commission | - | 4,400.00 |
| Conveyance | 69,536.00 | 35,155.00 |

| | | |
|--|---------------------|---------------------|
| Courier Charges | 22,835.00 | 23,643.00 |
| Diesel & Petrol Charges | 217,002.00 | 423,767.00 |
| Electrical Inspection | 4,500.00 | 4,500.00 |
| Factory Insurance | 66,884.00 | 56,629.00 |
| Garden Maintenance | 27,950.00 | 19,500.00 |
| General Expenses | 149,330.00 | 52,945.00 |
| Inspection Charges | 1,300.00 | 1,350.00 |
| Insurance Charges | 29,747.00 | 9,267.00 |
| Internet Service Charges | - | 5,800.00 |
| License Fees | 12,075.00 | 31,695.00 |
| Listing Fees | 11,030.00 | 11,084.00 |
| Loading & Unloading | 61,393.00 | 31,734.00 |
| Medical Expenses | 39,184.00 | 32,564.00 |
| Meeting Fees | 14,000.00 | 5,000.00 |
| Motor Car Expenses | 60,944.00 | 72,541.00 |
| Office Salary | 714,000.00 | 785,500.00 |
| Packing & Forwarding | 3,761.00 | 4,907.00 |
| Postage & Telegram | 32,075.00 | 32,740.00 |
| Printing & Stationery | 12,335.00 | 10,893.00 |
| Professional Fees | 121,676.00 | 111,037.00 |
| Profession Tax (Company) | 2,500.00 | 2,500.00 |
| Provident Fund | 15,028.00 | 12,864.00 |
| Repairs & Maintenance - Others | 198,479.00 | 333,987.00 |
| R.O.C. Fees | 3,650.00 | 4,000.00 |
| Service Tax On Transport | 12,806.00 | 13,892.00 |
| Subscription Charges | 9,050.00 | 5,050.00 |
| Staff Welfare | 218,762.00 | 201,556.00 |
| Telephone Charges | 106,621.00 | 100,219.00 |
| Travelling Expenses | - | 13,800.00 |
| Workmen Insurance | 27,547.00 | 15,071.00 |
| SELLING & DISTRIBUTION EXP. | | |
| Advertisement | 108,180.00 | 61,420.00 |
| GRAND TOTAL | 2,376,646.00 | 2,533,991.00 |

SCHEDULE - 14

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Significant Accounting Policies

A. Method of Accounting:

The books of accounts are maintained under the Historical Cost Convention on an accrual basis:

B. Fixed Assets:

Fixed Assets are stated at cost including incidental and pre-operative expenses less depreciation.

C. Depreciation:

The Company provides depreciation on written down value method at the rates specified in the Schedule XIV of the Companies Act, 1956.

D. Inventories:

I. Stock in trade comprises of raw materials valued at cost or market value whichever is less.

II. Finished stock is valued at cost.

E. Retirement Benefit:

Gratuity payable under the Payment of Gratuity Act, 1972 and liability if any, will be Accounted on payment basis.

F. Power & Fuel:

Power & Fuel consumption on account of mainly Job work is not considered for Quantitative details.

G. Company's Activity

During the year under Audit the Company has carried mainly Job work activity

2. The figure of the previous year are regrouped or reclassified as wherever necessary.

3. The closing stock of raw material and finished stock is taken as ascertained, valued and certified by the Management.
4. Balance of debtors and creditors are subject to confirmation and reconciliation.
5. No provision for taxation has been made as there are pending earlier year losses.
6. The Company has repaid principal amount off by way of discount an amount of Rs. 1,10,653/- towards wrong Vat credit availed in the previous year.
8. The Company has repaid principal amount of Deferred Sales Tax Loan of Rs. 12,03,242/- and no interest is paid nor provided for the interest on late payment of the Loan as the same is not quantifiable.
8. Details of payment to Auditors
- | | |
|---------------------|--------------|
| For Audit work | Rs. 15,000/- |
| For Tax audit | Rs. 5,000/- |
| For Taxation matter | Rs. 5,000/- |

9. Calls unpaid on account of share capital Rs. 97,000 are Subject to Reconciliation.

10. The company's activities falls under only one segment

11. Deferred tax resulting from timing difference of depreciation between books and Income Tax is accounted for under the liability method at the current rate of tax, to the extent that the timing difference are expected to crystallize as deferred tax charge /benefit in the Profit & Loss account and as deferred tax asset/liabilities in the balance sheet.

12. Related party disclosures:-

| Sr. No. | Name of Person | Nature of Relationship | Nature of Transaction | Amount(Rs.) |
|---------|-------------------------|------------------------|-----------------------|-------------|
| 1. | Zaver S. Bhanushali | Managing Director | Director Remuneration | 2,40,000/- |
| | | | Loan Repaid | 19,96,625/- |
| 2. | Siddharth S. Bhanushali | Director | Director Remuneration | 1,99,200/- |
| | | | Loan Repaid | 1,20,000/- |

13. Quantitative & Turnover Information

Current Year(in M.T.) Previous year(in M.T.)

A. LICENSES CAPACITY

| | | |
|--|-------|-------|
| 1. E.O. Condensates Emulsifiers / Glycol Ether | 1000 | 1000 |
| 2. Vinyl Sulphone / Dyes Intermediates | 600 | 600 |
| 3. Ethyl Acetate | 3000 | 3000 |
| 4. Liquefied Solvent | 19000 | 19000 |

B. INSTALLED CAPACITY

| | | |
|--|-------|-------|
| 1. E.O. Condensates Emulsifiers / Glycol Ether | 1000 | 1000 |
| 2. Vinyl Sulphone / Dyes Intermediates | 600 | 600 |
| 3. Ethyl Acetate | 3000 | 3000 |
| 4. Liquefied Solvent | 19000 | 19000 |

C. PRODUCTION OF FINISHED GOODS

1. Chemicals

D. PURCHASE OF GOODS

Current Year

Previous Year

| | Qty. (Mt.) | Value (Rs.) | Qty. (Mt.) | Value (Rs.) |
|-----------------------|-----------------|-------------|----------------|-------------|
| 1. Chemicals & Others | 18.810 & 150 no | 1,31,250 | 17.910 & 1 no. | 7,12,899 |

E. SALE OF GOODS

| | | | | |
|-----------------------|-----------------|----------|-----------------|----------|
| 1. Chemicals & Others | 0.500 & 150 no. | 1,13,750 | 22.210 & 51 no. | 8,42,831 |
|-----------------------|-----------------|----------|-----------------|----------|

F. CLOSING STOCK OF FINISHED GOOD

| | | | | |
|--|-------|--------|-------|-------|
| | 0.249 | 50,943 | 0.249 | 50,94 |
|--|-------|--------|-------|-------|

G. RAW MATERIAL CONSUMED

| | | | | |
|---------------------|--------|-------|--------|----------|
| 1. Acetic Acid | ..... | ..... | 17.330 | 6,62,364 |
| 2. Alkaline Phenol | ..... | ..... | 1.000 | 30,285 |
| 3. S.D.S | ..... | ..... | 19.270 | 1,36,310 |
| 4. Sundry Chemicals | 10.020 | ..... | 12,400 | |

H. VALUE OF STORES & SPARES CONSUME

| | | | | |
|-----------------------|-------|----------|-------|----------|
| 1. Imported | ..... | ..... | ..... | ..... |
| 2. Indigenous (100 %) | | 5,98,478 | | 9,15,834 |

I. VALUE OF IMPORTS

| | | | | |
|--|--|-----|--|-----|
| | | NIL | | NIL |
|--|--|-----|--|-----|

J. EXPENDITURE IN FOREIGN CURRENCY

| | | | | |
|--|--|-----|--|-----|
| | | NIL | | NIL |
|--|--|-----|--|-----|

K. EARNINGS IN FOREIGN CURRENCY

| | | | | |
|--|--|-----|--|-----|
| | | NIL | | NIL |
|--|--|-----|--|-----|

14. The information relating to the Balance Sheet abstracted and the Company's general business profit as per Part IV to Schedule VI to The companies Act, 1956 is as under:

I Registration Details

Registration No. 11-49683 of 1992

State Code: 11

Balance Sheet Date: 31-03-2010.

II Capital raised during the year

| | | | |
|--------------|-----|---------------|-----|
| Public Issue | Nil | Right Issue | Nil |
| Bonus Issue | Nil | Private Issue | Nil |

III Position of Mobilization and Deployment of Funds

| | | | |
|-------------------|-------------|--------------|-------------|
| Total Liabilities | 1,92,65,434 | Total Assets | 1,92,65,434 |
|-------------------|-------------|--------------|-------------|

Sources of Funds

| | | | |
|-----------------|-------------|----------------------|---------------|
| Paid-up Capital | 4,59,03,000 | Reserves and Surplus | (3,44,04,290) |
| Secured Loans | --- | Unsecured Loans | 45,93,975 |
| Deferred Tax | 31,72,749 | | |

Application of Funds

| | | | |
|--------------------|-------------|-------------------|-----|
| Net Fixed Assets | 1,54,51,431 | Investment | Nil |
| Net Current Assets | 38,14,003 | Misc. Expenditure | Nil |

IV Performance of Company

| | | | |
|-------------------------------------|-------------|-------------------------|-------------|
| Turnover | 1,81,83,007 | Total Expenditure | 1,91,46,957 |
| Profit / Loss before tax (9,63,950) | | Profit / Loss after tax | (7,23,349) |
| Earnings Per Share Rs. | --- | Dividend Rate % | Nil |

V Generic Names of Three Principal Products of Company (as per monetary terms)

1. Item Code No. (ITC Code) NA

(For Schedule 1 to 14)

AS PER OUR REPORT OF EVEN DATE

FO FOR SUMARIA & SUMARIA

Chartered Accountants

J.J. Sumaria

Partner

M.No.39147

Mahad, 7th June, 2010.

FOR CAPROLACTAM CHEMICALS LTD.

Mrs. Z.S. Bhanushali

Managing Director

S.S. Bhanushali } Directors

V.P. Adagale }

Mahad, 7th June 2010

CASH FLOW STATEMENT FOR THE YEAR 31/03/2010

| A. Cash Flow from Operation Activities | Ason 31/03/2010(Rs.) | As on 31/03/2009 (Rs.) |
|--|----------------------|------------------------|
| Net Profit before tax | (9,63,950) | 34,23,145 |
| Add: Adjusted for Depreciation | 21,84,172 | 24,19,344 |
| Operating Profit before working Capital chares | 11,84,222 | 58,42,489 |
| Add: Changes in Trade & Other receivables | 35,31,347 | (16,05,316) |
| Inventories | (4,60,182) | 88,940 |
| Trade payable | 9,13,641 | (11,07,372) |
| Cash Generated from operation | 51,69,028 | 32,18,741 |
| Less: Interest Paid | ..... | .... |
| Earlier year tax paid | (380) | ..... |
| A | 51,68,648 | 32,18,741 |
| B. Cash from Investing Activities | | |
| Purchase of fixed assets | (18,50,550) | (70,213) |
| Net Cash used in investing activities B | (18,50,550) | (70,213) |
| C. Cash from Financing activities | | |
| Proceeds from Borrowing | (30,52,867) | (41,00,262) |
| Net Cash from Financing activities C | (30,52,867) | (41,00,262) |
| Net Changes in Cash & Cash Equivalents (A+B+C) | 2,65,231 | (9,51,734) |
| Cash & Cash Equivalents as at 31-03-2009 | 3,47,357 | 12,99,091 |
| Cash & Cash Equivalents as at 31-03-2010 | 6,12,588 | 3,47,357 |

FOR CAPROLACTAM CHEMICALS LTD.

Mrs. Z.S. Bhanushali (Chairperson & Managing Director)

S.S. Bhanushali V.P. Adagale } Directors

Mahad, 7th June, 2010

Auditors Certificate

We have verified the above cash flow statement of Caprolactam Chemicals Limited derived from the audited annual financial statements for the year ended 31st March, 2010 and found them to draw in accordance therewith and also with the requirements of clause 32 of the listing agreements with Stock Exchange.

FOR SUMARIA & SUMARIA

Chartered Accountants

Mahad, 07th June, 2010

(J.J. Sumaria) Partner

CAPROLACTAM CHEMICALS LIMITED 2009-10

FIXED ASSETS

SCHEDULE 5

| NET BLOCK | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|------------------------------------|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | As on 31/03/09 | Add | As on 31/03/10 | As on 31/03/09 | For the year | As on 31/03/10 | As on 31/03/10 | As on 31/03/09 |
| A. LAND | | | | | | | | |
| 1. Leasehold | 399,089.00 | - | 399,089.00 | - | - | - | 399,089.00 | 399,089.00 |
| B. BUILDINGS | | | | | | | | |
| 1. Factory Building | 7,162,007.00 | - | 7,162,007.00 | 5,809,911.02 | 135,209.60 | 5,945,120.62 | 1,216,886.38 | 1,352,095.98 |
| 2. Administration Bldg. | 558,415.00 | - | 558,415.00 | 413,629.04 | 14,478.60 | 428,107.64 | 130,307.36 | 144,785.96 |
| C. PLANT & MACHINERY | | | | | | | | |
| 1. Glycol Ether Plant | 20,251,978.00 | - | 20,251,978.00 | 14,162,714.49 | 847,016.55 | 15,009,731.04 | 5,242,246.96 | 6,089,263.51 |
| 2. Vinyl Sulphone Plant | 18,985,393.00 | 1,812,420.00 | 20,797,813.00 | 16,931,957.15 | 330,248.93 | 17,262,206.08 | 3,535,606.92 | 2,053,435.85 |
| 3. Ethyl Acetate Plant | 31,618,291.00 | - | 31,618,291.00 | 27,425,096.19 | 583,273.40 | 28,008,369.59 | 3,609,921.41 | 4,193,194.81 |
| 4. E.O. Storage Plant | 1,413,362.00 | - | 1,413,362.00 | 1,226,669.65 | 25,968.91 | 1,252,638.56 | 160,723.44 | 186,692.35 |
| 5. E.T.P. | 5,954,720.00 | - | 5,954,720.00 | 5,021,741.92 | 129,777.25 | 5,151,519.17 | 803,200.83 | 932,978.08 |
| 6. Steel Tank | 161,400.00 | - | 161,400.00 | 110,376.65 | 7,097.35 | 117,474.00 | 43,926.00 | 51,023.35 |
| D. OFFICE EQUIPMENTS | | | | | | | | |
| 1. Electronic Calculator | 6,040.00 | - | 6,040.00 | 5,576.78 | 64.43 | 5,641.21 | 398.79 | 463.22 |
| 3. Fax Machine | 47,795.00 | - | 47,795.00 | 40,718.97 | 984.28 | 41,703.25 | 6,091.75 | 7,076.03 |
| 4. EPABX | 102,900.00 | - | 102,900.00 | 90,049.57 | 1,787.49 | 91,837.06 | 11,062.94 | 12,850.43 |
| 5. Air Conditioners | 214,100.00 | - | 214,100.00 | 182,713.44 | 4,365.87 | 187,079.31 | 27,020.69 | 31,386.56 |
| 6. Pagers & Mobile Phone | 62,233.00 | - | 62,233.00 | 54,334.52 | 1,098.68 | 55,433.20 | 6,799.80 | 7,898.48 |
| 7. Xerox Machine | 58,831.00 | - | 58,831.00 | 50,572.02 | 1,148.82 | 51,720.84 | 7,110.16 | 8,258.98 |
| 8. Software Program | 50,000.00 | - | 50,000.00 | 32,473.27 | 2,437.97 | 34,911.24 | 15,088.76 | 17,526.73 |
| E. FURNITURE & FITTINGS | | | | | | | | |
| 1. Furniture & Fixtures | 744,774.00 | - | 744,774.00 | 645,261.48 | 18,011.77 | 663,273.25 | 81,500.75 | 99,512.52 |
| 2. Electrical Installation | 1,598,111.00 | - | 1,598,111.00 | 1,484,676.70 | 20,531.61 | 1,505,208.31 | 92,902.69 | 113,434.30 |
| F. VEHICLES | | | | | | | | |
| 1. Motor & Motor Cycle | 1,413,702.00 | - | 1,413,702.00 | 1,389,759.87 | 6,198.62 | 1,395,958.49 | 17,743.51 | 23,942.13 |
| 2. Cycle | 800.00 | - | 800.00 | 800.00 | - | 800.00 | - | - |
| 3. Truck | 1,085,585.00 | - | 1,085,585.00 | 1,068,001.11 | 5,275.17 | 1,073,276.27 | 12,308.73 | 17,583.90 |
| 1. Computers | 642,681.00 | 38,130.00 | 680,811.00 | 636,118.92 | 13,196.84 | 649,315.76 | 31,495.24 | 6,562.08 |
| TOTAL (Rs.) | 92,532,207.00 | 1,850,550.00 | 94,382,757.00 | 76,783,152.74 | 2,148,172.13 | 78,931,324.87 | 15,451,432.13 | 15,749,054.26 |
| PREVIOUS YEAR (Rs.) | 92,461,994.00 | 1,849,439.00 | 92,532,207.00 | 74,363,808.34 | 2,419,344.42 | 76,783,152.76 | 15,749,054.24 | 18,098,185.66 |

CAPROLACTAM CHEMICALS LIMITED

Plant & Regd. Office : B-31, M.I.D.C., Mahad, Dist - Raigad - 403 201, Maharashtra.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company being held on 29th September 2010 at 10.00 a.m. at B-31, MIDC, Mahad, Dist. Raigad - 402 301, Maharashtra.

Signature of Shareholder or proxy

Note: - Name of proxy to be written in Block Letters below the signature if the proxy attends. Please bring the Attendance Slip to the meeting Hall and hand it over at the entrance.

Please cut here

PROXY FORM

CAPROLACTAM CHEMICALS LIMITED

B-31, M.I.D.C., Mahad, Dist - Raigad - 402 301, Maharashtra

Folio No.:

Sr. No.

Number of Shares

I/We _____

being a Member / Members of the above named Company hereby appoint _____ Of _____

Or failing him _____

Of _____

As my / our Proxy to VOTE for me / us on my / our behalf at the Annual General Meeting of the Company on 29th September 2010 at 10.00

a.m. at B-31, MIDC, Mahad, Dist. Raigad - 402 301, Maharashtra.

Signed this _____ days of _____ 2010.

REVENUE
STAMP

Signature

Note: - The Proxy form must be deposited at the Registered Office of the Company not less 48 hours before holding the aforesaid mating.

RECEIVED
CAPROLACTAM CHEMICALS LIMITED
B-31, M.I.D.C., MAHAD
DIST. RAIGAD - 402 301, MAHARASHTRA

BOOK POST

REVENUE
STAMP

IF Undelivered please return to:
CAPROLACTAM CHEMICALS LIMITED
B-31, M.I.D.C., Mahad,
Dist-Riagad-402301, Maharashtra.