



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
Mr. V. L. Mange	-	Additional Director

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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.

