

From the Desk of the Vice Chairman & Managing Director

Dear Shareholders,

The Financial Year 2008-09 has been one of the most tumultuous years in the recent past. What started out as mild tremors in the American sub-prime lending markets snowballed into a global recession with far reaching consequences on many industrial verticals and economies.

The year also showed a major decrease in the supply of chemicals from China, due to the Chinese Government's insistence on their manufacturers' adherence to stringent pollution control norms, in view of world-wide attention on China before and during the Olympics Games. Your Company's ability to meet the resultant surge in demand helped benefit both the Company and its Customers. This also led to a major shift in procurement policy of chemical companies world wide, to place increased reliance on Indian producers.

However, even though the economic meltdown that followed thereafter did not allow the benefits of this shift in policy to flow immediately to Indian Companies, I am sure that in the long run, India will reap the benefit.

It is a matter of great pride that your Company has not only successfully weathered this storm, but has posted its best ever results. This is largely on account of your Company's in-built agility which enabled it to react to the roller coaster market conditions, and re-orient its manufacturing schedules, to satisfy changing demands, both in India and overseas.

Your Company's growing stature in our industry is best exemplified in an award it has received from Syngenta Crop Protection A G, Basel, Switzerland headquartered agro-chemicals company, a global leader in its field. Syngenta, one of our major customers, has recognised your Company

as an esteemed supplier, who contributed through special supply flexibility and agility to the growth of Syngenta.

Your Company's prudent financial policies have also been a major contributor to our healthy position, in spite of the fluctuations of the Rupee. We have streamlined our supply chain, optimized inventories, accelerated deliveries and improved realizations.

Your Company has also initiated processes to develop high value products catering to niche markets; our in-house Research & Development capabilities are our major strengths in these efforts, vindicating our on-going investments in manpower, technologies and equipment in this critical activity.

Your Company is also a signatory to the Responsible Care initiative. Responsible Care is the chemical industry's global voluntary initiative under which companies, through their national associations, work together to continuously improve their health, safety and environmental performance.

I am grateful for the support of the Government; I also greatly appreciate the commitment and dedication of our employees, and the support of our stakeholders, which has contributed to our rapid progress, and I am confident they will continue to play a major role in the Company's growth.

With Best Wishes

D. C. Mehta

Vice Chairman & Managing Director