

CHAIRMAN EMERITUS**Mr. Subhash D. Dandekar****BOARD OF DIRECTORS**

Mr. Dilip D. Dandekar — Chairman & Managing Director
Mr. Rajiv M. Dandekar — Joint Managing Director
Mr. Shriram S. Dandekar — Executive Director
Mr. Deepak M. Dandekar — Executive Director
Mr. Ashish S. Dandekar — Executive Director
Mr. Govind G. Desai
Mr. Shrikrishna E. Godbole
Mr. Madhukar P. Khedkar
Mr. Premanand A. Narvekar
Mr. Shishir S. Shirgaokar
Mr. Pramod M. Sapre
Mr. Dhananjay N. Mungale

REGISTERED OFFICE

Camlin House, J. B. Nagar,
Andheri (E), Mumbai 400 059.

WORKS

J. B. Nagar, Andheri (E), Mumbai 400 059.
M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506.
M.I.D.C. Taloja, Navi Mumbai 410 208.
101, Gangyal Industrial Area, Phase II, Jammu 180 004.

COMPANY SECRETARY**Ms. Lorna D'cunha****AUDITORS**

M/s. B.K. Khare & Co.
Chartered Accountants
Mumbai.

BANKERS

Bank of Maharashtra
The United Western Bank Ltd.

REGISTRARS & TRANSFER AGENTS

M/s. Sharepro Services
Unit: Camlin Limited
Satam Estate, 3rd Floor,
Cardinal Gracious Road,
Chakala, Andheri (E),
Mumbai 400 099.

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NOTICE

NOTICE is hereby given that the **57th Annual General Meeting** of the Members of Camlin Limited, will be held on Friday, the 23rd July, 2004 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Govind G. Desai, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Deepak M. Dandekar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Shrikrishna E. Godbole, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint B. K. KHARE and CO., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT in supersession of the Special Resolution passed by the members at the 54th Annual General Meeting of the Company, held on 29th August, 2001 for delisting of shares and subject to the provisions of Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Companies Act, 1956, and subject to such approvals, permissions and sanctions, as may be necessary under any other applicable enactments or rules and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”), consent of the Company be and is hereby accorded to the Board to seek voluntary delisting of the

Company’s equity shares from Ahmedabad, Delhi, Madras and Pune Stock Exchange(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard, to comply with all the legal and procedural formalities and further to authorise the Committee of Directors or any of its Director(s) or Officer(s) to do all such acts, things and deeds as may be necessary to give effect to this resolution.”

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

“RESOLVED THAT in supersession of the Special Resolution passed by the members at the 55th Annual General Meeting of the Company, held on 29th August, 2002 and pursuant to the provisions of Section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to appoint Mr. Subhash D. Dandekar as “Sr. Corporate Advisor” who is a relative of the Directors of the Company, with effect from 1st August, 2004, for a period of three years, on monthly consultancy fees of Rs. 25,000/- plus service tax alongwith car and driver for the purpose of this assignment and also reimbursement of telephone and other communication facilities, travelling, conveyance, entertainment and all other incidental expenses incurred by him from time to time in the course of carrying out assignment for the Company.”

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

“RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 for payment of revised basic salary of Rs. 7,472/- per month with effect from 1st October, 2003 together with perquisites, allowances and benefits (collectively called ‘remuneration’) aggregating to Rs. 20,808/- per month to Ms. Renuka P. Sapre, a relative of Mr. Pramod M. Sapre, Director of the Company.”

Regd. Office:
‘Camlin House’
J. B. Nagar,
Andheri (East),
MUMBAI 400 059.

By Order of the Board
LORNA D’CUNHA
Company Secretary

Dated : 10th June, 2004.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of the business referred to under Item Nos. from 7 to 9 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 17th July, 2004 to 23rd July, 2004 (both days inclusive).
4. The Dividend if sanctioned will be paid on or before 21st August, 2004 to those eligible shareholders whose names stand in the Register of Members on 23rd July, 2004. Members are requested to furnish bank details by 17th July, 2004 in order to enable the Company to print the same on the dividend warrants. In respect of shares held in dematerialised form the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to all Members, holding shares in dematerialised and physical form located at Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, and Mumbai.

Members holding shares in dematerialised form are requested to instruct their respective Depository

Participants regarding bank accounts in which they wish to receive the dividends through ECS.

Members holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's web-site www.camlin.com under the section 'Investor Relations'. Requests for payment of dividend through ECS for the year 2003-2004 should be lodged with Registrars and Transfer (R&T) Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099 on or before 17th July, 2004.

6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, all dividends which remained unpaid or unclaimed upto the financial year ended 31st March, 1994, have been transferred to General Revenue Account of the Central Government. Concerned members are requested to claim the amount from the Office of the Registrar of Companies, Maharashtra, C.G.O Complex, 2nd Floor, A Wing, CBD - Belapur, Navi Mumbai- 400 614.
7. Members who have not encashed their dividend warrants for the financial year ended 31st March, 1997 and thereafter, may immediately approach the R&T Agents to submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to 'Investors Education and Protection Fund' as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
8. Members, who hold shares in Dematerialised form are requested to bring their Client ID and DP ID Nos. for easy identification of attendance at the meeting.



**ANNEXURE FORMING PART OF THE NOTICE
EXPLANATORY STATEMENT
(Pursuant to Section 173 (2) of the Companies Act, 1956)**

SPECIAL BUSINESS:

ITEM NO. 7:

With the extensive networking of The Stock Exchange, Mumbai and availability of nationwide trading terminals, the investors have access to online dealings in the equity shares of the Company across the country. The volume of trading of the Company's equity shares on Ahmedabad, Delhi, Madras and Pune Stock Exchanges is not significant. The Listing Fees paid to these Stock Exchanges at present constitutes about 72.90% of the total listing fees paid to all the Stock Exchanges for each financial year and does not offer any commensurate benefits to the Company or Investors. Further, delisting of shares will contribute to reduction in administrative costs/efforts of the Company. In view of this, it is proposed to seek your approval once again for delisting of shares from all Stock Exchanges except Mumbai under the new guidelines issued by SEBI, which are easier to implement as against earlier regulations applicable in this regard. Under the said guidelines, no exit opportunity is required to be given to the Shareholders

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

Directors recommend the Special Resolution for your approval.

ITEM NO. 8:

Section 314 (1) of the Companies Act, 1956, inter-alia, provides that appointment of a relative of a Director for holding an Office or a place of profit in a Company carrying total monthly remuneration exceeding Rs. 10,000/- but not more than Rs. 50,000/-, shall require approval of the Members by Special Resolution.

Considering the expertise, knowledge and vast experience possessed by Mr. Subhash D. Dandekar and his contribution to the business, your Directors strongly feel that Company should have his continued advice and revise the

consultancy fees from the present Rs.18,000/-per month to Rs. 25,000/- per month.

None of the Directors of the Company other than Mr. Dilip D. Dandekar and Mr. Ashish S. Dandekar, are in any way, concerned or interested in the resolution.

Directors recommend the Special Resolution for your approval.

ITEM NO. 9:

Section 314 (1) of the Companies Act, 1956 inter-alia, provides that the appointment or revision of remuneration of a relative of Director for holding an Office or place of profit in a Company carrying total monthly remuneration exceeding Rs. 10,000/- but not more than Rs. 50,000/-, shall require approval of the Members by Special Resolution.

Ms. Renuka P. Sapre who has already resigned from the services of the Company, with effect from 1st December, 2003 was paid a revised basic salary of Rs. 7,472/- per month with all other perquisites, allowances and benefits aggregating to Rs. 20,808/- per month payable to her grade, under the approval of the Board of Directors.

None of the Directors of the Company other than Mr. Pramod M. Sapre, are in any way, concerned or interested in the resolution.

Directors recommend the Special Resolution for your approval.

Regd. Office:
'Camlin House'
J. B. Nagar,
Andheri (East),
MUMBAI 400 059.

Dated : 10th June, 2004.

By Order of the Board

LORNA D'CUNHA
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 57th Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2004.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2003-2004	2002-2003
Profit Before Extra-ordinary Item & Tax	309.40	936.14
Less: Extra-ordinary Item – Amortisation of VRS Cost	—	321.17
	309.40	614.97
Less: Provision for Tax		
– Current	72.00	275.00
– Deferred	32.57	(106.55)
– Prior Year (Net)	15.28	2.25
Profit After Tax	189.55	444.27
Balance brought forward from last year	970.68	454.71
Debenture Redemption Reserve written back	125.00	250.00
	1285.23	1148.98
Transferred to:		
Proposed Dividend	72.00	96.00
Corporate Dividend Tax	9.23	12.30
General Reserve	40.00	70.00
Balance Carried Forward	1164.00	970.68
	1285.23	1148.98

REVIEW OF OPERATIONS:

Your Company has achieved net sales of Rs. 18,268.50 Lacs for the year as compared to Rs. 17,517.43 Lacs in the previous year, showing an increase of 4.29%. Company's total export turnover this year at Rs. 3,127.70 Lacs (Previous year Rs. 2,989.46 Lacs) increased by 4.62%.

In spite of marginal increase in net sales, profit before extra-ordinary item and tax dropped steeply by 66.95% over the previous year. Fall in profit is attributable mainly to rising cost of inputs and need-based increase in quantities of free samples given for promoting products of Consumer Products & Pharmaceutical Divisions, as also to the inability of the Company to increase selling prices in the face of domestic as well as international competition. Continuous appreciation of rupee against dollar adversely affected the profitability of exports. Besides higher cost of materials, higher amount of finance charges and depreciation made a dent in the profits as compared to the previous year. As a matter of fact, the profit before depreciation, interest and tax is lower only by 31.30% against the previous year. However, the management consistently watched and effectively controlled other overheads as against those of the previous year. In the light of benefits expected to accrue from promotional efforts and

investments made by the Company in augmenting its manufacturing capacities, the management hopes to improve the Company's performance during the current year.

DIVIDEND:

Considering lower profits available for distribution your Directors recommend payment of dividend at the rate of Rs. 1.50 per share as against Rs. 2.00 per share in the previous year on 48 Lacs equity shares of Rs. 10/- each, for the year ended 31st March, 2004. Dividend if approved at the forthcoming Annual General Meeting, will be paid to those eligible shareholders whose names stand in the Register of Members on 23rd July, 2004 and to those whose names are furnished as beneficial owners by the Depositories. Total dividend outgo amounts to Rs. 72.00 Lacs exclusive of tax of Rs. 9.23 Lacs to be paid by the Company.

NEW PLANT AT JAMMU:

Management is pleased to report that wooden slat making and seasoning plant, set up at Jammu with total investment of Rs. 124.19 Lacs became commercially operative from 1st November, 2003 and the activities have stabilised at satisfactory levels. It is expected that these activities shall enable the Company to improve quality and price realisation of the pencils.

SUBSIDIARY COMPANIES:

Camlin North America, Inc., U.S.A.:

Camlin North America, Inc., U.S.A., a wholly owned subsidiary, started its commercial activities in October, 2003. Management expects the operations to reach satisfactory level during the current year.

Camlin International Limited:

Camlin International Limited, a wholly owned subsidiary, exported Rs. 42.13 Lacs worth of goods, to South Korea and earned a net profit of Rs. 4.40 Lacs, Directors have recommended maiden dividend of 30% for the year ended 31st March, 2004.

Central Government has exempted the Company from attaching the Annual Reports and other particulars of its Subsidiary Companies alongwith the Annual Report of the Company required under Section 212 of the Companies Act, 1956, accordingly the Reports of the Subsidiary Companies are not attached herewith.

The Company shall provide copy of Annual Report and other documents of its Subsidiary Companies to the shareholders on their request, free of cost.

Statement under Section 212 (3) of the Companies Act, 1956 in respect of both the Companies, along with information required to be disclosed as per direction of Central Government is annexed.

**CONSOLIDATED FINANCIAL STATEMENTS:**

As required under Clause 32 of the Listing Agreement and Accounting Standard No. 21, issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements for the year ended 31st March, 2004 have been prepared by the Company and the said audited statements form part of the Annual Report.

COST AUDIT:

The Company's Cost Records for the year ended 31st March, 2004 in respect of manufacturing activities of Bulk Drugs, are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

DEPOSITS:

During the year, the total amount of fixed deposits held by the Company was Rs. 629.14 Lacs. There are no overdue deposits except unclaimed deposits amounting to Rs. 2.96 Lacs as at 31st March, 2004, out of which, deposits amounting to Rs. 0.76 Lacs have been repaid/renewed as on date.

DIRECTORS:

Mr. Govind G. Desai, Mr. Deepak M. Dandekar and Mr. Shrikrishna E. Godbole retire by rotation and being eligible offer themselves for re-appointment. You are requested to appoint them.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. that in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have 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 ended 31st March, 2004 and of the profit of the Company for the year under review;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2004 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the annual accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

CORPORATE GOVERNANCE:

The Company has complied with the Corporate Governance requirements as stipulated under the listing agreement with

the Stock Exchanges. A certificate from the auditors confirming the compliance form part of this report. A separate section on Management Discussion and Analysis is also annexed to this report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred a sum of Rs. 3.21 Lacs during the financial year to the Investor Education and Protection fund established by the Central Government. The said amount represents unclaimed debentures alongwith interest and fixed deposits which have been unclaimed with the Company for a period of 7 years from their respective due dates of payment.

EMPLOYEE RELATIONS:

Negotiations with workmen of Andheri, Tarapur & Taloja establishments for wage agreements, are in progress and it is hoped that an amicable settlement would emerge.

Relations with the employees at all levels remained cordial, during the year.

AUDITORS:

The retiring Auditors, B. K. KHARE & CO., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2004-2005. You are requested to appoint them.

GENERAL:

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure to this report.

There were no employees in receipt of remuneration of Rs. 24,00,000/- or more, if employed throughout the year or Rs. 2,00,000/- per month, if employed for part of the year.

ACKNOWLEDGEMENT:

Your Directors wish to express their gratitude to the Members, Depositors, Bankers, Financial Institutions and the Customers for their active support and patronage. We also wish to acknowledge the spirit of dedication, commitment and co-operation extended by employees at all levels.

For & on behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai

Dated : 10th June, 2004.

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Installation of automatic power control unit for the maintenance of power factor has yielded 3.13% incentive on power bill during the year.

The major steps taken towards energy conservation during this financial year were the installation of:

- (i) Eco-friendly vapor absorption machines (VAM) against conventional chilling plant;
- (ii) Condensed water recovery network and boiler efficiency controlling software; and
- (iii) Super impellers.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

No additional investments are envisaged. However, steps have been taken to introduce improved operational methods, rationalisation and better methods of lighting, aimed to save consumption of power and fuel.

(c) Impact of the above matters:

As a result of measures taken/to be taken, enumerated in (a) and (b) above further economy in conservation of energy coupled with reduction in cost of production shall be possible.

(d) Total energy consumption and energy consumption per unit of production:

As per FORM A.

FORM A

Form of disclosure of particulars with respect to conservation of energy
(Applicable in respect of Bulk Drug and Fine Chemical activities)

(A) Power and Fuel Consumption

	<u>2003-2004</u>	<u>2002-2003</u>
1. Electricity		
(a) Purchased		
Units (KWH)	1739959	1298511
Total Amount (Rs. in Lacs)	70.75	53.31
Rate/Unit (Rs.)	4.07	4.10
(b) Own Generation	—	—
2. Coal	—	—
3. Light Diesel Oil (LDO)		
Quantity (K. Ltrs.)	458.00	279.55
Total Amount (Rs. in Lacs)	99.40	52.52
Average Rate per Ltr. (Rs.)	21.70	18.79
4. Others/Internal Generation	—	—
(B) Consumption per Unit of production (M.T)	Standards	Standards
	(If any)	(If any)
Electricity (KWH)	757	522
LDO (Ltrs.)	199	112

B. TECHNOLOGY ABSORPTION

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company : New product development, Process development.



2. Benefits derived as a result of the above R&D : Cost reduction, Quality upgradation, Development of new markets.
 3. Future plan of action : Future plan of action envisages acceleration in the process of development already set in motion and undertaking more process development work for Bulk Drugs, Fine Chemicals and other products aimed to achieve cost reduction, and improvement in quality.

(Rs. in Lacs)

	2003-2004	2002-2003
4. Expenditure on R&D:		
(a) Capital	12.52	50.49
(b) Recurring	77.15	91.78
(c) Total	89.67	142.27
(d) Total R&D Expenditure as a percentage of total turnover	0.49%	0.81%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R&D Laboratory is recognised by the Department of Scientific & Industrial Research, Govt. of India, where continuous efforts are made to innovate new products and improve the quality of Stationery, Industrial Adhesives, Art Material, Bulk Drug and Fine Chemical products manufactured/procured by the Company and to make the manufacturing process safe, cost effective and environment friendly. Considering post 2005 era, the Fine Chemical R & D has initiated basic research activities in synthesis of new organic compounds.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. : Technological, innovations and improvements undertaken at the Laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales, reducing cost, and improving quality and scale of the production. The Fine Chemical Division is heading towards global leadership in food grade antioxidants.
3. Technology Import : N. A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Exports of Consumer Products increased by 38.68% during the year 2003-2004. The Company continued its participation in international exhibitions held in Europe and has appointed distributors in U.S.A., Europe, Africa, Latin America, Middle East, South East Asia and other countries.

For giving further boost to export sales, the presence in international exhibitions will be enhanced during the year.

The inspection of manufacturing facilities of Fine Chemicals Division by Multinational buyers is being organised to inspire the confidence of potential buyers.

- (b) Total Foreign Exchange used and earned:

(Rs. in Lacs)

	2003-2004	2002-2003
Foreign exchange used	1,231.85	1,324.65
Foreign exchange earned	3,127.70	2,991.45

For & On behalf of the Board

DILIP D. DANDEKAR
 Chairman & Managing Director

Place : Mumbai
 Dated : 10th June, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors have the pleasure of presenting the Management Discussion & Analysis report for the year ended 31st March, 2004.

INDUSTRY STRUCTURE & DEVELOPMENT AND SEGMENTWISE PERFORMANCE:

Consumer Products, Fine Chemicals and Pharmaceuticals are three business segments of your Company.

The size of the Indian market for the products, in which the Consumer Products Division deals, is estimated at Rs. 2,200 Crores per annum. This estimation does not include the export potential and is purely an in-house estimate as no official published data whatsoever for the Art Material and Stationery product industry is available.

Consumer Products Industry is dominated by product specific companies, set up domestically as also by the multinational companies. Besides, there are lot of players in unorganised sector involved in manufacturing and trading. Your Company is one of those few distinguished entities covering very broad spectrum of artist materials, writing instruments, scholastic and office stationery products.

Chemical Industry of which bulk drugs and fine chemicals are part, is very big and except for anti-oxidants and food grade chemicals, your Company has limited presence in the market. Since Company exports anti-oxidants and food grade chemicals in substantial quantities, it is subject to competition from international companies.

Pharmaceutical Industry is believed to have an aggregate size of Rs. 19,678 Crores and growing @ 8% as reported by ORG-IMS March, 2004. The Industry has shown the momentous shift from manufacturing to R&D and Sales and Marketing. The patent regime further highlights the opportunities that would bring in yet exciting time ahead. New products continue to fuel the growths of the market. Approximately 3700 new products were launched in the last 24 months and have grossed a value of almost Rs. 1,500 Crores in the year 2003-04. The market which was till recently dominated by MNCs has now been led to a large extent by domestic MNCs. Besides, there are a large number of units in the small scale sector which caters to the manufacturing requirements of large companies. Many Indian MNCs have set up plants in developed countries and have earned a name in the international pharmaceutical industry.

The segmentwise performance is as follows:

- **CONSUMER PRODUCTS:**

This Segment covers wide range of artist materials, writing instruments, scholastic, office stationery and adhesives. Students, amateur and professional artists and

commercial establishments are users of the Company's products. Due to increase in level of income, special thrust given by the Government for education particularly in rural areas and appreciation of role played by art in shaping the career of the students, the market has been growing steadily.

Pioneering status, ability to understand and fulfil the needs of the consumers, constant product innovation, competitive pricing, service to the traders and quality standards at par with leading international companies have enabled the Company to maintain market leadership in spite of entry of domestic and international companies. Company has over the years, built up a massive base of consumers particularly through the medium of All India Camel Colour Contest and hobby painting classes where continuous interaction takes place with students, art teachers, professional and household artists. Company has been able to cultivate tremendous brand loyalty over generations and this strategy has proved to be much more cost effective as against conventional promotion only through advertising.

The Company is taking special efforts in the international markets to promote the products particularly in the range of colours and writing instruments such as hobby colours and markers. Formation of 100% subsidiary in USA, is expected to give a good boost to the Company's export efforts.

During the financial year, Company has achieved net sales of Rs. 12,439.16 Lacs as against Rs. 12,772.19 Lacs in the previous year, recording a decrease of 2.61% due to "Back to School" season, which is the major value building period having been adversely affected in the aftermath of the then proposed VAT and its subsequent withdrawal and the transport strike. Growth in exports however is 38.68% over the previous year.

- **FINE CHEMICALS:**

This segment covers Food Grade antioxidants and Active Pharmaceutical Ingredients (API) such as TBHQ, BHA, Amlodipine Besylate, Amlodipine Hydrochloride, Miconazole Nitrate, Flutamide, Fluconazole, Nitrendipine etc. Antioxidants are used in the Food Industry whereas Active Pharmaceutical Ingredients are used in the Pharmaceutical Industry.

In spite of pressure on margins caused by entry of small manufacturers from the unorganised sector and lower price realisation due to appreciation of rupee, the Company was able to improve its market share. This was brought about by increased volume of production and



constant process development undertaken for reducing production cost. Efforts are on to expand the product base so that the Company faces competition more effectively.

During the financial year, Company has achieved net sales of Rs. 3,145.23 Lacs as against Rs. 2,874.96 Lacs in the previous year, recording an increase of 9.40%. However there was a marginal decrease in exports by 0.03% over the previous year.

• **PHARMACEUTICALS:**

This Segment covers trading in pharmaceutical products like corticosteroids, antifungals, anti-asthmatic, nasal decongestants and skin lotions. Increased promotion with samples and inputs with proper monitoring is expected to yield good results in the current year. This segment has also followed the industry pattern by launching 8 brands in the year 2003 like Oflatoon-OD, Oflatoon-DS, Zipcet, Mycoclear, Danclear, Xynose, Respigat and Gatitoo. These brands have contributed substantially to the total pharmaceutical sales. Other than these new brands, the pharma segment also commands its strong presence in dermatology and anti-biotics. Anti-uncerants and pain management are the other two therapeutic areas where the division has already ventured into an has all the plans in place to make the mark.

During the financial year, Company has achieved net sales of Rs. 2,684.10 Lacs as against Rs. 1,870.29 Lacs in the previous year, recording an impressive increase of 43.51%.

OPPORTUNITIES AND THREATS:

The Company possesses strong brands built over the promotional efforts for past 6 decades, in-house R & D and analytical expertise, distribution network spread through length and breadth of the country as also in many parts of the globe. All these factors help the Company increase its market share and also introduce new products. Company's art materials are market leaders while market share for other products is growing at a satisfactory level. Special efforts are being taken to improve market share of writing instruments.

Company's fine chemicals, bulk drugs and drug intermediaries are finding good acceptance in International and domestic market. Sales of pharmaceutical products have registered good growth.

Notwithstanding the strenuous efforts of the management in improving the sales and profitability, entry of multinational companies and low priced imports, continue to be a cause for concern and may adversely affect performance of the Company.

OUTLOOK:

During the year, the Company plans to widen its client base. The focus in all the three segments will be to improve the sales, increase productivity, profitability and to implement cost cutting measures to the maximum. In line with the demand potential, there will be further increase in the investments in all three segments during the current year. The Company expects to end the year with a healthy increase in turnover and profitability.

RISKS AND CONCERNS:

Many of the products manufactured by the Art Material and Stationery product industry in India either are not high technology products or are products for which the technical knowhow is easily accessible. The liberalised import policy, the simplified import procedure and the import duties which are lower than the production related duties in India have exposed the trade in India to a variety of products of foreign make. These factors have not only enhanced the growth of competition but also affected the overall realisation for the manufacturers in India.

Pharmaceutical Industry from 2005 is going to be affected by the WTO Pact pertaining to International Patent Regime. This may translate into non-availability of new products for launch and this may lead to slower growth and lesser margins for this business. Also the Industry is polarizing into lesser number of companies who are bigger and stronger. This may lead to increased competition and unsustainable market conditions for smaller players in the market.

Fine Chemical business is mainly export-oriented business and high volatility of Rupee to Dollar conversion may lead to variation in our earnings. The feed stock prices have an upward trend worldwide and, as a result, the raw material cost trend may remain upward, whereas, due to immense competition, the selling price trend may decline.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The internal control systems are commensurate with the size, scale and nature of operations of the Company. The adequacy of the control systems is examined by the management at regular intervals and also by the internal auditors. The internal auditors, who are independent and report directly to the audit committee, carry out audit at regular intervals to identify weaknesses, if any, of the systems and to suggest improvements for better functioning. The issues raised by the internal auditors on the operations of the Company are regularly discussed by the audit committee with the internal auditors.

FINANCIAL PERFORMANCE:

The Financial results and performance for the year are elaborated in the Directors Report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Your Company attaches utmost priority to human resource development, with focus on regular upgradation of the knowledge and skills of all its employees and equipping them with the necessary expertise to meet the challenges of change and growth successfully. The Company continuously monitors its manpower requirement to ensure that it has adequate human skills commensurate with its needs. Initiatives have been taken with respect to managerial development of the employees.

The Industrial relations as stated in the Directors' Report of the Company continued to be cordial during the year at all levels.

Certain statements, estimates and expectations stated in this Management Discussion and Analysis are based on the current perceptions, data and information available with the Company and may be 'forward - looking statements' within the meaning of applicable securities, laws and regulations.

They reflect the Company's current views of future events which are subject to risks and uncertainties. Important factors such as change in the competition scenario in the Company's areas of operations, economic conditions affecting demand/supply and prices situation in the domestic and international market, changes in government regulations, tax laws and other incidental factors may cause actual results to be materially different. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai

Dated : 10th June, 2004.



CORPORATE GOVERNANCE REPORT

Being an investor friendly Company, the Corporate Governance in Camlin is not restricted to implementation of the Code for the sake of fulfilling the requirements of the Securities and Exchange Board of India (SEBI) but the same is followed in letter and spirit.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance envisages attainment of a high level of transparency and accountability in functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, deposit-holders, creditors, consumers and institutional and other lenders and places due emphasis on regular compliance. A sustained effort towards exploring all possible avenues for increasing value creation is the key driving factor for the management.

2. BOARD OF DIRECTORS:

During the financial year 2003-2004, six board meetings were held on following dates:

16th April, 2003, 6th June, 2003, 24th July, 2003, 16th September, 2003, 22nd October, 2003 and 23rd January, 2004.

Details of composition of the Board, category, attendance of Directors at board meeting and last Annual General Meeting, No. of other Directorship and other Committee Membership are given below:

Name & Designation of Directors	Category	No. of Board Meetings Attended	No. of Directorships held in other Companies	Attendance at last AGM	No. of Committee position held in other Companies
Mr. Dilip D. Dandekar Chairman & Managing Director	ED	6	9	Yes	Nil
Mr. Rajiv M. Dandekar Jt. Managing Director	ED	5	5	No	Nil
Mr. Shriram S. Dandekar Executive Director	ED	6	5	Yes	Nil
Mr. Deepak M. Dandekar Executive Director	ED	5	6	Yes	Nil
Mr. Ashish S. Dandekar Executive Director	ED	6	4	Yes	Nil
Mr. Govind G. Desai	NED (I)	6	13	Yes	5
Mr. Shrikrishna E. Godbole	NED (I)	6	Nil	Yes	Nil
Mr. Madhukar P. Khedkar	NED (I)	6	1	Yes	Nil
Mr. Premanand A. Narvekar	NED (I)	6	9	Yes	Nil
Mr. Shishir S. Shirgaokar	NED (I)	5	12	Yes	Nil
Mr. Pramod M. Sapre	NED	5	Nil	Yes	Nil
Mr. Dhananjay N. Mungale	NED (I)	5	13	Yes	4

ED - Executive Director.

NED (I) - Non-Executive Director (Independent)

DETAILS OF DIRECTORS BEING RE-APPOINTED:

At the ensuing Annual General Meeting, Mr. Govind G. Desai, Mr. Deepak M. Dandekar and Mr. Shrikrishna E. Godbole retire by rotation and being eligible offer themselves for re-appointment. Pursuant to Clause 49 (VI) (A) of the Listing Agreement, their particulars are given below:

(A) Mr. Govind G. Desai:

Mr. Govind G. Desai (B.A.), (LL.M.), Director of the Company, since 1988, has wide experience of over 35 years in the legal field and particularly on matters relating to corporate laws.

Other Directorships:

Name of the Company	Position
Bliss Chemicals & Pharmaceuticals India Limited.	Director
Champagne Indage Limited	—do—
Champagne Vineyards Limited	—do—
Fermenta Biotech Limited	—do—
Gravity Reality Limited	—do—
Kerry Jost Engineering Limited	—do—
DIL Limited	—do—
Alta Leasing & Finance Limited	—do—
Bullows (India) Private Limited	—do—
Bullows Paint Equipment Private Limited	—do—
Classic Stripes Private Limited	—do—
Contract Advertising (India) Private Limited	—do—
Fosroc Chemicals Private Limited	—do—

(B) Mr. Deepak M. Dandekar:

Mr. Deepak M. Dandekar (B.Com.), Wholetime Director of the Company, since 1996, has wide experience of over 20 years in the field of Finance and Information Technology.

Other Directorships:

Name of the Company	Position
Caravan Packaging Limited	Director
Camellia Infotech Limited	—do—
Camlin International Limited	—do—
Camlink Agencies Limited	—do—
Camlink Investments & Finance Private Limited	—do—
Camellia Management Services Private Limited	—do—

(C) Mr. Shrikrishna E. Godbole:

Mr. Shrikrishna E. Godbole, (LL.B.), Advocate, Director of the Company, since 1988, has wide experience of over 45 years as a legal practitioner.

Other Directorships – Nil

3. AUDIT COMMITTEE:

Composition, meetings and the attendance during the year.

The Audit Committee was constituted on 29th August, 2002. During the financial year 2003-2004, four meetings of Audit Committee were held on 28th May, 2003, 24th July, 2003, 22nd October, 2003 and 23rd January, 2004.

The details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Dhananjay N. Mungale	Chairman	NED (I)	3
Mr. Madhukar P. Khedkar	Member	NED (I)	4
Mr. Premanand A. Narvekar	Member	NED (I)	4

The Audit committee meetings were attended by the Chairman & Managing Director/Executive Directors and the Incharge of finance department. The representatives of Internal Auditors, Statutory Auditors and operational heads were also invited to the meetings. The Company Secretary acts as secretary to the committee.



Terms of reference:

The powers and main terms of reference of the Committee are as mentioned under clause 49 of the Listing Agreement with the Stock exchanges and Section 292A of the Companies Act, 1956 and inter-alia include the following:

- Approving and implementing the audit procedures and techniques.
- Reviewing audit reports of both statutory and internal auditors with the auditors and the management.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.

4. REMUNERATION COMMITTEE:

Composition:

The Remuneration Committee was constituted on 3rd July, 2002.

The details of composition of the Committee of the members are given below:

Name	Designation	Category
Mr. Shishir S. Shirgaokar	Chairman	NED (I)
Mr. Govind G. Desai	Member	NED (I)
Mr. Premanand A. Narvekar	Member	NED (I)
Mr. Pramod M. Sapre	Member	NED

During the financial year 2003-2004 no meeting of the Committee was held, since the occasion for it did not arise.

Remuneration to Directors:

(A) EXECUTIVE DIRECTORS:

Following is the Remuneration paid to the Executive Directors during the year ended 31st March, 2004:

(Rs. In Lacs)

Name	Salary	Performance Linked Remuneration (Provision made)*	Perquisites#	Total
Mr. Dilip D. Dandekar	8.64	—	7.18	15.82
Mr. Rajiv M. Dandekar	7.98	—	6.79	14.77
Mr. Shriram S. Dandekar	7.98	—	5.70	13.68
Mr. Deepak M. Dandekar	7.98	—	5.74	13.72
Mr. Ashish S. Dandekar	7.98	8.40	6.43	22.81

Perquisites interalia, include house rent allowance, reimbursement of expenses/ allowances for utilities such as gas, electricity, water, furnishing & repairs, medical reimbursement, leave travel concession, club fees etc.

All the Executive Directors are also entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of tenure as per the rules of the Company.

* Performance Linked Remuneration is being paid on the basis of achievements of sales/profitability targets as per parameters laid down by the Remuneration Committee.

Agreements for the period of three (3) years w.e.f. 1st September, 2002 have been separately entered into with each of the Executive Directors.

Performance Linked Remuneration is being payable during the financial year 2004-2005.

Presently, the company does not have a scheme for grant of stock options either to the Executive Directors or employees.

(B) NON-EXECUTIVE DIRECTORS:

The Company does not pay any remuneration to Non-Executive Directors except sitting fees for attending the meetings of the Board/Committee of the Board and reimbursement of travelling and conveyance for attending such meetings. The details of payment of sitting fees to Non-Executive Directors during the year 2003-2004 are given below:

Name	Sitting Fees (Rs.)				Total (Rs.)
	Board	Audit Committee	Remuneration Committee	Shareholders/Investors Grievance Committee	
Mr. Govind G. Desai	24,000	-	-	9,000	33,000
Mr. Shrikrishna E. Godbole	24,000	-	-	9,000	33,000
Mr. Madhukar P. Khedkar	24,000	16,000	-	-	40,000
Mr. Premanand A. Narvekar	24,000	16,000	-	-	40,000
Mr. Shishir S. Shirgaokar	20,000	-	-	9,000	29,000
Mr. Pramod M. Sapre	20,000	-	-	-	20,000
Mr. Dhananjay N. Mungale	20,000	12,000	-	-	32,000
GRAND TOTAL					2,27,000

The Company paid Consultancy Fees of Rs. 1,03,680/- to Mr. Pramod M. Sapre during the financial year 2003-2004.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted on 23rd January, 2003. During the financial year 2003-2004, three meetings were held on 24th July, 2003, 22nd October, 2003 and 23rd January, 2004.

Details of composition of the committee and attendance of the members at the meeting are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Govind. G. Desai	Chairman	NED (I)	3
Mr. Shishir. S. Shirgaokar	Member	NED (I)	3
Mr. Shrikrishna E. Godbole	Member	NED (I)	3
Mr. Rajiv M. Dandekar	Member	ED	2

Complaints received and redressed by the Company during the financial year:

During the year, 10 complaints about non receipt of share certificates and dividend warrants were received from the shareholders, all of which were attended to promptly and resolved to the satisfaction of the concerned Shareholders. There were no pending complaints at the close of the financial year.

Company took special efforts by personally contacting or by sending communication to shareholders/investors requesting them to claim their unclaimed dividend/deposits/debentures and interest thereon before it is transferred to the Investors Education and Protection Fund.

6. GENERAL BODY MEETINGS:

Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year	Venue	Date & Time
2002-2003	Walchand Hirachand Hall, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020.	24 th July, 2003 at 3.00 p.m.
2001-2002	Walchand Hirachand Hall, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020.	29 th August, 2002 at 3.00 p.m.
2000-2001	Walchand Hirachand Hall, Indian Merchants' Chamber Marg, Churchgate, Mumbai-400 020.	29 th August, 2001 at 3.00 p.m.

In the last Annual General Meeting, held on 24th July, 2003, no special resolution was passed nor was any resolution passed by way of postal ballot

7. DISCLOSURES:

- There were no materially significant related party transactions which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- Transactions with the related parties are disclosed under Schedule No. 23(xiv)(g) to the financial statements in the Annual Report.



- The Company has complied with all the requirements of the Listing Agreements with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock exchanges or any other statutory authority on any matter relating to capital markets during the last 3 years.

8. MEANS OF COMMUNICATION:

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as Economic Times and Maharashtra Times at the beginning of the financial year for two quarters and Financial Express and Loksatta for the remaining two quarters.
- As per requirements of clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc is provided on the special web-site www.sebiedifar.com and Company's web-site www.camlin.com within the timeframe prescribed in this regard.
- Presentations were also made to equity analysts during the year on several occasions.
- The management discussion and analysis forms part of this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION:

- (i) As indicated in the Notice to our Shareholders, the 57th Annual General Meeting of the Company will be held on Friday, the 23rd July, 2004 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchant's Chamber Marg, Churchgate, Mumbai-400 020.
- (ii) Financial Calendar (tentative):

Unaudited Results for the quarter ending 30 th June, 2004	Financial Reporting for:
Unaudited Results for the quarter ended 30 th September, 2004	- end of July, 2004.
Unaudited Results for the quarter ended 31 st December, 2004	- end of October, 2004.
Audited Results for the year ending 31 st March, 2005	- end of January, 2005.
	- end of June, 2005.
- (iii) Date of Book Closure: From 17th July, 2004 to 23rd July, 2004 (both days inclusive).
- (iv) Date of Dividend Payment: On or before 21st August, 2004.
- (v) Listing of Equity Shares on Stock Exchanges:
The Equity Shares of the Company are listed at Mumbai, Delhi, Ahmedabad, Chennai and Pune Stock Exchanges. The Listing Fees for the Financial Year 2003-2004 have been paid to these Stock Exchanges.

(vi) Stock Codes:

Name of the Stock Exchange	Stock Code
The Stock Exchange, Mumbai	523207
The Delhi Stock Exchange Association Ltd.	03030
The Stock Exchange, Ahmedabad	10330
Madras Stock Exchange Ltd.	CAM
Pune Stock Exchange Ltd.	CAMLI-023207

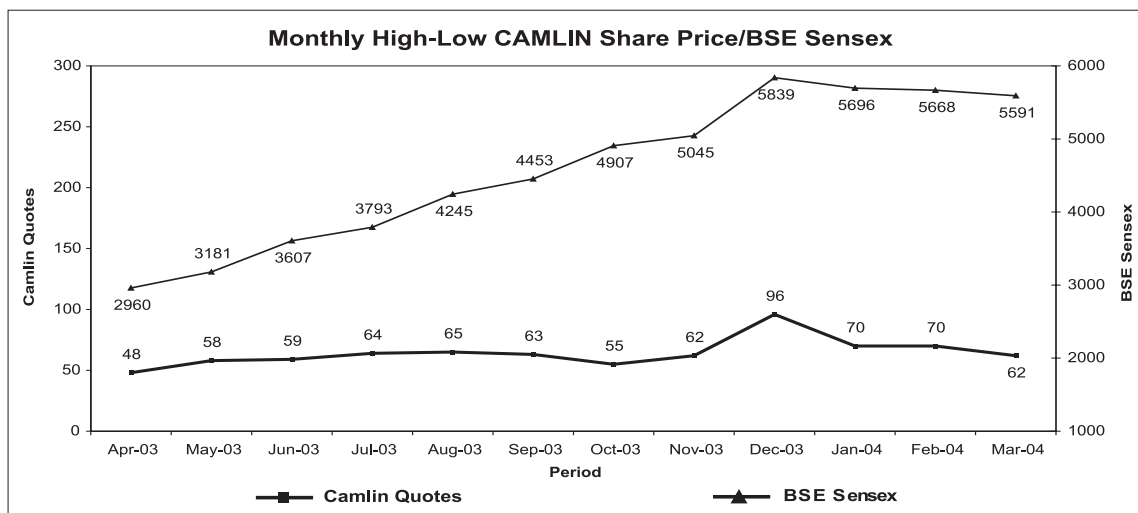
(vii) Demat ISIN in CDSL/NSDL : INE 760A01011

(viii) Share Prices (High & Low) for the year 2003-2004 at BSE:

Month	High (Rs.)	Low (Rs.)
April, 2003	53.10	45.75
May, 2003	59.95	47.55
June, 2003	72.00	55.60
July, 2003	87.65	58.50
August, 2003	74.40	60.00
September, 2003	71.65	59.50
October, 2003	74.00	53.35
November, 2003	63.50	54.15
December, 2003	105.00	62.05
January, 2004	108.00	68.05
February, 2004	80.50	62.00
March, 2004	71.00	52.00

(ix) Stock Performance:

The performance of the Company in comparison to BSE sensex is given in Chart below:



(x) Registrars and Share Transfer Agents for Shares and Fixed Deposits:

M/s. Sharepro Services

Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (East), Mumbai-400 099.

(xi) Share Transfer System:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agent and approved by the Committee of Directors which normally meets twice in a month and the duly transferred share certificates are returned to the shareholders within a period of 20 to 25 days from the date of lodgment, subject to the transfer instrument being valid and complete in all respect.

(xii) Distribution of Shareholding as on 31st March, 2004:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 500	6427	92.59	1047403	21.82
501-1000	244	3.52	196831	4.10
1001-2000	111	1.60	176326	3.67
2001-3000	31	0.45	77484	1.62
3001-4000	20	0.29	72946	1.52
4001-5000	17	0.24	80230	1.67
5001-10000	29	0.42	213452	4.45
10001 and above	62	0.89	2935328	61.15
Total	6941	100.00	4800000	100.00

(xiii) Categories of Shareholders as on 31st March, 2004:

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
Promoters	64	0.92	2323474	48.40
Banks/Financial Institutions	3	0.04	530	0.01
Private Corporate Bodies	160	2.31	275574	5.74
Indian Public	6691	96.40	2190967	45.65
NRIs/OCBs	23	0.33	9455	0.20
Total	6941	100.00	4800000	100.00



(xiv) Dematerialisation of Shares:

The Company's equity shares are held in Dematerialised form by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01011. As on 31st March, 2004, 87.48% of the total shares of the Company have been dematerialised.

(xv) As on date, the Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

(xvi) Plant Locations:

Andheri : Camlin House, J. B. Nagar, Andheri (East), Mumbai 400 059.

Tarapur : M.I.D.C Boisar, Tarapur, (Dist. Thane) 401 506.

Taloja : M.I.D.C. Taloja, Navi Mumbai 410 208.

Jammu : 101, Gangyal Industrial Area, Phase II, Jammu 180 004.

(xvii) Address for correspondence:

Registered Office : Camlin House, J. B. Nagar, Andheri (East), Mumbai 400 059.

Tel No : 022-2836 0302

Fax No : 011-2836 6579

E-mail : corporate@camlin.com

(xviii) Secretarial Department:

The Company's Secretarial Department, headed by the Company Secretary, is situated at the Registered Office mentioned above. Shareholders/Investors may contact the Company Secretary for any assistance they may need.

10. NON MANDATORY REQUIREMENTS:

Shareholders rights:

Financial Results as published in the newspapers are made available to the members on request.

Postal ballot:

The Company has not passed any resolution requiring approval of the Shareholders by postal ballot.

For & On behalf of the Board

DILIP D. DANDEKAR

Chairman & Managing Director

Place: Mumbai

Dated: 10th June, 2004.

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The members of Camlin Limited.

We have examined the compliance of conditions of Corporate Governance by Camlin Limited for the year ended on 31st March, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars & Transfer Agents and reviewed by the Shareholders Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B.K. KHARE & COMPANY**
Chartered Accountants

SUNIL BHANDARI

Partner

(M. No. 37388)

Mumbai

Dated : 10th June, 2004.

AUDITORS REPORT

To the Members of
CAMLIN LIMITED

We have audited the attached Balance Sheet of CAMLIN LIMITED as at 31st March, 2004 and also the Profit & Loss Account for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. 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 (Auditors' 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:

- (1) We have obtained all the information and explanation, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (2) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

- (3) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
- (4) In our opinion, the Balance Sheet and Profit and 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.
- (5) On the basis of written representations received from the Directors as on 31st March, 2004, and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (6) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **B. K. KHARE & COMPANY**
Chartered Accountants

SUNIL BHANDARI
Partner
(M. No. 37388)

Mumbai
Dated : 10th June, 2004.



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, all the assets have not been physically verified by the Management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanation given to us, during the year, the company has not disposed off substantial part of fixed assets.
- (ii) (a) Physical verification of inventory was conducted by the management at reasonable intervals during the year. In respect of materials sent for job work, certificates of closing stocks have been obtained from the concerned parties.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanation given to us, during the year company has accepted unsecured loans aggregating to Rs. 1.30 Lacs from one party covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance of this loan was Rs.1.30 lacs. The company has not granted any loan to Companies covered under section 301 of the Companies Act, 1956.
- (b) According to the information and explanation given to us, in our opinion, the rates of interest and other terms and conditions of unsecured loans taken from Companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) According to the information and explanation given to us, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loans taken or granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of a special nature and their prices can not be compared with alternate quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods. During the course of our audit, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control procedures.
- (v) (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of Rs. 500,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the

Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975, with regard to the deposits accepted from the public. We are further informed that no order has been passed by the Company Law Board intimating contravention of the said provisions.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of its Bulk Drug activities and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company and information and explanation given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as on 31st March, 2004 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and information and explanations given to us, disputed Sales Tax demands aggregating to Rs. 25.64 Lacs have not been deposited since the matters amounting to Rs. 16.38 Lacs are pending with D C appeals, Rs. 9.26 Lacs with Tribunal and disputed Excise demands aggregating to Rs. 167.63 Lacs have not been deposited since the matters amounting to Rs. 101.25 Lacs are pending with CEGAT, Rs. 0.25 Lac with Commissioner Appeals, Rs. 66.13 Lacs with Supreme Court.
- (x) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management,

we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions and Banks.

- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanation gives to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow of the Company, we report that funds raised on short term basis have been used for long term investment to the extent of Rs. 450 Lacs approx. No long term funds have been used to finance short term assets except permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) During the year the Company has not raised any money by public issue.
- (xxi) During the course of our 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 a case by the management.

For **B. K. KHARE & COMPANY**
Chartered Accountants

SUNIL BHANDARI
Partner
(M. No. 37388)

Mumbai
Dated : 10th June, 2004.



BALANCE SHEET AS AT 31ST MARCH, 2004.

	Schedules	As at 31.03.2004 (Rs. in Lacs)	As at 31.03.2003 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	1,700.87	1,599.14
		2,180.87	2,079.14
Loan Funds			
Secured Loans	3	3,423.76	2,756.79
Unsecured Loans	4	879.14	654.25
		4,302.90	3,411.04
Deferred Tax Liability (Net)		442.22	409.65
	TOTAL	6,925.99	5,899.83
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	6,112.24	5,742.05
Less: Depreciation		2,562.36	2,171.12
Net Block		3,549.88	3,570.93
Capital Work In Progress		3.25	36.44
		3,553.13	3,607.37
Investments	6	62.10	47.70
Current Assets, Loans and Advances			
Inventories	7	3,654.24	3,827.89
Sundry Debtors	8	2,728.33	1,622.24
Cash and Bank Balances	9	218.53	216.57
Other Current Assets	10	30.36	24.26
Loans and Advances	11	1,163.19	1,246.59
		7,794.65	6,937.55
Less: Current Liabilities & Provisions			
Liabilities	12	3,851.99	4,088.05
Provisions	13	631.90	604.74
		4,483.89	4,692.79
Net Current Assets		3,310.76	2,244.76
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	—	—
	TOTAL	6,925.99	5,899.83

Schedules 1 to 25 forming part of Accounts

As per our report of date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar Chairman & Mg. Director
R. M. Dandekar Jt. Mg. Director
S. S. Dandekar Executive Director
D. M. Dandekar Executive Director
A. S. Dandekar Executive Director
G. G. Desai Director
S. E. Godbole Director
M. P. Khedkar Director
P. A. Narvekar Director
P. M. Sapre Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004.

	Schedules	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
INCOME			
Net Sales/Income from operations	15	18,306.43	17,708.02
Other Income	16	58.69	76.85
Non Recurring Income	17	30.24	19.91
TOTAL INCOME		18,395.36	17,804.78
EXPENDITURE			
Consumption of Materials & Goods Traded-in	18	10,658.69	10,158.77
(Increase)/Decrease in Stocks	19	101.12	(686.04)
Expenses	20	6,516.42	6,703.06
Interest	21	372.17	320.85
Depreciation – Gross		443.60	378.17
Less: Transferred from Revaluation Reserve		6.59	6.59
		437.01	371.58
Provision for Wealth Tax		0.55	0.42
TOTAL EXPENDITURE		18,085.96	16,868.64
Profit before Extra Ordinary Item & Tax		309.40	936.14
Extra Ordinary Item – Amortisation of VRS cost		—	321.17
Net Profit before Tax		309.40	614.97
Taxes — Current		72.00	275.00
— Deferred		32.57	(106.55)
— Prior Year (Net)		15.28	2.25
Profit after Tax		189.55	444.27
Balance brought forward from last year		970.68	454.71
		1,160.23	898.98
Add: Debenture Redemption Reserve Written back		125.00	250.00
		1,285.23	1,148.98
APPROPRIATIONS			
Proposed Dividend		72.00	96.00
Corporate Dividend Tax		9.23	12.30
General Reserve		40.00	70.00
Balance Carried to Balance Sheet		1,164.00	970.68
		1,285.23	1,148.98

Schedules 1 to 25 forming part of Accounts

As per our report of date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar Chairman & Mg. Director
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A. S. Dandekar Executive Director
G. G. Desai Director
S. E. Godbole Director
M. P. Khedkar Director
P. A. Narvekar Director
P. M. Sapre Director

SCHEDULES TO BALANCE SHEET

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
1. SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed & Paid-up		
48,00,000 Equity Shares of Rs.10/- each	<u>480.00</u>	<u>480.00</u>
Out of these shares:		
(i) 6,000 Equity Shares allotted to vendors as fully paid up shares pursuant to contract without payment thereof being received in cash		
(ii) 36,34,500 Equity Shares allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve & Share Premium		
(iii) 5,00,000 Equity Shares Issued by way of Conversion of Debentures		
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	<u>25.20</u>	<u>25.20</u>
Revaluation Reserve		
As per last Balance Sheet	<u>251.15</u>	257.74
Less: Transferred to Profit & Loss Account	<u>6.59</u>	<u>6.59</u>
	<u>244.56</u>	<u>251.15</u>
Share Premium Account		
As per last Balance Sheet	—	182.00
Less: Transfer to Share Capital for issue of Bonus Shares	—	<u>182.00</u>
	—	—
General Reserve		
As per last Balance Sheet	<u>227.11</u>	215.11
Additions during the year	<u>40.00</u>	70.00
Less: Transfer to Share Capital for issue of Bonus Shares	—	<u>58.00</u>
	<u>267.11</u>	<u>227.11</u>
Debenture Redemption Reserve		
As per last Balance Sheet	<u>125.00</u>	375.00
Less: Transferred to Profit & Loss Account	<u>125.00</u>	<u>250.00</u>
	—	<u>125.00</u>
Profit & Loss Account	<u>1,164.00</u>	970.68
	<u>1,700.87</u>	<u>1,599.14</u>

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
3. SECURED LOANS		
[REFER SCHEDULE NO. 23 (v), (vi) & (vii)]		
(i) DEBENTURES		
16.5% Secured Redeemable Non Convertible Debentures (Privately placed with IDBI) of Rs. 100/- each fully paid up	—	250.00
(ii) Term Loans from Banks & Financial Institutions		
a. Rupee Loan	214.99	367.80
b. Foreign Currency Loan — Fixed Assets	431.39	428.78
— Working Capital	751.32	—
(iii) Deferred Payments	2.72	4.85
Less: Unaccrued Interest	<u>0.37</u>	<u>0.93</u>
	2.35	3.92
(iv) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)	274.53	146.01
(v) Bank Overdrafts/Working Capital Demand Loan in Foreign Currency	<u>1,749.18</u>	<u>1,560.28</u>
	<u>3,423.76</u>	<u>2,756.79</u>
Out of (i) to (iii) above Rs. 425.98 Lacs is repayable within one year (2002-2003 Rs. 609.95 Lacs)		
4. UNSECURED LOANS		
(i) Fixed Deposits	629.14	404.25
(ii) Short Term Loan from Bank	250.00	250.00
	<u>879.14</u>	<u>654.25</u>
Includes Rs. 487.79 Lacs repayable within one year (2002-2003 Rs. 336.94 Lacs)		

5. FIXED ASSETS [REFER SCHEDULE NO. 22(i) & (ii)]

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2004	Upto 31.03.2003	For the year	Disposals/ Adjustments	As at 31.03.2004	As at 31.03.2004	As at 31.03.2003
Freehold Land	**141.21	—	—	141.21	—	—	—	—	141.21	141.21
Leasehold Land	27.06	—	—	27.06	2.51	2.50	—	5.01	22.05	24.55
Site Development	30.40	12.60	—	43.00	1.58	0.57	—	2.15	40.85	28.82
Building & Shed	**834.86	82.23	9.38	*907.71	243.89	***26.52	1.17	269.24	638.47	590.97
Plant, Machinery & Equipment	3,900.20	371.10	92.99	4,178.31	1,563.39	332.01	13.41	1,881.99	2,296.32	2,336.81
ERP Hardware/Software Cost	107.29	3.31	—	110.60	21.40	22.35	—	43.75	66.85	85.89
[Refer Schedule No. 22(i) (b) & (ii) (e)]										
Furniture & Fittings	298.05	9.93	—	307.98	130.29	18.36	—	148.65	159.33	167.76
Vehicles	262.99	57.03	63.64	256.38	83.63	25.73	37.78	71.58	184.80	179.36
Intellectual Property Rights (IPRs)	139.99	—	—	139.99	124.43	15.56	—	139.99	—	15.56
[Refer Schedule No. 22(i) (a) & (ii) (d)]										
Total	5,742.05	536.20	166.01	6,112.24	2,171.12	443.60	52.36	2,562.36	3,549.88	3,570.93
Previous Year	4,570.55	1,204.32	32.82	5,742.05	1,812.38	378.17	19.43	2,171.12	3,570.93	2,758.17

* Includes Rs. 0.09 Lacs (2002-2003 Rs. 0.09 Lacs) being the cost of shares in Co-operative Societies. In some cases, share certificates are yet to be received.
** Includes Rs. 330.26 Lacs on account of Revaluation of Land and Building at Andheri on 31.03.1991.
*** Includes depreciation on revalued Assets Rs. 6.59 Lacs (2002-2003 Rs. 6.59 Lacs)

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
6. INVESTMENTS — LONG TERM		
A. Unquoted (Non Trade)		
(i) Government and National Saving Certificates Face Value Rs. 10	0.28	0.40
(ii) Unit Trust of India	21.56	29.51
21,564 Bonds — 6.75% Tax Free [Face value Rs. 100/- each (2002-2003 210,239 Units Repurchase Value — Rs. 11.46 Lacs)]	@	
Less: Provision for diminution in value	—	15.00
	21.56	14.51
(iii) Subsidiary Companies		
(a) 5,000 Equity Shares of Rs. 100/- each in Camlin International Ltd.	5.00	5.00
(b) 10,000 (1,000) Equity Shares of US\$ 1 each in Camlin North America Inc., U.S.A.	4.66	0.49
(iv) Shares (Trade)		
(a) 4,000 Equity Shares of Rs. 100/- each in Triveni Pencils Ltd.	4.00	4.00
(b) 1,000 Equity Shares of Rs. 10/- each in The Saraswat Co-operative Bank Ltd.	0.10	0.10
(c) 8,928 Equity Shares of Rs. 100/- each in Nilmac Packaging Industries Ltd.	10.42	10.42
(d) 1,000 Shares of Rs. 10/- each in Co-operative Stores, New Delhi	0.10	0.10
(e) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	2.15	2.15
(f) 10,000 Equity Shares of Rs. 10/- each in Sicom Ltd.	8.00	8.00
(g) 10,000 Shares of Rs. 10/- each in The North Kanara GSB Co-Op. Bank Ltd.	1.00	1.00
(h) Share Application Money Tarapur Joint Effluent Treatment Plant Ltd. (Written off during the year)	—	1.00
B. Quoted (Non Trade)		
(a) 1,875 Equity Shares of Rs. 10/- each in The United Western Bank Ltd. Market Value Rs. 0.61 Lacs (2002-2003 Rs. 0.40 Lacs)	0.53	0.53
(b) 18,700 Equity Shares of Rs. 10/- each in Bank of Maharashtra (Quoted after 31.03.2004)	4.30	—
	62.10	47.70

@ During the year Units under US 64 were converted at repurchase price determined by U.T.I. into 6.75% Tax Free Bonds guaranteed by Government.

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
12. LIABILITIES		
(i) Acceptances		
(a) Due to Small Scale Industrial undertakings	583.34	687.54
(b) Others	45.86	125.24
	629.20	812.78
(ii) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	1,107.91	1,254.70
(b) Others	1,056.19	896.40
	2,164.10	2,151.10
(iii) Interest Accrued but not due on loans	35.49	26.86
(iv) Stockists Deposits	410.64	396.57
(v) Staff Security Deposit	5.53	4.40
(vi) Liabilities for expenses	330.83	342.99
(vii) Unclaimed Dividend	10.74	9.09
(viii) Unclaimed Debentures	3.65	7.94
(ix) Other Liabilities	261.81	336.32
	3,851.99	4,088.05
13. PROVISIONS		
(i) Taxes	388.43	323.42
(ii) Leave Encashment	98.61	84.17
(iii) Excise Duty on bonded warehouse stocks	63.63	88.85
(iv) Proposed Dividend	72.00	96.00
(v) Corporate Dividend Tax	9.23	12.30
	631.90	604.74
14. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
(i) V.R.S. Compensation	—	311.72
Incurred during the year	—	9.45
Less: Written Off during the year	—	321.17
	—	—
(ii) Debenture Issue Expenses	—	4.67
Incurred during the year	—	—
Less: Written Off during the year	—	4.67
	—	—
	—	—

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
15. SALES/INCOME FROM OPERATIONS		
Gross Sales	19,310.59	18,558.84
Less: Trade Discount	357.30	375.95
Less: Excise Duty	684.79	665.46
	18,268.50	17,517.43
Formulation Development recovered	24.58	52.54
Export Benefits	0.87	1.58
Job Work Income	12.48	0.40
Insurance Claim [Refer Schedule No. 23 (ix)]	—	136.07
	18,306.43	17,708.02
16. OTHER INCOME		
Commission	—	5.56
Interest [including interest on Govt. Securities Tax deducted at source Rs. 0.75 Lacs (2002-2003 Rs. 1.69 Lacs)]	13.37	9.95
Dividend — On Non Trade Investments	0.03	0.19
— On Trade Investments	0.69	—
Profit on Sale of Assets	0.46	—
Profit on Sale of Trade Investments	—	1.05
Miscellaneous Receipts	44.14	60.10
	58.69	76.85
17. NON RECURRING INCOME		
Profit on Sale of Premises (Net)	30.24	19.91
	30.24	19.91
18. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	481.77	478.12
Add: Purchases	2,721.40	3,150.85
	3,203.17	3,628.97
Less: Stock of Raw Materials as at year end	388.24	481.77
	2,814.93	3,147.20
(ii) Packing Materials	1,152.39	1,177.29
(iii) Consumable Stores	16.00	13.97
(iv) Purchase of Finished Goods for resale	6,675.37	5,820.31
	10,658.69	10,158.77
19. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS (Produced & Purchased for resale)		
Stocks as per last Balance Sheet		
Work in Process	496.48	359.44
Goods in Transit	106.47	46.61
Finished Goods	2,560.35	2,071.21
	3,163.30	2,477.26
Less: Closing Stock as at year end		
Work in Process	467.89	496.48
Goods in Transit	97.69	106.47
Finished Goods	2,496.60	2,560.35
	3,062.18	3,163.30
	101.12	(686.04)

SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd.)

	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
20. EXPENSES		
Salaries, Wages and Bonus [Refer Schedule No. 23 (xi) (b)]	1,686.50	1,627.13
Provision for Leave Encashment	14.44	12.47
Contribution to approved Gratuity & Superannuation Scheme	118.61	112.82
Contribution to Provident & Other Funds	165.61	155.12
Job work charges	310.13	649.92
Staff and Labour Welfare	65.87	68.89
Rent	76.59	74.88
Rates and Taxes	28.79	21.53
Power and Fuel	297.88	221.95
Insurance	58.41	55.75
Repairs to Building	6.68	22.59
Repairs to Machinery	21.40	29.61
Commission/Discount/Service Charges on Sales	441.83	545.99
Audit Fees & Other Services [Refer Schedule No. 23 (xii)]	13.68	9.47
Travelling & Conveyance	580.44	491.28
Advertisement and Sales Promotion	964.78	832.11
Transport & Forwarding Charges	565.71	543.28
Donations	0.35	0.10
Cash Management/Bank Charges	85.12	80.99
Interest on Business Deposits	39.91	49.80
Loss on Sale of Assets	14.09	7.35
Provision for Doubtful Debts	35.50	103.17
Bad Debts Written Off	1.43	21.09
Loss on Sale of Investments	7.95	—
Provision for diminution in value of investments	(15.00)	—
	(7.05)	—
Excise duty provided on stocks in bonded warehouse (Net)	(25.21)	23.34
Directors' Meeting Fees	2.27	2.14
Amortisation of Deferred Revenue Expenses	—	4.67
Miscellaneous Expenses	952.66	935.62
	<u>6,516.42</u>	<u>6,703.06</u>
21. INTEREST [Refer Schedule No. 23 (xiii)]		
On Debentures	17.63	56.73
On Term Loans*	96.32	65.22
On Fixed Deposits	63.23	55.19
On Other Borrowings*	194.99	143.71
	<u>372.17</u>	<u>320.85</u>

*Net of interest capitalised Rs. NIL
(2002-2003 Rs. 0.28 Lacs)

SCHEDULES TO ACCOUNTS

22. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

(i) **Fixed Assets**

- (a) Fixed assets, including Intellectual Property Rights, are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat), except in case of freehold land and buildings at Andheri, which were revalued on the basis of fair market value as on 31/3/1991. Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation.
- (b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.

(ii) **Depreciation**

- (a) Depreciation on all assets of the Company except leasehold land, is provided as under:
 - i. On Fixed Assets acquired on or before 31/12/1970 by applying Written Down Value Method.
 - ii. On assets acquired on or after 1/1/1971 but before 2/4/1987 by applying Straight Line Method at rates computed on the basis of Circular No. 1/86 dated 21/5/1986 issued by the Department of Company Affairs.
 - iii. On assets acquired on or after 2/4/1987 by applying Straight Line Method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (b) The excess of depreciation provided on revalued Buildings over the amount computed on the above basis with reference to the original cost thereof is withdrawn from the Revaluation Reserve and transferred to the Profit & Loss Account.
- (c) Leasehold land is amortised over respective period of lease.
- (d) Cost of Intellectual Property Rights is amortised on Straight Line Method over the useful life of 36 months as estimated by the Management.
- (e) Capitalised Hardware/Software costs are amortised over the estimated useful economic life not exceeding five years.
- (f) Second-hand assets/assets acquired after the expiration of leased period are depreciated over their remaining useful life.

(iii) **Investments**

Long term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at cost or fair value, whichever is lower.

(iv) **Valuation of Inventories**

(a) Raw Materials, Packing Materials, Consumables & Stores	At weighted average cost
(b) Work in process	At lower of weighted average cost or net realisable value
(c) Finished Goods	At lower of weighted average cost or net realisable value

(v) **Excise Duty**

Excise duty on finished goods manufactured is accounted on clearance of goods from the factory premises and also in respect of year end stocks in bonded warehouse. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs and booking of the invoices in respect thereof.

(vi) **Foreign Currency Transactions**

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and current liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year is recognised as income or expense as the case may be. Exchange difference relating to fixed assets is adjusted in the carrying amount of respective fixed asset.
- (b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract, except in respect of fixed assets where it is adjusted to the cost of acquisition thereof.
- (c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense, except in respect of fixed assets where respective adjustment is made to the cost of acquisition thereof.

**SCHEDULES TO ACCOUNTS (contd.)****(vii) Research and Development**

Current revenue expenditure incurred on Research and Development is charged to Profit & Loss Account of the year, unless deferred. Capital expenditure on Research & Development is accounted as Fixed Assets.

(viii) Retirement Benefits

Regular contributions are made to Provident Fund and charged to revenue. Contributions are made to the approved funds for providing benefits of Superannuation and Retirement Gratuities (Refer Schedule No. 23 and Item xiv). Leave Encashment is provided based on actuarial valuation.

(ix) Revenue and Expense Recognition

- (a) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- (b) Revenue in respect of overdue interest, insurance claim, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.
- (c) Export incentives are accounted on the basis of actual utilisation/realisation.
- (d) Expenses are accounted for on accrual basis except medical reimbursement and L.T.A. for employees which are accounted for on cash basis.

(x) Contingent Liabilities

These are disclosed by way of Notes appended to the Balance Sheet. Provision is made in the Accounts in respect of items that are likely to fructify after the end of the year but before finalisation of accounts to the extent such items have material effect on the position stated in the Balance Sheet.

(xi) Borrowing Cost

Borrowing cost of working capital management is charged against the profit for the year in which it is incurred.

Borrowing cost attributable to acquisition of fixed asset which takes substantial period of time to get ready for its intended use is capitalised as part of the cost of such fixed asset.

(xii) Leases

No significant finance lease arrangements have been entered into after the effective date of Accounting Standard (AS) 19 on Accounting for Leases. Therefore, Lease payments under finance lease arrangements are continued to be charged to the Profit and Loss Account consistent with schedule of lease payments.

(xiii) Accounting for Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

23. NOTES TO ACCOUNTS

- (i) Previous year's figures are recast and regrouped wherever necessary.
- (ii) Intellectual Property Rights (Copy rights) of Rs.139.99 Lacs included in Schedule 5 of the Balance Sheet represents aggregate costs of internally generated television commercial in respect of which the company has applied for registration under The Trade & Merchandise Act & the Copyrights Act. These costs are being amortised over a period of 36 months. This accounting treatment is in accordance with International Accounting Standard (IAS 38) on Intangible Assets.
- (iii) **Contingent Liabilities**
 - (a) In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 617.25 Lacs (2002 - 2003 – Rs. 401.57 Lacs).
 - (b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 158.59 Lacs (2002 - 2003 – Rs. 392.03 Lacs).

SCHEDULES TO ACCOUNTS (contd.)

(c) Demands against the Company, either disputed or not acknowledged as debts and not provided for:

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
Income Tax*	36.01	0.15
Sales Tax	29.93	3.71
Excise Duty	279.45	339.68
Modvat Claim	0.21	0.67
Provident Fund	0.67	0.67
Labour Matters	14.03	1.97
Others	0.63	0.63

*Items in respect of which, the Company has succeeded in Appeals but where Income Tax Department is pursuing Appeals/References and exclusive of the effect of similar matters in respect of Assessments remaining to be completed.

(d) The Company has also received Charter of Labour Demands with effect from 1.1.2003 for Andheri unit. The incremental liability on this account, if any, is not ascertainable.

(iv) **Commitments:**

(a) Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 34.03 Lacs (2002-2003 Rs. 32.22 Lacs).

(b) Unaccrued Lease Rental Charges Rs. NIL (2002-2003 Rs. 5.32 Lacs).

(v) Non-convertible Debentures amounting to Rs.750 Lacs privately placed with IDBI have been redeemed at par in three equal instalments at the end of 3rd, 4th & 5th year from the date of allotment, namely, 4th September, 1998, to the extent of Rs. 250 Lacs on each occasion.

(vi) Loans obtained from IDBI are secured by mortgages/hypothecation ranking pari-passu inter se of related immovable and moveable assets of the Company, both present and future [except ownership flats, vehicles and assets acquired under SIDBI Rediscounting Scheme/and Assets charged under Term Loans from Banks].

Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future.

Fund and Non-Fund based limits sanctioned by the Bankers are secured by hypothecation of stocks and books debts ranking pari-passu between them as also mortgage/hypothecation of specified immovable and movable Fixed Assets of the Company ranking pari passu by way of Second Charge.

Term Loans from IDBI, Banks and also Working Capital facilities from Banks are guaranteed by the Managing/Wholtime Directors of the Company in their personal capacity.

(vii) Deferred payment under SIDBI Bills Rediscounting Scheme for purchase of equipment are guaranteed by Bankers. These guarantees in turn are secured by charge on the respective equipment.

(viii) Loans and Advances - (Schedule 11)

Staff Advances include Loans due from Officers Rs. 16.61 Lacs (2002-2003 - Rs.19.45 Lacs) Maximum balance Rs. 23.08 Lacs (2002-2003 - Rs. 30.68 Lacs).

(ix) Advances include Rs. Nil (2002-2003 - Rs. 135.48 Lacs) being the insurance claim arising from the damages/destruction of the inventory due to floods.

(x) The investor education and protection fund shall be credited by the following amounts as per prescribed time frame:

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
(a) Unclaimed dividends	10.73	9.09
(b) Unclaimed interest on debentures	0.10	0.23
(c) Unclaimed debenture matured	3.65	7.94
(d) Unclaimed fixed deposits	2.96	6.31
(e) Unclaimed interest on Fixed Deposits	20.69	14.44

SCHEDULES TO ACCOUNTS (contd.)

(xi) (a) Computation of Profits under Section 349 of the Companies Act, 1956:

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
PROFIT AS PER BOOKS (BEFORE TAX)	309.40	614.97
Add: Managerial Remuneration	80.80	110.17
Voluntary Retirement Compensation	—	321.17
Provision for Doubtful Debts	35.50	103.17
Loss on Sale of Assets & Investments	22.04	—
	447.74	1,149.48
Less: Profit on Sale of Assets & Investments	30.70	20.96
Reversal for provision for diminution in value of Investments	15.00	—
Profit U/S 349 of the Companies Act, 1956	402.04	1,128.52
Commission @ 1.5 % rounded off to	—	17.00
 (b) Salaries, Performance linked remuneration, Perquisites paid/provided to Managing/Wholetime Directors:		
Salaries	40.56	39.21
Performance linked remuneration	8.40	15.00
Commission	—	17.00
House Rent Allowance	8.11	7.84
Contributions to and provisions for Provident Fund and Family Pension Fund and Superannuation and approved Gratuity Fund	14.33	13.91
Perquisites	9.40	17.21
	80.80	110.17
 (xii) Audit fees and other services includes:		
Audit Fees	7.02	6.04
Tax Audit	1.35	1.31
OTHER SERVICES :		
Taxation	0.81	0.78
Certification*	3.27	0.11
General Corporate & Legal Services	1.08	1.05
Out of Pocket Expenses	0.15	0.18
	13.68	9.47

*Includes Rs. 1.11 Lacs (2002-2003 Rs. NIL) relating to prior year.

(xiii) Interest includes interest of Rs. 0.11 Lac (2002-2003 Rs. Nil) on Fixed Deposit of Rs. 1.30 Lacs (2002-2003 Rs. Nil), paid/payable to Managing/Wholetime Directors.

(xiv) Disclosures pursuant to the requirements of Accounting Standards:

(a) **Gratuity:**

Gratuity Liability is fully covered by Gratuity-cum-Insurance Policy under the Cash Accumulation Scheme of Life Insurance Corporation of India (LIC). Company's contribution in terms of this policy representing the accruing liability for each year is charged to the profit and loss account. The total liability as actuarially determined by LIC aggregates to Rs. 606.03 Lacs (2002-2003 Rs. 399.23 Lacs) as on 01/12/2003 (being the Annual Renewal Date) against which the funds with the LIC amount to Rs. 417.23 Lacs (2002-2003 Rs. 292.82 Lacs).

SCHEDULES TO ACCOUNTS (contd.)

(b) Leave Encashment:

Accruing liability towards leave encashment payable on retirement is estimated for the year on actuarial basis at Rs. 14.44 Lacs (2002-2003 Rs. 12.47 Lacs) and provided for in the accounts.

(c) Foreign Currency Transactions:

i. Exchange variation arising on translation of Foreign Currency transactions debited in the Profit & Loss Account is Rs. 4.08 Lacs (Net) [2002-2003 credited Rs. 12.91 Lacs (Net)].

ii. The amount of exchange difference credited to the carrying amount of fixed assets during the year Rs. 26.92 Lacs (2002-2003 NIL)

iii. The amount of exchange rate difference in respect of forward exchange contract to be recognised in the Profit & Loss Account for the subsequent accounting period is Rs. 22.65 Lacs (2002-2003 NIL)

(d) Deferred Taxes:

Major items of Deferred Tax Liabilities and Deferred Tax Assets are:

	(Rs. in Lacs)		
Particulars	Opening Balance as on 01.04.2003	Net Increase/ (Decrease) during the year	Closing Balance as on 31.03.2004
LIABILITIES			
Depreciation	465.30	24.31	489.61
Taxes, Duties and other sums (Net)	(5.79)	41.14	35.35
Total A	459.51	65.45	524.96
ASSETS			
Provision for doubtful debts/Leave Encashment	49.86	32.88	82.74
Total B	49.86	32.88	82.74
Net Tax effect of Timing Differences (A – B)	409.65	32.57	442.22

(e) Earnings Per Share — Basic and Diluted

	2003-2004	2002-2003
Net Profit (After Tax) as per profit and loss account available for equity shareholders (Rs. in Lacs)	189.55	444.27
Equity Shares for calculation of earnings per share (Nos.)	48,00,000	48,00,000
Earnings per Share — Basic and Diluted (Rs.)	3.95	9.26

SCHEDULES TO ACCOUNTS (contd.)

(f) **SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2004 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS**

Rs. in Lacs

Sr. No.	F. Y. 2003-2004				F. Y. 2002-2003			
	Consumer Product	Pharma	Fine Chemicals	Total	Consumer Product	Pharma	Fine Chemicals	Total
A. REVENUE								
Net Sales (Net of Trade Discount & Excise)/Income from operations	12,452.52	2,708.68	3,145.23	18,306.43	12,864.86	1,922.84	2,920.32	17,708.02
Intersegment Sales	—	—	—	—	—	—	—	—
Total Revenue	12,452.52	2,708.68	3,145.23	18,306.43	12,864.86	1,922.84	2,920.32	17,708.02
B. RESULT								
Segment Result	761.82	204.27	720.37	1,686.46	980.20	150.77	894.50	2,025.47
Unallocated Corporate expenses net of unallocable income				1,016.73				1,098.06
Operating Profit				669.73				927.41
Interest Expense				372.17				320.85
Interest Income				(11.84)				(8.41)
Income Tax:								
— Current				72.00				275.00
— Deferred				32.57				(106.55)
Total Income Tax				104.57				168.45
Earlier year adjustment				15.28				2.25
Profit from Operating Activities				189.55				444.27
Extraordinary loss				—				—
NET PROFIT				189.55				444.27
C. OTHER INFORMATION								
Segment Assets	6,124.05	1,459.20	2,871.04	10,454.29	5,736.21	883.13	2,803.06	9,422.40
Unallocated Corporate Assets				1,383.51				1,200.29
1. TOTAL ASSETS				11,837.80				10,622.69
Segment Liabilities	2,464.87	372.99	469.63	3,307.49	2,364.76	324.46	757.17	3,446.39
Unallocated Corporate Liabilities				8,530.31				7,176.30
2. TOTAL LIABILITIES				11,837.80				10,622.69
3. Capital Expenditure								
Segment Related	288.85	24.78	174.35	487.98	255.01	32.10	779.48	1,066.59
Corporate Related				50.21				172.34
4. Depreciation								
Segment Related	200.07	8.27	150.80	359.14	224.72	13.61	80.69	319.02
Corporate Related				77.85				52.56
5. Non-cash expenses other than Depreciation	—	—	—	—	321.16	—	—	321.16

NOTES:

1. The Company has disclosed Business Segment as the Primary Segment. Segments have been identified taking into account the nature of products, the differing risks and returns, the organisation structure and internal reporting system.
2. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also the amounts allocated on a reasonable basis.
3. The expenses, which are not attributable to the Business Segment, are shown as unallocated corporate cost.
4. Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated Corporate Assets and Liabilities respectively.
5. The secondary segment can be taken to be the Fine Chemicals segment which caters mainly to the overseas market.
6. The Segments cover the following activities:
 - (a) Consumer Products - Art Materials, Scholastic Products, Writing Instruments, Office Stationary, Glues and Several Hobby Products.
 - (b) Pharmaceuticals - Health Care Products.
 - (c) Fine Chemicals - Bulk Drugs, Bulk Drug Intermediaries and Fine Chemicals.
7. Previous years figures have been regrouped wherever necessary.

SCHEDULES TO ACCOUNTS (contd.)

(g) Related Parties Disclosures (as Certified by the Management) :

(A) Associate Companies/Subsidiary Companies

Name of the Related Party	Nature of Relationship
(1) Camlin North America, Inc., U.S.A.	Subsidiary Company
(2) Camlin International Ltd.	Subsidiary Company
(3) CAFCO Consultants Ltd.	Associate Company
(4) Camart Agencies Ltd.	Associate Company
(5) Camellia Management Services Pvt. Ltd.	Associate Company
(6) Camellia Infotech Ltd.	Associate Company
(7) Camlidhan Enterprises Pvt. Ltd.	Associate Company
(8) Camlink Agencies Ltd.	Associate Company
(9) Camlink Investments & Finance Co. Pvt. Ltd.	Associate Company
(10) Caravan Packaging Ltd.	Associate Company
(11) Dandekar Developers Pvt. Ltd.	Associate Company
(12) Dandekar Investments & Consultants Pvt. Ltd.	Associate Company
(13) Dandekar Print Pack Pvt. Ltd.	Associate Company
(14) DDI Consultants Pvt. Ltd.	Associate Company
(15) Excella Pencils Ltd.	Associate Company
(16) Florite Inks Ltd.	Associate Company
(17) Liva Healthcare Ltd.	Associate Company
(18) Nilmac Packaging Industries Ltd.	Associate Company
(19) Ramada Business Services Ltd.	Associate Company
(20) Triveni Pencils Ltd.	Associate Company
(21) Vibha Agencies Pvt. Ltd.	Associate Company

(B) Key Management Personnel :

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman & Managing Director
Mr. R. M. Dandekar	Joint Managing Director
Mr. S. S. Dandekar	Executive Director
Mr. D. M. Dandekar	Executive Director
Mr. A. S. Dandekar	Executive Director

(C) Transactions with Associate/Subsidiary Companies

Particulars	Associate Companies	Rs. in Lacs
		2003-2004
Purchase of goods	Liva Healthcare Ltd.	1374.49
	Nilmac Packaging Industries Ltd.	287.01
	Excella Pencils Ltd.	282.53
	Others	287.02
	Total	2231.05
		(2385.60)
Sale of goods	Triveni Pencils Ltd.	19.48
	Excella Pencils Ltd.	76.48
	Others	10.18
	Total	106.14
		(89.65)
Purchase of Fixed Assets	Camellia Infotech Ltd.	20.50
	Triveni Pencils Ltd.	13.72
	Others	0.90
	Total	35.12
		(25.02)

SCHEDULES TO ACCOUNTS (contd.)

		Rs. in Lacs
Particulars	Associate Companies	2003-2004
Sale of Fixed Assets	Total	Nil (0.15)
Receiving Services	Camlink Agencies Ltd.	46.63
	Triveni Pencils Ltd.	43.96
	Nilmac Packaging Industries Ltd.	59.42
	Camart Agencies Ltd.	77.38
	Others	31.20
	Total	<u>258.59</u> (10.29)
Rendering Services	Camellia Infotech Ltd.	2.33
	Liva Healthcare Ltd.	2.19
	Nilmac Packaging Industries Ltd.	1.57
	Others	1.68
	Total	<u>7.77</u> (165.18)
Net Amount Payable	Liva Healthcare Ltd.	229.13
	Nilmac Packaging Ind. Ltd.	30.75
	Others	54.76
	Total	<u>314.64</u> (278.43)
Net Amount Receivable	Triveni Pencils Ltd.	38.06
	Florite Inks Ltd.	22.77
	Others	5.04
	Total	<u>65.87</u> (Nil)
Dividend paid	Camart Agencies Ltd.	6.65
	CAFCO Consultants Ltd.	1.87
	Others	4.14
	Total	<u>12.66</u> (7.91)
Dividend Receivable	Excella Pencils Ltd.	0.54
	Total	<u>0.54</u> (NIL)
		Rs. in Lacs
Particulars	Subsidiary Companies	2003-2004
Sale of goods	Camlin North America Inc., U.S.A.	17.34
	Total	<u>17.34</u> (0.69)
Net Amount Receivable	Camlin North America Inc., U.S.A.	17.34
	Others	0.66
	Total	<u>18.00</u> (2.24)
Receiving Services	Camlin International Ltd.	0.01
	Total	<u>0.01</u> (0.01)

SCHEDULES TO ACCOUNTS (contd.)

Particulars	Subsidiary Companies	Rs. in Lacs 2003-2004
Investment made	Camlin North America Inc., U.S.A.	4.17
	Total	<u>4.17</u>
		(5.03)
Interest Free Loans Given	Camlin North America Inc., U.S.A.	4.37
	Total	<u>4.37</u>
		(Nil)

Figures in brackets are for the previous year

(D) Details of Transactions relating to persons referred to in item (B) above and their relatives.

Particulars	2003-2004	Rs. in Lacs 2002-2003
Remuneration	80.80	110.17
Dividend Paid	13.97	8.47
Sale of Investments	—	2.05

- (xv) The names of Small Scale Industrial undertakings to whom the Company owes a sum which is outstanding for more than 30 days included in acceptances and Sundry Creditors in Item No.(i) (a) and (ii) (a) in Schedule No.12 of the Balance Sheet are as follows:

Name of the party	Name of the party
Alpha Paper Containers	Liva Healthcare Ltd.
Anuroop Packaging	Lumitex Corporation
Asian Pen and Plastic Industries	Manish Printers
Beekay Industries	Mayur Colours Ltd.
Bhavana Industries	National Bakelite Co.
Bharat Pen and Plastics	Noble Printing Press
Bombay Tin Printers	P. P. Industries
Bombay Plastic Works	Pace Printers Pvt. Ltd.
Caravan Packaging Ltd.	Penomat Writing Instruments
Citizen Pen & Plastic Ind.	Prakash Chemical & Fertilizers
Commander Products	Pratibha Pens Pvt. Ltd.
Century Caps Industry	Roshan Packaging Industries
Colorbond Marketing Limited	Rubberchem Inds.
D. S. V. Chemicals Pvt. Ltd.	RLK Shriram Plastics P. Ltd.
Dandekar Inks & Adhesives Ltd.	Sagar Enterprises
Dhoopchem (India) Pvt. Ltd.	Shree Mangireesh Ptg. Press
Excella Pencils Ltd.	Sethia Printers
Florite Inks Ltd.	Synchromat Enterprises
Galaxy Industrial Corpn.	Shreeji Industries
Global Plastics	Yash Organics
Harihar Organics (P) Ltd.	

The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

SCHEDULES TO ACCOUNTS (contd.)

24. SUPPLEMENTRY INFORMATION FORMING AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

Additional information pursuant to the provisions of paragraphs 3,4C & 4D of part II of Schedule VI to the Companies Act, 1956.
Details of licensed capacity, installed capacity production and sales of the goods manufactured.

(i) Details of Goods Manufactured/Sales/Stocks

(Rs./Units in Lacs)

Class of Goods+ +	Unit of Measure	#Licenced Capacity	*Installed Capacity	OPENING STOCK		PRODUCTION/ PURCHASE		SALES		CLOSING STOCK	
				(QTY)	Value (Rs.)	(QTY)	Value (Rs.)	(QTY)	Value (Rs.)	(QTY)	Value (Rs.)
(A) MANUFACTURED ITEMS											
1. Chemical & Chemical Products***	Ltrs./Kgs.	48.98 (48.98)	53.22 (53.22)	5.81 (3.87)	1,243.71 (749.68)	22.79 (28.74)	\$	25.19 (26.80)	6,774.74 (6,963.54)	3.41 (5.81)	826.99 (1,243.71)
2. Stationery Items (A)	Ltrs.	6.36 (6.36)	45.20 (45.20)	0.54 (0.82)	38.33 (66.54)	3.64 (4.26)		3.80 (4.54)	413.51 (501.65)	0.38 (0.54)	27.93 (38.33)
Stationery Items (B)	Nos./Pks.	2,074.06 (2,074.06)	1,474.20 (1,474.20)	294.35 (322.66)	182.83 (285.53)	2,587.90 (1,672.45)	+++>	2,536.79 (1,700.76)	1,563.38 (1,496.19)	345.46 (294.35)	216.51 (182.83)
3. Bulk Drugs***	Kgs.	3.37 (3.37)	0.70 (0.70)	0.02 (0.01)	38.53 (3.74)	0.28 (0.26)		0.27 (0.25)	1,098.80 (1,117.97)	0.03 (0.02)	50.49 (38.53)
(B) TRADING ITEMS											
1. Chemical & Chemical Products	Nos./Pks.			14.99 (26.03)	74.10 (156.04)	132.24 (121.94)	\$ (581.88)	136.85 (132.98)	777.59 (707.97)	10.38 (14.99)	79.95 (74.10)
2. Stationery Items	Nos./Pks.			349.19 (330.57)	846.69 (803.88)	2,158.68 (1,803.26)	\$ (4,096.83)	2,122.47 (1,784.64)	5,713.85 (5,648.63)	385.40 (349.19)	987.42 (846.69)
3. Bulk Drugs	Kgs.					0.01 (0.01)	4.52 (13.16)	0.01 (0.01)	4.44 (11.57)		
4. Pharmaceutical Products	Nos./Pks.			14.97 (4.64)	242.63 (52.41)	104.84 (126.79)	1,553.26 (1,128.44)	102.52 (116.46)	2,964.28 (2,111.32)	17.29 (14.97)	405.00 (242.63)
					2,666.82 (2,117.82)			6,675.37 (5,820.31)	19,310.59 (18,558.84)		2,594.29 (2,666.82)

The Company has made representation to the Ministry of Industry, Government of India to grant upward revision of licenced capacities on the basis of installed capacities, as at 26th April, 1978.

* As certified by the Management and relied upon by the Auditors, this being a technical matter.

*** Installed capacity worked out on the basis of existing product mix.

> Includes captive consumption - 69,721 Ltrs. (2002-2003 - 34,937 Ltrs.)

++ Class of Goods is based on main classification given in the Industries (Development and Regulation) Act, 1951.

+++ Includes Qty. 692000 (2002-2003 — 3247660) manufactured in the premises of third party

\$ Includes goods damaged/destroyed in flood.

NOTES:

1. Figures in brackets are for the previous year.
2. The quantities mentioned in nos./packs comprise of heterogeneous packings.
3. Quantity of Sales include promotional distribution.

SCHEDULES TO ACCOUNTS (contd.)

24. SUPPLEMENTARY INFORMATION FORMING AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

(ii) Raw Materials Consumed

(Rs./Units in Lacs)

	Unit of Measure	2003-2004		2002-2003	
		Quantity	*Value Rs.	Quantity	*Value Rs.
Colours/Pigments	Kgs/Ltrs	3.85	368.31	3.92	401.00
Chemicals	Kgs/Ltrs	27.55	1,510.01	30.14	1,804.36
Slats/Leads	Nos/Kgs	0.43	39.63	0.19	9.48
Other Raw Materials			896.98		932.36
			2,814.93		3,147.20
* Includes Resale of Material					
(iii) Earnings in Foreign Exchange					
Exports at F.O.B. Value (Excluding Nepal)			3,127.70		2,989.46
Formulation Development charges			—		1.99
			3,127.70		2,991.45
(iv) Expenditure in Foreign Currency					
Travelling			156.19		145.49
Others			129.09		133.38
			285.28		278.87
(v) Value of Imports on C.I.F. Basis					
(a) Raw Materials			669.67		864.08
(b) Components and Spare Parts			175.34		128.09
(c) Capital Goods			25.29		39.46
(d) Purchases of Traded Products			76.27		14.15
			946.57		1,045.78
(vi) Value of Consumption of Raw Materials and Stores					
(a) Indigenous			1,898.99		2,054.22
(b) Imported (Landed Cost) – Raw Material			750.34		940.91
(c) Imported (Landed Cost) Components & Spare Parts			165.60		152.07
			2,814.93		3,147.20
(vii) Percentage of Consumption of Raw Materials & Stores					
(a) Indigenous			67.46		65.27
(b) Imported (Landed Cost) – Raw Material			26.66		29.90
(c) Imported (Landed Cost) Components & Spare Parts			5.88		4.83
			100.00		100.00



SCHEDULES TO ACCOUNTS (contd.)

25. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before non-recurring items	279.16	595.06
Adjustments for:		
Depreciation	437.01	371.58
Provision for Doubtful Debts	35.50	103.17
Foreign Exchange (Unrealised)	3.69	(1.44)
(Profit)/Loss on Sale of Fixed Assets	13.63	7.35
(Profit)/Loss on Sale of Investments	7.95	(1.05)
Provision for diminution of Investments	(15.00)	-
Interest Expenses	412.08	370.65
Interest/Dividend Received	(14.09)	(10.14)
Amortisation of Expenses	-	325.84
Provision for leave encashment	14.44	12.47
Provision for Wealth Tax	0.55	0.42
Operating Profit before Working Capital changes	1,174.92	1,773.91
Adjustments for:		
Trade and other Receivables	(1,153.79)	(71.95)
Inventories	173.65	(690.08)
Trade Payables	235.48	338.26
Other Payables	(96.69)	(53.18)
Cash generated from Operations	333.57	1,296.96
Direct taxes paid	(100.32)	(283.07)
Cash flow before Extraordinary items	233.25	1,013.89
Extraordinary items - Deferred Revenue expenses	-	(9.45)
Earlier Years Expenses	-	(2.44)
Net cash from operating activities	233.25	1,002.00
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(748.27)	(903.34)
Sale of Fixed Assets	130.26	25.95
(Purchase)/Sale of Investments	(7.35)	(0.48)
Interest received	7.27	4.72
Dividend received	0.72	0.19
Net cash used in Investing Activities	(617.37)	(872.96)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	887.57	379.76
Interest Paid	(403.45)	(370.64)
Dividend Paid	(94.35)	(58.30)
Net cash used in Financing Activities	389.77	(49.18)
D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents	(3.69)	1.44
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1.96	81.30
Cash and Cash Equivalents (Opening Balance)	216.57	135.27
Cash and Cash Equivalents (Closing Balance)	218.53	216.57

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar *Chairman & Mg. Director*
R. M. Dandekar *Jt. Mg. Director*
S. S. Dandekar *Executive Director*
D. M. Dandekar *Executive Director*
A. S. Dandekar *Executive Director*
G. G. Desai *Director*
S. E. Godbole *Director*
M. P. Khedkar *Director*
P. A. Narvekar *Director*
P. M. Sapre *Director*

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	:	5434	State Code	:	11
Balance Sheet Date	:	31.03.2004			

II. Capital Raised during the period:

(Amount in Rs. Lacs)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	NIL

III. Position of Mobilisation and Deployment of Funds:

(Amount in Rs. Lacs)

Total Liabilities	:	11,409.88	Total Assets	:	11,409.88
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Sources of Funds:

Paid-up-Capital	:	480.00	Reserves & Surplus	:	1,700.87
Secured Loans	:	3,423.76	Unsecured Loans	:	879.14
			Deferred Tax Liability	:	442.22

Application of Funds:

Net Fixed Assets	:	3,553.13	Investments:	:	62.10
Net Current Assets	:	3,310.76	Miscellaneous Expenditure	:	NIL
Accumulated Losses	:	NIL			

IV. Performance of the Company:

(Amount in Rs. Lacs)

Turnover (including other Income)	:	18,395.36	Total Expenditure	:	18,085.96
Profit Before Tax	:	309.40	Profit After Tax	:	189.55
Earning Per Share in Rs.	:	3.95	Dividend Rate %	:	15

V. Generic Name of Principal Products of the Company:

(As per monetary terms)

Item Code No.

(ITC Code)

32.13

96.09

96.08

Product Description

Artist Colours

Wooden Pencils

Writing instruments



STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANIES

(Rs. in Lacs)

1. Name of the Subsidiary	:	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA INC., U.S.A.
2. Financial Year of the Subsidiary Company ends on	:	31 st March, 2004	31 st March, 2004
3. Holding Company's Interest:			
(i) No. of shares held	:	50,000	10,000
(ii) Percentage of shareholding	:	100	100
4. The net aggregate amount of the Subsidiary's Profit/(Loss) so far as it concerns members of the Holding Company and is not dealt with in the Holding Company's A/cs :			
(i) for the Financial Year of the Subsidiary.	:	4.40	(10.39)
(ii) for the previous Financial Years of the Subsidiary since it became the Holding Company's Subsidiary.	:	8.69	N.A.
5. The net aggregate amount of the Subsidiary's Profit/(Loss) dealt with in the Holding Company's A/cs :			
(i) for the Financial Year of the Subsidiary	:	Nil	Nil
(ii) for the previous Financial Years of the Subsidiary since it became the Holding Company's Subsidiary.	:	Nil	Nil

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar *Chairman & Mg. Director*
R. M. Dandekar *Jt. Mg. Director*
S. S. Dandekar *Executive Director*
D. M. Dandekar *Executive Director*
A. S. Dandekar *Executive Director*
G. G. Desai *Director*
S. E. Godbole *Director*
M. P. Khedkar *Director*
P. A. Narvekar *Director*
P. M. Sapre *Director*

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

THE BOARD OF DIRECTORS' CAMLIN LIMITED

1. We have examined the attached consolidated balance sheet of CAMLIN LIMITED and its subsidiaries as at 31st March, 2004, the Consolidated Profit & Loss Account for the year then ended and Cash Flow Statement for the year ended at that date.
2. These financial statements are the responsibility of the CAMLIN LIMITED's management. Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary company Camlin International Limited for the year ended 31st March, 2004 whose financial statements reflect total assets of Rs. 22.97 Lacs as at 31st March, 2004 and total revenues of Rs. 54.13 Lacs for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. As described in note (i) of Schedule 22 to the Consolidated Financial Statements, the financial statements of Camlin North America Inc., USA as at 31st March, 2004 have been prepared by their management purely for the purpose of consolidation. These accounts are not required to be audited as per the local laws of California, USA.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of CAMLIN LIMITED and its subsidiaries other than Camlin North America Inc., USA where the unaudited financial statements have been considered and included in the consolidated financial statements.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of CAMLIN LIMITED and its aforesaid subsidiaries other than Camlin North America Inc., USA, we are of the opinion that:
 - (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of CAMLIN LIMITED and its subsidiaries as at 31st March, 2004;
 - (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of CAMLIN LIMITED and its subsidiaries for the year then ended.
and
 - (c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated Cash Flow of CAMLIN LIMITED and its subsidiaries for the year ended on that date.

For **B.K. KHARE & COMPANY**
Chartered Accountants

SUNIL BHANDARI
Partner
(M. No. 37388)

Mumbai
Dated: 10th June, 2004.



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedules	As at 31.03.2004 (Rs. in Lacs)	As at 31.03.2003 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	1,703.50	1,626.73
		2,183.50	2,106.73
Loan Funds			
Secured Loans	3	3,423.76	2,756.79
Unsecured Loans	4	879.14	654.25
		4,302.90	3,411.04
Deferred Tax Liability (Net)		442.22	409.65
TOTAL		6,928.62	5,927.42
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	6,112.24	5,742.05
Less: Depreciation		2,562.36	2,171.12
Net Block		3,549.88	3,570.93
Capital Work-in-progress		3.25	36.44
		3,553.13	3,607.37
Investments	6	60.76	61.11
Current Assets, Loans and Advances			
Inventories	7	3,661.35	3,827.89
Sundry Debtors	8	2,723.32	1,634.02
Cash and Bank Balances	9	225.22	225.74
Other Current Assets	10	30.36	24.26
Loans and Advances	11	1,163.23	1,246.04
		7,803.48	6,957.95
Less: Current Liabilities & Provisions			
Liabilities	12	3,852.70	4,092.40
Provisions	13	636.05	606.94
		4,488.75	4,699.34
Net Current Assets		3,314.73	2,258.61
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	—	0.33
TOTAL		6,928.62	5,927.42

Schedules 1 to 24 forming part of Accounts

As per our report of date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar Chairman & Mg. Director
R. M. Dandekar Jt. Mg. Director
S. S. Dandekar Executive Director
D. M. Dandekar Executive Director
A. S. Dandekar Executive Director
G. G. Desai Director
S. E. Godbole Director
M. P. Khedkar Director
P. A. Narvekar Director
P. M. Sapre Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004.

	Schedules	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
INCOME			
Net Sales/Income from operations	15	18,336.93	17,776.07
Other Income	16	59.14	77.25
Non-Recurring Income	17	30.24	19.91
TOTAL INCOME		18,426.31	17,873.23
EXPENDITURE			
Consumption of Materials & Goods	18	10,706.24	10,212.95
Traded-in			
(Increase)/Decrease in Stocks	19	94.01	(686.04)
Expenses	20	6,530.17	6,707.51
Interest	21	372.17	320.85
Depreciation – Gross		443.60	378.17
Less: Transferred from Revaluation Reserve		6.59	6.59
		437.01	371.58
Provision for Wealth Tax		0.55	0.42
TOTAL EXPENDITURE		18,140.15	16,927.27
Profit before Extra Ordinary Item & Tax		286.16	945.96
Extra Ordinary Item – Amortisation of VRS cost		—	321.17
Net Profit before Tax		286.16	624.79
Taxes — Current		74.25	276.90
— Deferred		32.57	(106.55)
— Prior Year (Net)		15.35	2.16
Profit after Tax		163.99	452.28
Balance brought forward from last year		980.92	456.94
		1,144.91	909.22
Add: Debenture Redemption Reserve Written back		125.00	250.00
		1,269.91	1,159.22
APPROPRIATIONS			
Proposed Dividend		72.00	96.00
Corporate Dividend Tax		9.23	12.30
General Reserve		40.50	70.00
Balance Carried to Balance Sheet		1,148.18	980.92
		1,269.91	1,159.22

Schedules 1 to 24 forming part of Accounts

As per our report of date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar	<i>Chairman & Mg. Director</i>
R. M. Dandekar	<i>Jt. Mg. Director</i>
S. S. Dandekar	<i>Executive Director</i>
D. M. Dandekar	<i>Executive Director</i>
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G. G. Desai	<i>Director</i>
S. E. Godbole	<i>Director</i>
M. P. Khedkar	<i>Director</i>
P. A. Narvekar	<i>Director</i>
P. M. Sapre	<i>Director</i>



SCHEDULES TO CONSOLIDATED BALANCE SHEET

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
1. SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed & Paid-up		
48,00,000 Equity Shares of Rs. 10/- each	<u>480.00</u>	<u>480.00</u>
Out of these shares:		
(i) 6,000 Equity Shares allotted to vendors as fully paid-up shares pursuant to contract without payment thereof being received in cash		
(ii) 36,34,500 Equity Shares allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve & Share Premium		
(iii) 5,00,000 Equity Shares Issued by way of Conversion of Debentures		
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	<u>25.20</u>	<u>25.20</u>
Revaluation Reserve		
As per last Balance Sheet	<u>251.15</u>	<u>257.74</u>
Less: Transferred to Profit & Loss Account	<u>6.59</u>	<u>6.59</u>
	<u>244.56</u>	<u>251.15</u>
Share Premium Account		
As per last Balance Sheet	—	182.00
Less: Transferred to Share Capital for issue of Bonus Shares	—	182.00
	—	—
General Reserve		
As per last Balance Sheet	<u>244.46</u>	<u>215.11</u>
Additions during the year	<u>40.50</u>	<u>87.35</u>
Less: Transfer to Share Capital for issue of Bonus Shares	—	58.00
	<u>284.96</u>	<u>244.46</u>
Exchange Revaluation Reserve		
As per last Balance Sheet	—	—
Additions during the year	<u>0.60</u>	—
	<u>0.60</u>	—
Debenture Redemption Reserve		
As per last Balance Sheet	<u>125.00</u>	<u>375.00</u>
Less: Transferred to Profit & Loss Account	<u>125.00</u>	<u>250.00</u>
	—	125.00
Profit & Loss Account	<u>1,148.18</u>	<u>980.92</u>
	<u>1,703.50</u>	<u>1,626.73</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
3. SECURED LOANS		
[REFER SCHEDULE NO. 23 (iv), (v) & (vi)]		
(i) DEBENTURES		
16.5% Secured Redeemable Non-Convertible Debentures (Privately placed with IDBI) of Rs. 100/- each fully paid up	—	250.00
(ii) Term Loans from Banks & Financial Institutions		
(a) Rupee Loan	214.99	367.80
(b) Foreign Currency Loan – Fixed Assets	431.39	428.78
– Working Capital	751.32	—
(iii) Deferred Payments	2.72	4.85
Less: Unaccrued Interest	0.37	0.93
	2.35	3.92
(iv) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)	274.53	146.01
(v) Bank Overdrafts/Working Capital Demand Loan in Foreign Currency	1,749.18	1,560.28
	3,423.76	2,756.79
Out of (i) to (iii) above Rs. 425.98 Lacs is repayable within one year (2002-2003 Rs. 609.95 Lacs)		
4. UNSECURED LOANS		
(i) Fixed Deposits	629.14	404.25
(ii) Short Term Loan from Bank	250.00	250.00
	879.14	654.25
Includes Rs. 487.79 Lacs repayable within one year (2002-2003 Rs. 336.94 Lacs).		

5. FIXED ASSETS [REFER NOTE NO. 22(ii) & (iii)]

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2004	Upto 31.03.2003	For the year	Disposals/ Adjustments	As at 31.03.2004	As at 31.03.2004	As at 31.03.2003
Freehold Land	**141.21	—	—	141.21	—	—	—	—	141.21	141.21
Leasehold Land	27.06	—	—	27.06	2.51	2.50	—	5.01	22.05	24.55
Site Development	30.40	12.60	—	43.00	1.58	0.57	—	2.15	40.85	28.82
Building & Shed	**834.86	82.23	9.38	*907.71	243.89	***26.51	1.17	269.23	638.48	590.97
Plant, Machinery & Equipment	3,900.20	371.10	92.99	4,178.31	1,563.39	332.02	13.41	1,882.00	2,296.31	2,336.81
ERP Hardware/Software Cost [Refer Schedule No. 22(ii)(b) & (iii)(e)]	107.29	3.31	—	110.60	21.40	22.35	—	43.75	66.85	85.89
Furniture & Fittings	298.05	9.93	—	307.98	130.29	18.36	—	148.65	159.33	167.76
Vehicles	262.99	57.03	63.64	256.38	83.63	25.73	37.78	71.58	184.80	179.36
Intellectual Property Rights (IPRs) [Refer Schedule No. 22(ii)(a) & (iii)(d)]	139.99	—	—	139.99	124.43	15.56	—	139.99	—	15.56
Total	5,742.05	536.20	166.01	6,112.24	2,171.12	443.60	52.36	2,562.36	3,549.88	3,570.93
Previous Year	4,570.55	1,204.32	32.82	5,742.05	1,812.38	378.17	19.43	2,171.12	3,570.93	2,758.17

* Includes Rs. 0.09 Lacs (2002-2003 Rs. 0.09 Lacs) being the cost of shares in Co-operative Societies. In some cases, share certificates are yet to be received.

** Includes Rs. 330.26 Lacs on account of Revaluation of Land and Building at Andheri on 31.03.1991.

*** Includes depreciation on revalued Assets Rs. 6.59 Lacs (2002-2003 Rs. 6.59 Lacs).

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
6. INVESTMENTS — LONG TERM		
A. Unquoted (Non Trade)		
(i) Government and National Saving Certificates Face Value Rs. 10/-	0.28	0.40
(ii) Unit Trust of India	21.56	29.51
21,564 Bonds — 6.75% Tax Free [Face value Rs. 100/- each (2002-2003 210,239 Units Repurchase Value — Rs. 11.46 Lacs)]	@	
Less: Provision for diminution in value	—	15.00
	21.56	14.51
(iii) Associates		
(a) 4,000 Equity Shares of Rs. 100/- each in Triveni Pencils Ltd.	§	4.00
(b) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	2.15	2.15
Add: Accumalated Income	12.32	18.90
	14.47	25.05
(iv) Shares (Trade)		
(a) 1,000 Equity Shares of Rs. 10/- each in The Saraswat Co-operative Bank Ltd.	0.10	0.10
(b) 8,928 Equity Shares of Rs. 100/- each in Nilmac Packaging Industries Ltd.	10.42	10.42
(c) 1,000 Shares of Rs. 10/- each in Co-operative Stores, New Delhi	0.10	0.10
(d) 10,000 Equity Shares of Rs. 10/- each in Sicom Ltd.	8.00	8.00
(e) 10,000 Shares of Rs. 10/- each in The North Kanara GSB Co-Op. Bank Ltd.	1.00	1.00
(f) Share Application Money Tarapur Joint Effluent Treatment Plant Ltd. (Written off during the year)	—	1.00
B. Quoted (Non Trade)		
(a) 1,875 Equity Shares of Rs. 10/- each in The United Western Bank Ltd. Market Value Rs. 0.61 Lacs (2002-2003 Rs. 0.40 Lacs)	0.53	0.53
(b) 18,700 Equity Shares of Rs. 10/- each in Bank of Maharashtra (Quoted after 31.03.2004)	4.30	—
	60.76	61.11

@ During the year Units under US 64 were converted at repurchase price determined by U.T.I. into 6.75% Tax Free Bonds guaranteed by Government.

§ Valued at Rs. Nil, as accumulated losses as on 31st March, 2004 exceeds the Share Capital of the Company.

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
7. INVENTORIES		
Raw Materials	388.24	481.77
Packing Materials	198.16	176.57
Consumables & Stores	5.66	6.25
Work-in-Process	467.89	496.48
Goods-in-Transit	97.69	106.47
Finished Goods	<u>2,503.71</u>	<u>2,560.35</u>
	<u>3,661.35</u>	<u>3,827.89</u>
8. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding over Six months		
(a) Considered Good	458.32	302.39
(b) Considered Doubtful	165.73	130.23
(ii) Other Debts Considered Good		
Others	<u>2,265.00</u>	<u>1,331.63</u>
	<u>2,889.05</u>	<u>1,764.25</u>
Less: Provision for doubtful debts	<u>165.73</u>	<u>130.23</u>
	<u>2,723.32</u>	<u>1,634.02</u>
9. CASH AND BANK BALANCES		
(i) Cash on Hand	9.30	7.06
(ii) With Scheduled Banks		
(a) In Other Deposit Accounts	77.76	71.08
(b) In Current Account	108.03	125.92
(c) Staff Security Deposit Account	15.28	6.47
(d) In current Account for the payment of dividend & interest	14.65	14.93
(iii) With Others		
In Current Account with Municipal Co-operative Bank Ltd. maximum balance during 2003-2004 Rs. 0.52 Lacs (2002-2003 Rs. 0.55 Lacs)	<u>0.20</u>	<u>0.28</u>
	<u>225.22</u>	<u>225.74</u>
10. OTHER CURRENT ASSETS		
Interest accrued on Investments/Deposits	<u>30.36</u>	<u>24.26</u>
11. LOANS AND ADVANCES		
UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
Considered Good	603.91	782.65
Considered Doubtful	4.48	4.48
(ii) Staff Advances	21.36	24.69
(iii) Deposits	128.79	97.94
(iv) Advance Tax Payments Inclusive of Deductions at source	<u>409.17</u>	<u>340.76</u>
	<u>1,167.71</u>	<u>1,250.52</u>
Less: Provision for doubtful advances	<u>4.48</u>	<u>4.48</u>
	<u>1,163.23</u>	<u>1,246.04</u>



SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2004 (Rs. in Lacs)	31.03.2003 (Rs. in Lacs)
12. LIABILITIES		
(i) Acceptances		
(a) Due to Small Scale Industrial undertakings	583.34	687.54
(b) Others	45.86	125.24
	629.20	812.78
(ii) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	1,108.23	1,254.70
(b) Others	1,056.19	900.52
	2,164.42	2,155.22
(iii) Interest Accrued but not due on loans	35.49	26.86
(iv) Stockists Deposits	410.64	396.57
(v) Staff Security Deposit	5.53	4.40
(vi) Liabilities for expenses	330.87	343.03
(vii) Unclaimed Dividend	10.74	9.09
(viii) Unclaimed Debentures	3.65	7.94
(ix) Other Liabilities	262.16	336.51
	3,852.70	4,092.40
13. PROVISIONS		
(i) Taxes	392.58	325.62
(ii) Leave Encashment	98.61	84.17
(iii) Excise Duty on bonded warehouse stocks	63.63	88.85
(iv) Proposed Dividend	72.00	96.00
(v) Corporate Dividend Tax	9.23	12.30
	636.05	606.94
14. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
(i) V.R.S. Compensation	—	311.72
Incurred during the year	—	9.45
Less: Written Off during the year	—	321.17
	—	—
(ii) Debenture Issue Expenses	—	4.67
Incurred during the year	—	—
Less: Written Off during the year	—	4.67
	—	—
(iii) Preliminary Expenses	0.21	0.25
Incurred during the year	—	—
Less: Written Off during the year	0.21	0.04
	—	0.21
(iv) Pre-Operative Expenses	0.12	0.14
Incurred during the year	—	—
Less: Written Off during the year	0.12	0.02
	—	0.12
	—	0.33

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
15. SALES/INCOME FROM OPERATIONS		
Gross Sales	19,351.67	18,625.74
Less: Trade Discount	357.30	375.95
Less: Excise Duty	684.79	665.46
	18,309.58	17,584.33
Income/(Loss) From Associates	(10.58)	1.55
Formulation Development Recovered	24.58	52.54
Export Benefits	0.87	1.58
Job Work Income	12.48	—
Insurance Claim	—	136.07
	18,336.93	17,776.07
16. OTHER INCOME		
Commission Earned	—	5.56
Interest [including interest on Govt. Securities Tax deducted at source Rs. 0.75 Lacs (2002-2003 Rs. 1.69 Lacs)]	13.37	9.95
Dividend — On Non Trade Investments	0.03	0.19
— On Trade Investments	0.69	—
Profit on Sale of Assets	0.46	—
Profit on sale of Trade Investments	—	1.05
Miscellaneous Receipts	44.59	60.50
	59.14	77.25
17. NON RECURRING INCOME		
Profit on Sale of Premises (Net)	30.24	19.91
	30.24	19.91
18. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	481.77	478.12
Add: Purchases	2,721.40	3,150.85
	3,203.17	3,628.97
Less: Stock of Raw Materials as at year end	388.24	481.77
	2,814.93	3,147.20
(ii) Packing Materials	1,152.39	1,181.19
(iii) Consumable Stores	16.00	13.97
(iv) Purchase of Finished Goods for resale	6,722.92	5,870.59
	10,706.24	10,212.95
19. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS (Produced & Purchased for sale)		
Stocks as per last Balance Sheet		
Work in Process	496.48	359.44
Goods in Transit	106.47	46.61
Finished Goods	2,560.35	2,071.21
	3,163.30	2,477.26
Less: Closing Stock as at year end		
Work in process	467.89	496.48
Goods in Transit	97.69	106.47
Finished Goods	2,503.71	2,560.35
	3,069.29	3,163.30
	94.01	(686.04)

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)

	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
20. EXPENSES		
Salaries, Wages and Bonus	1,686.50	1,627.13
Provision for Leave Encashment	14.44	12.47
Contribution to approved Gratuity & Superannuation Scheme	118.61	112.82
Contribution to Provident & Other Funds	165.61	155.12
Job work charges	310.13	649.92
Staff and Labour Welfare	65.87	68.89
Rent	79.62	74.89
Rates and Taxes	28.83	21.53
Power and Fuel	297.88	221.95
Insurance	58.41	55.75
Repairs to Building	6.68	22.59
Repairs to Machinery	21.40	29.61
Commission/Discount/Service Charges on Sales	441.83	545.99
Audit Fees & Other Services	13.72	9.51
Travelling & Conveyance	582.35	492.62
Advertisement and Sales Promotion	969.57	832.11
Transport & Forwarding Charges	566.85	544.62
Donations	0.35	0.10
Cash Management/Bank Charges	85.59	82.03
Interest on Business Deposits	39.91	49.80
Loss on Sale of Assets	14.09	7.35
Provision for Doubtful Debts	35.50	103.17
Bad Debts Written Off	1.43	21.09
Loss on Sale of Assets	7.95	—
Provision for Diminution in Value of Investments	(15.00)	—
	(7.05)	—
Excise Duty Provided on Stocks in Bonded Warehouse (net)	(25.21)	23.34
Directors' Meeting Fees	2.27	2.14
Amortisation of:		
Deferred Revenue Expenses	—	4.67
Preliminary Expenses	0.21	0.04
Pre Operative Expenses	0.12	0.02
[Refer Schedule No. 23 (vii)]	0.33	4.73
Miscellaneous Expenses	954.66	936.24
	<u>6,530.17</u>	<u>6,707.51</u>
21. INTEREST		
On Debentures	17.63	56.73
On Term Loans*	96.32	65.22
On Fixed Deposits	63.23	55.19
On Other Borrowings*	194.99	143.71
	<u>372.17</u>	<u>320.85</u>

*Net of interest capitalised Rs. Nil
(2002-2003 Rs. 0.28 Lacs)

SCHEDULES TO ACCOUNTS

22. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

(i) **Principles of consolidation**

- (a) The consolidated financial statements relate to Camlin Limited (the company) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis.

The consolidated financial statements of the company and its subsidiaries are based on the respective financial statements duly certified by the Auditors/Directors of the respective companies. Line by line like items of assets, liabilities, income and expense of the respective financial statements have been added to draw up the consolidated financial statements. Intra-group balances, intra-group transactions and the unrealised profits on stocks arising out of intra-group transactions if any, have been eliminated.

- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's individual financial statements.
- The excess/lower of costs to the company and its subsidiaries of their investments in their subsidiaries/fellow subsidiaries is recognised in the financial statements as goodwill/capital reserve.

- (b) The subsidiary companies considered in the consolidated financial statements are:

Name of the company	Country of Incorporation	% of voting power held on 31 st March 2004
Camlin International Ltd.	India	100
Camlin North America Inc.	U.S.A.	100

(ii) **Fixed Assets**

- (a) Fixed Assets, including Intellectual Property Rights, are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat), except in case of freehold land and buildings at Andheri, which were revalued on the basis of fair market value as on 31/3/1991. Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation.
- (b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.

(iii) **Depreciation**

- (a) Depreciation on all assets of the Company except leasehold land, is provided as under:
- (i) On Fixed Assets acquired on or before 31/12/1970 by applying Written Down Value Method.
 - (ii) On assets acquired on or after 1/1/1971 but before 2/4/1987 by applying Straight Line Method at rates computed on the basis of Circular No. 1/86 dated 21/5/1986 issued by the Department of Company Affairs.
 - (iii) On assets acquired on or after 2/4/1987 by applying Straight Line Method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (b) The excess of depreciation provided on revalued Building over the amount computed on the above basis with reference to the original cost thereof is withdrawn from the revaluation reserve and transferred to the Profit & Loss Account.
- (c) Leasehold land is amortised over respective period of lease.
- (d) Cost of Intellectual Property Rights is amortised on Straight Line Method over the useful life as estimated by the Management of 36 months.
- (e) Capitalised Hardware/Software costs are amortised over the estimated useful economic life not exceeding five years.
- (f) Second-Hand assets/assets acquired after the expiration of leased period are depreciated over their remaining useful life.

(iv) **Investments**

- (a) Investments in Associates are accounted as per the Equity Method.
- (b) Long term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at cost or fair value, whichever is lower.

SCHEDULES TO ACCOUNTS (Contd.)

(v) Valuation of Inventories

(a)	Raw Materials, Packing Materials, Consumables & Stores	At weighted average cost
(b)	Work in process	At lower of weighted average cost or net realisable value
(c)	Finished Goods	At lower of weighted average cost or net realisable value

(vi) Excise Duty

Excise duty on finished goods manufactured is accounted on clearance of goods from the factory premises and also in respect of year end stocks in bonded warehouse. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs and booking of the invoices in respect thereof.

(vii) Foreign Currency Transactions

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and current liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year is recognised as income or expense as the case may be. Exchange difference relating to fixed assets is adjusted in the carrying amount of respective fixed asset.
- (b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract, except in respect of fixed assets where it is adjusted to the cost of acquisition thereof.
- (c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense, except in respect of fixed assets where respective adjustment is made to the cost of acquisition thereof.

(viii) Research and Development

Current revenue expenditure incurred on Research and Development is charged to Profit & Loss Account of the year, unless deferred. Capital expenditure on Research & Development is accounted as Fixed Assets.

(ix) Retirement Benefits

Regular contributions are made to Provident Fund and charged to revenue. Contributions are made to the approved funds for providing benefits of Superannuation and Retirement Gratuities (Refer Schedule No. 23, Item viii). Leave encashment is provided based on actuarial valuation.

(x) Revenue and Expense Recognition

- (a) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- (b) Revenue in respect of overdue interest, insurance claim, etc. is recognised to the extent the company is reasonably certain of its ultimate realisation.
- (c) Export incentives are accounted on the basis of actual utilisation/realisation.
- (d) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees which are accounted for on cash basis.

(xi) Contingent Liabilities

These are disclosed by way of Notes appended to the Balance Sheet. Provision is made in the Accounts in respect of items which are likely to fructify after the end of the year but before finalisation of accounts to the extent such items have material effect on the position stated in the Balance Sheet.

(xii) Borrowing Cost

Borrowing cost of working capital management is charged against the profit for the year in which it is incurred. Borrowing cost attributable to acquisition of fixed asset which takes substantial period of time to get ready for its intended use is capitalised as part of the cost of such fixed asset.

(xiii) Leases

No significant finance lease arrangements have been entered into after the effective date of AS 19 on Leases. Therefore, Lease payments under finance lease arrangements are continued to be charged to the Profit and Loss Account consistent with schedule of lease payments.

SCHEDULES TO ACCOUNTS (Contd.)

(xiv) **Accounting for Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

23. NOTES TO ACCOUNTS

(i) Previous years figures are recast and regrouped wherever necessary.

(ii) Contingent Liabilities:

(a) In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 617.25 Lacs (2002-2003 — Rs. 401.57 Lacs).

(b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 158.59 Lacs (2002-2003 — Rs. 392.03 Lacs).

(c) Demands against the Company, either disputed or not acknowledged as debts and not provided for:

	2003-2004 (Rs. In lacs)	2002-2003 (Rs. In lacs)
Income Tax*	36.01	0.15
Sales Tax	29.93	3.71
Excise Duty	279.45	339.68
Modvat Claim	0.21	0.67
Provident Fund	0.67	0.67
Labour Matters	14.03	1.97
Others	0.63	0.63

* Items in respect of which, the Company has succeeded in Appeals but where Income Tax Department is pursuing Appeals/References and exclusive of the effect of similar matters in respect of Assessments remaining to be completed.

(d) The Company has also received Charter of Labour Demands with effect from 1.1.2003 for Andheri unit. The incremental liability on this account, if any, is not ascertainable.

(iii) Commitments:

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 34.03 Lacs (2002-2003 Rs. 32.22 Lacs).

Unaccrued Lease Rental Charges Rs. NIL (2002-2003 Rs.5.32 Lacs).

(iv) Non-convertible Debentures amounting to Rs. 750 lacs privately placed with IDBI have been redeemed at par in three equal installments at the end of 3rd, 4th & 5th year from the date of allotment, namely, 4th September, 1998, to the extent of Rs. 250 lacs on each occasion.

(v) Loans obtained from IDBI are secured by mortgages/hypothecation ranking pari passu inter se of related immovable and moveable assets of the Company, both present and future [except ownership flats, vehicles and assets acquired under SIDBI Rediscounting Scheme/and Assets charged under Term Loans from Banks].

Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future.

SCHEDULES TO ACCOUNTS (Contd.)

Fund and Non-Fund based limits sanctioned by the Bankers are secured by hypothecation of stocks and books debts ranking pari passu between them as also mortgage/hypothecation of specified Immovable and Movable Fixed Assets of the Company ranking pari passu by way of Second Charge.

Term Loans from IDBI, Banks and also Working Capital facilities from Banks, Unsecured Loan from Financial Institutions/Banks are guaranteed by the Managing/Wholetime Directors of the Company in their personal capacity.

- (vi) Deferred payment under SIDBI Bills Rediscounting Scheme for purchase of equipments are guaranteed by Bankers. These guarantees in turn are secured by charge on the respective equipments.
- (vii) Balance in the financial statement of Camlin International Ltd. on account of Preliminary Expenses of Rs. 0.18 Lac and Pre-operative Expenses of Rs. 0.10 Lac have been fully charged in the Consolidated Profit & Loss Account in line with Accounting Standard 29 relating to Intangible Assets.
- (viii) Disclosures pursuant to the requirements of Accounting Standards:

(a) **Gratuity:**

Gratuity Liability is fully covered by Gratuity-cum-Insurance Policy under the Cash Accumulation Scheme of Life Insurance Corporation of India (LIC). Company's contribution in terms of this policy representing the accruing liability for each year is charged to the profit and loss account. The total liability as actuarially determined by LIC aggregates to Rs. 606.03 Lacs (2002-2003 Rs. 399.23 Lacs) as on 01/12/2003 (being the Annual Renewal Date) against which the funds with the LIC amount to Rs. 417.23 Lacs (2002-2003 Rs. 292.82 Lacs).

(b) **Leave Encashment:**

Accruing liability towards leave encashment payable on retirement is estimated for the year on actuarial basis of Rs. 14.44 Lacs (2002-2003 Rs. 12.47 Lacs) and provided for in the accounts.

(c) **Earnings Per Share – Basic and Diluted**

	2003-2004	2002-2003
Net Profit (After Tax) as per profit and loss account available for equity shareholders (Rs. in Lacs)	163.99	452.28
Equity Shares for calculation of earnings per shares (Nos.)	4800000	4800000
Earnings per Share — Basic and Diluted (Rs.)	3.42	9.42

(d) **The following are the details of the Investments in Associates made by the Company.**

(Rs. in Lacs)

Name of the Associates	Country of Incorporation	Principal Activities	Ownership Interest & voting power	Original cost of investments	Amount of Goodwill/ (Capital Reserve) included in original cost	Accumulated profits/(loss) at the year end	Carrying amount of investments at the year end
Triveni Pencils Ltd.	India	Manufacturing of writing/drawing instruments	24.43%	4.00	(15.52)	(10.52)	NIL
Excella Pencils Ltd.	India	Manufacturing of writing/drawing instruments	14.33%	2.15	—	12.31	14.46

SCHEDULES TO ACCOUNTS (Contd.)

(e) CONSOLIDATED SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2004 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

(Rs. in Lacs)

Sr. No.		FY 2003-2004				FY 2002-2003			
		Consumer Products	Pharma	Fine Chemicals	Total	Consumer Products	Pharma	Fine Chemicals	Total
A.	REVENUE								
	Net Sales (Net of Trade Discount & Excise)/								
	Income from operations	12,483.02	2,708.68	3,145.23	18,336.93	12,932.91	1,922.84	2,920.32	17,776.07
	Intersegment Sales	—	—	—	—	—	—	—	—
	Total Revenue	12,483.02	2,708.68	3,145.23	18,336.93	12,932.91	1,922.84	2,920.32	17,776.07
B.	RESULT								
	Segment Result	750.73	204.27	720.37	1,675.37	989.54	150.77	894.50	2,034.81
	Unallocated Corporate expenses net of unallocable income				1,028.88				1,097.58
	Operating Profit				646.49				937.23
	Interest Expense				372.17				320.85
	Interest Income				(11.84)				(8.41)
	Income Tax								
	– Current				74.25				276.90
	– Deferred				32.57				(106.55)
	Total Income Tax				106.82				170.35
Earlier year adjustment				15.35				2.16	
Profit from Operating Activities				163.99				452.28	
Extra-ordinary loss				—				—	
	NET PROFIT				163.99				452.28
C.	OTHER INFORMATION								
	Segment Assets	6,134.82	1,459.20	2,871.04	10,465.06	5,736.21	883.13	2,803.06	9,422.40
	Unallocated Corporate Assets				1,380.99				1,219.19
	1. TOTAL ASSETS				11,846.05				10,641.59
	Segment Liabilities	2,465.59	372.99	469.63	3,308.21	2,364.76	324.46	757.17	3,446.39
	Unallocated Corporate Liabilities				8,537.84				7,195.20
	2. TOTAL LIABILITIES				11,846.05				10,641.59
	3. Capital Expenditure								
	Segment Related	288.85	24.78	174.35	487.98	255.01	32.10	779.48	1,066.59
	Corporate Related				50.21				172.34
	4. Depreciation								
Segment Related	200.07	8.27	150.80	359.14	224.72	13.61	80.69	319.02	
Corporate Related				77.85				52.56	
5. Non-cash expenses other than Depreciation	0.34	—	—	0.34	321.17	—	—	321.17	

NOTES:

1. The company has disclosed Business Segment as the Primary Segment. Segments have been identified taking into account the nature of products, the differing risks and returns, the organisation structure and internal reporting system.
2. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also the amounts allocated on a reasonable basis.
3. The expenses, which are not attributable to the Business Segment, are shown as Unallocated Corporate cost.
4. Assets and Liabilities that cannot be allocated between the segments are shown as a part of Unallocated Corporate assets and liabilities respectively.
5. The secondary segment can be taken to be the Fine Chemicals Segment which caters mainly to the Overseas Market.
6. The Segments cover the following activities:
 - (a) Consumer Products – Art Materials, Scholastic Products, Writing Instruments, Office Stationery, Glues and several Hobby Products.
 - (b) Pharmaceuticals – Health care products.
 - (c) Fine Chemicals – Bulk Drugs, Bulk Drug Intermediaries and Fine Chemicals.
7. Previous years figures have been regrouped wherever necessary.



SCHEDULES TO ACCOUNTS (Contd.)

(f) Related Parties Disclosures: (as Certified by the Management)

(A) Associate Companies

Name of the Related Party	Nature of Relationship
(1) CAFCO Consultants Ltd.	Associate Company
(2) Camart Agencies Ltd.	Associate Company
(3) Camelia Management Services Pvt. Ltd.	Associate Company
(4) Camellia Infotech Ltd.	Associate Company
(5) Camlidhan Enterprises Pvt. Ltd.	Associate Company
(6) Camlink Agencies Ltd.	Associate Company
(7) Camlink Investments & Finance Co. Pvt. Ltd.	Associate Company
(8) Caravan Packaging Ltd.	Associate Company
(9) Dandekar Developers Pvt. Ltd.	Associate Company
(10) Dandekar Investments & Consultants Pvt. Ltd.	Associate Company
(11) Dandekar Print Pack Pvt. Ltd.	Associate Company
(12) DDI Consultants Pvt. Ltd.	Associate Company
(13) Excella Pencils Ltd.	Associate Company
(14) Florite Inks Ltd.	Associate Company
(15) Liva Healthcare Ltd.	Associate Company
(16) Nilmac Packaging Industries Ltd.	Associate Company
(17) Ramada Business Services Ltd.	Associate Company
(18) Triveni Pencils Ltd.	Associate Company
(19) Vibha Agencies Pvt. Ltd.	Associate Company

(B) Key Management Personnel

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman & Managing Director
Mr. R. M. Dandekar	Joint Managing Director
Mr. S. S. Dandekar	Executive Director
Mr. D. M. Dandekar	Executive Director
Mr. A. S. Dandekar	Executive Director

(C) Transactions with Associate Companies

Particulars	Associate Companies	Rs. In Lacs
Purchase of goods	Liva Healthcare Ltd.	1374.49
	Nilmac Packaging Industries Ltd.	287.01
	Excella Pencils Ltd.	282.53
	Others	287.02
	Total	2231.05
		(2385.60)
Sale of goods	Triveni Pencils Ltd.	19.48
	Excella Pencils Ltd.	76.48
	Others	10.18
	Total	106.14
		(89.65)

SCHEDULES TO ACCOUNTS (Contd.)

Particulars	Associate Companies	Rs. In Lacs
		2003-2004
Purchase of Fixed Assets	Camellia Infotech Ltd.	20.50
	Triveni Pencils Ltd.	13.72
	Others	0.90
	Total	35.12
		(25.02)
Sale of Fixed Assets	Total	Nil
Receiving Services	Camlink Agencies Ltd.	46.63
	Triveni Pencils Ltd.	43.96
	Nilmac Packaging Industries Ltd.	59.42
	Camart Agencies Ltd.	77.38
	Others	31.20
	Total	258.59
		(10.29)
Rendering Services	Camellia Infotech Ltd.	2.33
	Liva Healthcare Ltd.	2.19
	Nilmac Packaging Industries Ltd.	1.57
	Others	1.68
	Total	7.77
		(165.18)
Net Amount Payable	Liva Healthcare Ltd.	229.13
	Nilmac Packaging Industries Ltd.	30.75
	Others	54.76
	Total	314.64
		(278.43)
Net Amount Receivable	Triveni Pencils Ltd.	38.06
	Florite Inks Ltd.	22.77
	Others	5.04
	Total	65.87
		(Nil)
Dividend Paid	Camart Agencies Ltd.	6.65
	CAFCO Consultants Ltd.	1.87
	Others	4.14
	Total	12.66
		(7.91)
Dividend Receivable	Excella Pencils Ltd.	0.54
	Total	0.54
		(Nil)

Figures in brackets are for the previous year.

(D) Details of transactions relating to persons referred to in item (B) above and their relatives

	Rs. in Lacs	
	2003-2004	2002-2003
Remuneration	80.80	110.17
Dividend Paid	13.97	8.47
Sale of Investments	—	2.05



SCHEDULES TO ACCOUNTS (Contd.)

24. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before non-recurring items	256.52	604.88
Adjustments for:		
Depreciation	437.01	371.58
Provision for doubtful debts	35.50	103.17
Foreign Exchange (Unrealised)	3.69	(1.44)
(Profit)/Loss on Sale of Fixed Assets	13.63	7.35
(Profit)/Loss on Sale of Investments	7.95	(1.05)
Provision for diminution of Investments	(15.00)	—
Interest Expenses	412.08	370.65
Interest/Dividend Received	(14.09)	(10.14)
Amortisation of Expenses	0.33	325.90
Share of profits of Associates for the current year	10.58	(1.55)
Provision for leave encashment	14.44	12.47
Provision for Wealth Tax	0.55	0.42
Operating Profit before Working Capital changes	1,163.19	1,782.24
Adjustments for:		
Trade and other Receivables	(1,134.38)	(79.85)
Inventories	166.54	(690.08)
Trade Payables	231.68	342.31
Other Payables	(96.53)	(53.47)
Cash generated from Operations	330.50	1,301.15
Direct taxes paid	(103.90)	(284.07)
Cash flow before Extra-ordinary items	226.60	1,017.08
Extra-ordinary items - Deferred Revenue Expenses	—	(9.45)
Earlier Years Expenses	—	(2.35)
Net cash from operating activities	226.60	1,005.28
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(748.27)	(903.34)
Sale of Fixed Assets	130.26	25.95
(Purchase)/Sale of Investments	(3.18)	4.55
Interest Received	7.27	4.72
Dividend Received	0.72	0.19
Net cash used in Investing Activities	(613.20)	(867.93)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	887.57	379.76
Interest Paid	(403.45)	(370.64)
Dividend Paid	(94.35)	(58.30)
Net cash used in Financing Activities	389.77	(49.18)
D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents	(3.69)	1.44
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(0.52)	89.61
Cash and Cash Equivalents (Opening Balance)	225.74	136.13
Cash and Cash Equivalents (Closing Balance)	225.22	225.74

Adjustments made to the cost of Investments by the adoption of Equity Method do not involve any cash flow and hence, are ignored in this cash flow statement.

Mumbai
Dated : 10th June, 2004.

Lorna D'cunha
Company Secretary

D. D. Dandekar Chairman & Mg. Director
R. M. Dandekar Jt. Mg. Director
S. S. Dandekar Executive Director
D. M. Dandekar Executive Director
A. S. Dandekar Executive Director
G. G. Desai Director
S. E. Godbole Director
M. P. Khedkar Director
P. A. Narvekar Director
P. M. Sapre Director

**DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO THE DIRECTIONS OF THE DEPARTMENT OF
COMPANY AFFAIRS WHILE GRANTING PERMISSION TO THE COMPANY
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

(Rs. In Lacs.)

NAME OF THE SUBSIDIARY	:	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA, INC., U.S.A.*
1. Capital	:	5.00	4.41
2. Reserves	:	11.40	(9.43)
3. Total Assets	:	23.25	16.89
4. Total Liabilities	:	23.25	16.89
5. Details of Investments	:	NIL	NIL
6. Turnover	:	54.13	4.75
7. Profit/(Loss) Before Taxation	:	6.37	(10.04)
8. Provision For Taxation	:	1.90	0.35
9. Profit/(Loss) After Taxation	:	4.40	(10.39)
10. Proposed Dividend	:	30%	NIL

* Average Exchange Rate as on 31st March, 2004. – 1 US\$ = Rs.46.07.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

YEAR ENDING 31ST MARCH	2004	2003	2002	2001	2000	1999	1998	1997
A Assets Employed								
1 Net Fixed Assets	3553.13	3607.37	2870.78	2630.17	2403.42	2229.17	2028.57	1908.87
2 Net Current Assets	3310.76	2244.76	2060.52	2398.88	2303.43	2564.26	1846.27	1576.10
3 Others	62.10	47.70	362.56	446.83	617.03	227.81	206.73	133.97
TOTAL	6925.99	5899.83	5293.86	5475.88	5323.88	5021.24	4081.57	3618.94
B Financed By								
1 Equity Share Capital	480.00	480.00	240.00	240.00	240.00	240.00	240.00	240.00
2 Reserves & Surplus	1700.87	1599.14	1509.76	1704.84	1570.28	1452.79	1333.35	1171.47
3 Shareholder's Funds	2180.87	2079.14	1749.76	1944.84	1810.28	1692.79	1573.35	1411.47
4 Loan Funds	4302.90	3411.04	3027.90	3531.04	3513.60	3328.45	2508.22	2207.47
5 Deferred Tax Liability (Net)	442.22	409.65	516.20	—	—	—	—	—
TOTAL	6925.99	5899.83	5293.86	5475.88	5323.88	5021.24	4081.57	3618.94
C Net Sales (Net of Trade Discount & Excise)	18268.50	17517.43	16707.08	15140.34	14114.03	12907.14	12332.66	10372.62
D Profit and Appropriations								
1 Operating Profit (PBIDT) (Before Extra Ordinary Item)	1118.58	1628.57	1214.77	1127.54	1034.26	938.87	845.74	648.36
2 Interest	372.17	320.85	388.32	536.21	553.93	476.68	404.47	377.60
3 Profit Before Depreciation, Tax & Extra Ordinary Item	746.41	1307.72	826.45	591.33	480.33	462.19	441.27	270.76
4 Depreciation	437.01	371.58	305.54	266.68	222.23	199.71	177.33	155.83
5 Profit Before Tax & Extra Ordinary Item	309.40	936.14	520.91	324.65	258.10	262.48	263.94	114.93
6 Extra Ordinary Item	—	321.17	108.33	99.77	43.87	—	—	—
7 Profit Before Tax	309.40	614.97	412.58	224.88	214.23	262.48	263.94	114.93
8 Tax — Current	72.00	275.00	30.00	18.00	25.00	28.00	28.00	15.00
— Deferred	32.57	(106.55)	79.10	—	—	—	—	—
9 Profit After Tax	204.83	446.52	303.48	206.88	189.23	234.48	235.94	99.93
10 Earlier Year's Adjustments	(15.28)	(2.25)	5.13	0.39	8.05	(1.61)	(1.47)	4.24
11 Net Profit After Tax	189.55	444.27	308.61	207.27	197.28	232.87	234.47	104.17
12 Dividends & Tax On Dividend	81.23	108.30	60.00	66.12	73.20	66.60	66.60	39.29
13 Retained Earnings	108.32	335.97	248.61	141.15	124.08	166.27	167.87	64.88
E Per Share Information								
1 Earning Per Share	3.95	**9.26	12.86	8.64	8.22	9.70	9.77	4.34
2 Book Value Per Share (Rs.)	40.34	*38.08	*48.98	53.95	40.79	51.66	48.54	44.55
3 Dividend Per Share (Rs.) (Excluding Tax on Dividend)	1.50	2.00	2.50	2.50	2.50	2.50	2.50	1.50

* Book value per share as on 31.03.2002 would have been Rs. 67.20 but the same has gone down because of implementation of AS-22 on "Accounting for Taxes on Income" and charging Rs. 437.10 Lacs from General Reserve.

** Earning per equity share and book value per share is with reference to 48 Lacs number of equity shares (Post Bonus Issue) as against 24 Lacs number equity shares for earlier years and hence not strictly comparable.