

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.
(Manufacturing Activity shifted since May, 2005)
- 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.
- Rajprabha Udyog Nagar, Walive, Vasai (East), (Dist. Thane) 401 308.

CHIEF FINANCIAL OFFICER

Mr. Prasad G. Godbole

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 (India) Pvt. Ltd.
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 **58th Annual General Meeting** of the Members of Camlin Limited, will be held on Monday, the 5th September, 2005 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, 2005 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pramod M. Sapre, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Madhukar P. Khedkar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dhananjay N. Mungale, who retires by rotation and being eligible offers himself for re-appointment.
5. 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:

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

“RESOLVED THAT in supersession of a 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and an Abstract and Memorandum under Section 302 of the Companies Act, 1956 issued to the Members on 27th October, 2004, consent of the Company, be and is hereby accorded to the appointment of Mr. Dilip D. Dandekar, as a Director in the wholtime employment, designated as ‘Chairman & Managing Director’ with effect from 1st November, 2004 and to his receiving for a period of three years from 1st November, 2004 salary of Rs. 1,00,000/- per month plus house rent allowance, performance linked remuneration, commission,

perquisites, allowances and benefits (collectively called ‘remuneration’ including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Dilip D. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. Dilip D. Dandekar, as ‘Chairman & Managing Director’, the remuneration, payable to him shall be as per the applicable provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.”

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 a 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and an Abstract and Memorandum under Section 302 of the Companies Act, 1956 issued to the Members on 27th October, 2004, consent of the Company, be and is hereby accorded to the appointment of Mr. Rajiv M. Dandekar, as a Director in the wholtime employment, designated as ‘Jt. Managing Director’ with effect from 1st November, 2004 and to his receiving for a period of three years from 1st November, 2004 salary of Rs. 90,000/- per month plus house rent allowance, performance linked remuneration, commission, perquisites, allowances and benefits (collectively called ‘remuneration’ including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Rajiv M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. Rajiv M. Dandekar,

as 'Jt Managing Director', the remuneration, payable to him shall be as per the applicable provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956."

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 a 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and an Abstract and Memorandum under Section 302 of the Companies Act, 1956 issued to the Members on 27th October, 2004, consent of the Company, be and is hereby accorded to the appointment of Mr. Shriram S. Dandekar, as a Director in the wholetime employment, designated as 'Executive Director' with effect from 1st November, 2004 and to his receiving for a period of three years from 1st November, 2004 salary of Rs. 90,000/- per month plus house rent allowance, performance linked remuneration, commission, perquisites, allowances and benefits (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Shriram S. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. Shriram S. Dandekar, as 'Executive Director', the remuneration, payable to him shall be as per the applicable provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956."

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

"RESOLVED THAT in supersession of a 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and an Abstract and Memorandum under Section 302 of the Companies

Act, 1956 issued to the Members on 27th October, 2004, consent of the Company, be and is hereby accorded to the appointment of Mr. Deepak M. Dandekar, as a Director in the wholetime employment, designated as 'Executive Director' with effect from 1st November, 2004 and to his receiving for a period of three years from 1st November, 2004 salary of Rs. 90,000/- per month plus house rent allowance, performance linked remuneration, commission, perquisites, allowances and benefits (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Deepak M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. Deepak M. Dandekar, as 'Executive Director', the remuneration, payable to him shall be as per the applicable provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956."

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

"RESOLVED THAT in supersession of a 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and an Abstract and Memorandum under Section 302 of the Companies Act, 1956 issued to the Members on 27th October, 2004, consent of the Company, be and is hereby accorded to the appointment of Mr. Ashish S. Dandekar, as a Director in the wholetime employment, designated as 'President (Pharmaceutical & Fine Chemical Divisions) and Executive Director' with effect from 1st November, 2004 since re-designated as President (Fine Chemical Division) and Executive Director with effect from 1st April, 2005, and to his receiving for a period of three years from 1st November, 2004 salary of Rs. 90,000/- per month plus house rent allowance, performance linked remuneration, commission, perquisites, allowances and benefits (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year

of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Ashish S. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. Ashish S. Dandekar, as 'President (Fine Chemical Division) and Executive Director', the remuneration, payable to him shall be as per the applicable provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956."

11. 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 to appoint Ms. Aditi D. Dandekar, who is a relative of Mr. Dilip D. Dandekar, Chairman and Managing Director of the Company for holding and continuing to hold an office or place of profit as an employee of the Company, with effect from 1st October, 2004, as 'Marketing Officer' on a consolidated salary of Rs. 20,000/- per month including all perquisites, allowances and benefits payable to other employees of her grade with an increase of Rs. 4,000/- paid on confirmation in the grade of MS-2 as 'Product Manager'.

RESOLVED FURTHER THAT the Company accords its consent under the said Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, to the payment of increased remuneration in the form of additional increments and/or allowances/perquisites which may be payable to other employees in the same grade, from time to time on account of pay revision."

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

Dated : 20th June, 2005.

By Order of the Board

LORNA D'CUNHA
Company Secretary

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 6 to 11 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 1st September, 2005 to 5th September, 2005 (both days inclusive).
4. 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.

In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 1997, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claim in respect of their un-encashed dividend with regard to the above dividend.
5. Members who have not encashed their dividend warrants for the financial year ended 31st March, 1998 and thereafter, may immediately approach the R&T Agent 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 the 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.
6. 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 NOS: 6 TO 10:

At the 55th Annual General Meeting held on 29th August, 2002, the members had approved the appointments of M/s. Dilip D. Dandekar, Chairman & Managing Director, Rajiv M. Dandekar, Joint Managing Director, Shriram S. Dandekar, Deepak M. Dandekar and Ashish S. Dandekar as Executive Directors respectively (collectively called Wholetime Directors) on revised terms and conditions.

In order to recognise the intensive efforts made to meet the challenges in the highly competitive market and in view of the need to maintain the sustained tempo of the Management working focussed towards forward looking operations of the Company, the revision in remuneration of Wholetime Directors w.e.f. 1st November, 2004 was approved by the Remuneration Committee and the Board of Directors at their Meetings held on 16th October, 2004 and 27th October, 2004 respectively.

The important terms of the appointment of the above mentioned Wholetime Directors as approved by the Board, were circulated among the members pursuant to Section 302 of the Companies Act, 1956.

The revised terms of remuneration for a period of three years from 1st November, 2004 to 31st October, 2007, are as under:

1. Salary:

Sr. No.	Name & Designation of the Wholetime Directors	Salary per Month (Rs.)
1.	Mr. Dilip D. Dandekar Chairman & Managing Director	1,00,000
2.	Mr. Rajiv M. Dandekar Jt. Managing Director	90,000
3.	Mr. Shriram S. Dandekar Executive Director	90,000
4.	Mr. Deepak M. Dandekar Executive Director	90,000
5.	Mr. Ashish S. Dandekar President (Pharmaceutical and Fine Chemical Divisions) and Executive Director since re-designated as President (Fine Chemical Division) and Executive Director w.e.f. 1 st April, 2005.	90,000

2. House Rent Allowance:

House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.

3. Perquisites and Allowances:

In addition to the salary, house rent allowance, performance linked remuneration and commission payable, each of the Wholetime Directors shall also be entitled to perquisites and allowances such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for themselves and their families, club fees, provision of car with driver, telephone/fax facilities and benefit of personal accident insurance scheme and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Remuneration Committee/ Board of Directors and such perquisites and allowances will however, be subject to a ceiling of Rs.1.50 Lacs per annum.

Perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, they shall be evaluated at actual cost.

4. Performance Linked Remuneration:

In addition to the salary, house rent allowance, perquisites & allowances and commission, performance linked remuneration shall be payable to each of the Wholetime Directors, for each financial year after taking into account performance and profit of each division subject to limit of Rs. 20.00 Lacs per annum at the discretion of the Remuneration Committee/Board of Directors.

However, the aforesaid remuneration will be subject to the overall ceilings stipulated in Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

5. Commission:

The Wholetime Directors may also be paid remuneration by way of commission, in addition to salary, house rent allowance, perquisites & allowances and performance linked remuneration calculated with reference to the Net Profits of the Company for a particular Financial Year, subject to the overall ceilings laid down under the provisions of Sections 198 and 309 of the Companies Act, 1956 of such amount, as the Remuneration Committee/Board of Directors may in their absolute discretion determine.

6. Provident, Superannuation and Gratuity Fund:

Company's contribution to Provident Fund, Family Pension Scheme and Superannuation Fund to the extent these either singly or together are not taxable under the Income-tax Act, 1961 and gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

The aggregate of the remuneration including contribution towards Provident Fund, Family Pension Scheme, Superannuation Fund and Gratuity Fund, payable to the Wholetime Directors of the Company taken together shall not exceed 10% of the Net Profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

7. Minimum Remuneration:

If in any year during the currency of appointment of the Wholetime Directors, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of salary, house rent allowance, perquisites & allowances and performance linked remuneration as per the provisions of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

8. Memorandum of Interest:

Mr. Rajiv M. Dandekar and Mr. Deepak M. Dandekar are interested in each other's appointment as Brothers.

As per the terms of the appointment except Mr. Deepak M. Dandekar, other Wholetime Directors are not liable to retire by rotation.

No other Director except the appointees are concerned or interested in the resolution.

The Agreement(s) entered into between the Company and the Appointees, setting out the terms and conditions of their appointment, are available for inspection of the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company.

Additional information relevant to the appointment of the Wholetime Directors forming part to the explanatory statement as required of Schedule XIII of the Companies Act, 1956.

(I) General Information:

(a) Nature of Industry:

The Company is a Manufacturer of Consumer Products (Art Materials and Stationery), Bulk Drugs and Fine Chemicals.

(b) Date of commencement of commercial production:

The Company was originally incorporated on 24th December, 1946 as a Private Limited Company and has been operative since then.

(c) Financial Performance based on given indicators - as per audited Financial Results for the year ended 31st March, 2005:

Particulars	(Rs. in Lacs)
Net Sales & Other Income	19,939.52
Gross Profit	198.54
Amortisation of VRS cost	19.05
Interest	454.92
Depreciation	456.23
Profit/(Loss) before tax	(731.66)
Profit/(Loss) after taxation	(488.50)
Share Capital	480.00
Net Worth	704.84
Capital employed	6,736.76

Book Value per share (Rs.) 14.68

(d) Export Performance and Foreign Exchange earned for the financial year ended 31st March, 2005:

During the year 2004-2005, the Company's exports amounted to Rs. 3,658.31 Lacs compared to Rs. 3,127.70 Lacs in the previous year, registering a growth of 16.96%, out of the total exports of Rs. 3,658.31 Lacs, the Fine Chemical Division has made exports of Rs. 3,132.45 Lacs.

(e) Foreign Investments or Collaborations, if any:

During the year 2004-2005, the Company made an investment in its wholly owned subsidiary company viz. Camlin North America Inc., U.S.A. by way of subscribing to its equity share capital to the extent of US\$ 10,000 equivalent to Rs. 4.60 Lacs and has also given to it an interest free loan of US\$ 40,000 equivalent to Rs. 17.98 Lacs.

The Company does not have any foreign collaboration.

(II) Information about the Wholetime Directors:

(a) Background Details:

Mr. Dilip D. Dandekar (53) G.C.D, joined the Company as 'Management Trainee'. He was later appointed as Wholetime Director in the year 1979.

From 1st June, 2002 he has been appointed as “Chairman & Managing Director”.

Mr. Rajiv M. Dandekar (50) B.Sc. (Hons.), M.B.A., joined the Company as ‘Management Trainee’. After carrying out various management functions, he was appointed as “Jt. Managing Director” from 1st January, 1993.

Mr. Shriram S. Dandekar (44) M.Sc., M.B.A., joined the Company as ‘Management Trainee’. After carrying out various management functions, he was appointed as “Executive Director” from 1st January, 1993.

Mr. Deepak M. Dandekar (47) B.Com, joined the Company as ‘Asst. Accountant’. After carrying out various management functions, he was appointed as “Executive Director” from 1st June, 1996.

Mr. Ashish S. Dandekar (42) B.A., Management Studies (USA), joined the Company as ‘Management Trainee’. After carrying out various management functions, he was appointed as “Executive Director” from 26th July, 1998.

(b) Past Remuneration (2004-2005):

Sr. No.	Name of the Wholetime Directors	(Rs. in Lacs)
1.	Mr. Dilip D. Dandekar Chairman & Managing Director	15.56
2.	Mr. Rajiv M. Dandekar Jt. Managing Director	12.44
3.	Mr. Shriram S. Dandekar Executive Director	13.06
4.	Mr. Deepak M. Dandekar Executive Director	13.13
5.	Mr. Ashish S. Dandekar President (Fine Chemical Division) & Executive Director	12.90

(c) Recognition or awards:

During the year Mr. Dilip D. Dandekar, Chairman & Managing Director received the prestigious ‘Udyog Ratna’ award from the Hon. Chief Minister of Maharashtra, on 22nd April, 2005 for his contribution to the industry in State of Maharashtra.

(d) Job Profile and suitability:

Mr. Dilip D. Dandekar is the ‘Chairman and Managing Director’ since 1st June, 2002. He has wide experience of 35 years, in the field of Marketing, Administration and overall Management of the Company. He is overall in-charge of all the Divisions of the Company.

Mr. Rajiv M. Dandekar is the ‘Jt. Managing Director’ since 1st January, 1993. He has wide experience of 26 years in the area of Marketing and Human Resource Development (HRD). He is responsible for the General Administration of Consumer Products Division and he is assisting the Chairman and Managing Director in his day-to-day functions.

Mr. Shriram S. Dandekar is an ‘Executive Director’ since 1st January, 1993. He has wide experience of 22 years in the field of Research and Development, Product Development, Business Planning and Marketing. He is responsible for Business Planning, Research & Development, Product Development and Marketing of Consumer Products Division.

Mr. Deepak M. Dandekar is an ‘Executive Director’ since 1st June, 1996. He has wide experience of 21 years in the field of Accounts, Finance and Information Technology. He is responsible for all matters relating to Information Technology of Consumer Products Division.

Mr. Ashish S. Dandekar is the ‘President (Pharmaceutical & Fine Chemical Divisions) and Executive Director’ since 26th July, 1998 and since re-designated as President (Fine Chemical Division) and Executive Director w.e.f 1st April, 2005. He has wide experience of 19 years in the field of Pharmaceutical and Fine Chemical Products of the Company including Business Planning, Information System, Research & Development, Product Development, Marketing and Export. He is responsible for the activities in Fine Chemical Division including Business Planning, Information Systems, Research & Development, Product Development and Marketing.

All the Wholetime Directors being part of the Senior Management are responsible for the operations and affairs of the Company pertaining to their respective areas. Taking into consideration their qualifications and experience in relevant fields, the Wholetime Directors are best suited for the responsibilities currently assigned to them by the Board of Directors.

(e) Remuneration Proposed:

	(Rs.)
Salary (Per Month)	Mr. Dilip D. Dandekar 1,00,000/- Mr. Rajiv M. Dandekar 90,000/- Mr. Shriram S. Dandekar 90,000/- Mr. Deepak M. Dandekar 90,000/- Mr. Ashish S. Dandekar 90,000/-
HRA	House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.
Performance Linked Remuneration	An amount not exceeding Rs. 20.00 Lacs per annum, in addition to the salary, house rent allowance, perquisites & allowances and commission, will be payable after taking in to account performance and profit of each division at the discretion of the Remuneration Committee/ Board of Directors.
Commission	Remuneration by way of commission in addition to salary, house rent allowance, perquisites & allowances and performance linked remuneration, calculated with reference to Net Profits of the Company, subject to overall ceiling laid down under the provisions of Section 198 and 309 of the Companies Act, 1956 or such amount as Remuneration Committee/ Board of Directors may determine.
Perquisites and Allowances	Maximum of Rs. 1.50 Lacs per annum to each Wholetime Director.

(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration, the size of the Company, the profile of the Wholetime Directors, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level Directors in other Companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, the Wholetime Directors do not have any other pecuniary relationship with the Company and its managerial personnel.

(III) Other Information:

(a) Reasons for loss or inadequate profits:

In spite of marginal increase in net sales by 8.19%, the operations of the Company have resulted in net loss of Rs. 731.66 Lacs. Consumer Products Division could not pass on the rising cost of inputs to the consumers due to stiff competition, while Pharmaceutical Division loss was due to negative sales growth largely attributable to uncertainties over introduction of VAT, heavy promotional expenditure incurred on new products which failed to make a mark in the market and introduction of MRP based excise duty.

(b) Steps taken or proposed to be taken for improvement:

The Company has already initiated the measures like restricting pharmaceutical marketing activities, implementation of voluntary retirement scheme, introduction of new products with higher value addition, increase in productivity and control over the overheads.

(c) Expected increase in productivity and profits in measurable terms:

Inspite of setback to the operations in the financial year 2004-05, the Company has taken various measures to improve the profitability.

(IV) Disclosures:

The information in respect of Remuneration including performance linked remuneration alongwith performance criteria, service contract, notice period, stock options details if any have been given in the Corporate Governance Report.

Directors recommend the Special Resolutions for your approval.

ITEM NO: 11:

Section 314 (1) of the Companies Act, 1956, inter alia provides that the 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.

Ms. Aditi D. Dandekar, Bachelor in Fine Arts (Mumbai University), Master in Communication Studies (Pune University) and Master in Fine Arts (San Francisco University, U.S.A) has been actively involved in the Marketing activities of various organisations for the last 3 years.

No Directors other than Mr. Dilip D. Dandekar, are 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 : 20th June, 2005.

By Order of the Board

LORNA D'CUNHA
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 58th Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2005.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2004-2005	2003-2004
Profit/(Loss) Before Tax	(731.66)	309.40
Less: Provision for Tax		
- Current	—	72.00
- Deferred	(260.14)	32.57
- Prior Year (Net)	16.98	15.28
Profit/(Loss) After Tax	(488.50)	189.55
Balance brought forward from last year	1,164.00	970.68
Debtore Redemption Reserve written back	—	125.00
	<u>675.50</u>	<u>1,285.23</u>
Transferred to:		
Proposed Dividend	—	72.00
Corporate Dividend Tax	—	9.23
General Reserve	—	40.00
Balance Carried Forward	675.50	1,164.00
	<u>675.50</u>	<u>1,285.23</u>

REVIEW AND RESTRUCTURING OF OPERATIONS:

Your Company has achieved Net Sales of Rs. 19,764.33 Lacs for the year as compared to Rs. 18,268.50 Lacs in the previous year showing a marginal increase of 8.19%. Company's total export turnover for this year at Rs. 3,658.31 Lacs. (Previous year Rs. 3,127.70 Lacs), increased by 16.96%.

In spite of marginal increase in net sales, the performance of your Company has resulted in a loss of Rs. 731.66 Lacs as against a profit of Rs. 309.40 Lacs, in the previous year.

The loss for the Current Year has arisen due to losses made by Consumer Products and Pharmaceutical Divisions.

Due to stiff competition, Consumer Products Division could not pass on the rising cost of inputs to the Consumers. As regards Pharmaceutical Division, negative sales growth, heavy promotional expenditure incurred on new products which failed to make a mark in the market and introduction of MRP based Excise Duty were the main causes of the loss. Further, in case of both Consumer Products and Pharmaceutical Divisions, the sales got severely affected for 2 to 3 months, prior to introduction of Value Added Tax (VAT), as in case of other Companies in FMCG and Pharmaceutical Sector.

Management has carried out SWOT Analysis of Pharmaceutical Division which solely consisted of marketing activities and in order to pre-empt incurrance of further losses, Management has decided to substantially restrict the

operations of this Division w.e.f. 1st April, 2005. As per the understanding reached between the Company and Liva Healthcare Limited (Liva) in this regard, all stocks have been taken over by Liva, except a small stock of Oncology Products, which shall be liquidated by the Company during the current year. All employees of Pharmaceutical Division have been taken over by Liva with continuity in service. Liva has been arrange for recovery of receivables of the Division.

These steps will enable the Company to deploy the resources hitherto used in the said Pharmaceutical marketing operations into the core activities of the Company viz. Consumer Products and Fine Chemical Divisions.

As regards Consumer Products Division, Management has already initiated measures such as introduction of new products with higher value addition, control over overheads etc. It has successfully implemented the Voluntary Retirement Scheme (VRS) on 2nd April, 2005 for Consumer Products Division at its Andheri Establishment. It has accordingly closed Andheri Factory and shifted the products hitherto manufactured there, to its Tarapur, Taloja and Vasai Factories. This will enable the Company to significantly reduce its cost of production, which will yield benefits from the year 2005-06 and enable the Company to turn the corner.

In view of loss for the reasons enumerated above, Directors regret their inability to recommend any dividend on Equity Shares.

NEW PLANT AT VASAI:

Management is pleased to report that the Company commenced commercial operations of manufacturing various types of marker pens at Vasai from 15th February, 2005 by setting up a plant at Vasai.

Directors are glad to report that the newly commenced operations have been stabilised at satisfactory level and expect that this activity shall enable the Company to improve quality and price realisation of marker pens.

SUBSIDIARY COMPANIES:

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

During the year under review, Camlin North America, Inc., U.S.A., a wholly owned subsidiary company, has achieved a sales revenue of Rs. 10.04 Lacs for the year as compared to Rs. 4.75 Lacs in the previous year, registering a growth of 111.37%. However, the operations have resulted into a net loss of Rs. 14.19 Lacs (Previous year of Rs. 10.39 Lacs).

The Company has also made a further investment to the extent of \$10000 equivalent to Rs. 4.60 Lacs in the equity of this wholly owned subsidiary. With increased acceptability of the Company's products in the American market by Distributors and Consumers, the Directors of the Company expect to attain operational break even in the near future.

Camlin International Limited:

Camlin International Limited, another wholly owned subsidiary company, exported Rs. 44.92 Lacs worth of goods to South Korea and earned a net profit of Rs. 4.07 Lacs (Previous year Rs. 6.37 Lacs). Directors have recommended a dividend of 80% for the year ended 31st March, 2005.

Department of Company Affairs, Government of India vide its letter dated 26th May, 2005 has exempted the Company from attaching the Annual Reports and other particulars of its Subsidiary Companies alongwith the Annual Reports of the Company required under Section 212(8) of the Companies Act, 1956. Therefore, the said Reports of the Subsidiary Companies are not attached herewith.

However, as directed by the Department of Company Affairs, while according aforesaid approval, financial details of Subsidiary Companies have been separately disclosed.

A 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 the directions of Central Government is also annexed.

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

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, 2005 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, 2005 in respect of manufacturing activities of Bulk Drugs, are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

DEPOSITS:

During the year total amount of fixed deposits held by the Company was Rs. 664.46 Lacs. There are no overdue deposits except unclaimed deposits amounting to Rs. 5.43 Lacs as at 31st March, 2005, out of which, deposits amounting to Rs. 1.77 Lacs have been repaid/renewed as on date.

DIRECTORS:

Mr. Pramod M. Sapre, Mr. Madhukar P. Khedkar and Mr. Dhananjay N. Mungale retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

None of the Directors are disqualified from being appointed as Directors, as specified in Section 274 (1) (g) of the Companies Act, 1956.

As required under the Listing Agreement, particulars of Directors seeking appointment at the ensuing Annual General Meeting have been attached to the Notice of the meeting.

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, 2005 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, 2005 and of the loss 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, 2005 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, 2005 on a 'going concern' basis.

CORPORATE GOVERNANCE:

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance, as prescribed under the Listing Agreements of Stock Exchange at which, the Company is listed, are complied with. A separate report on Corporate Governance is annexed alongwith the Auditors' Certificate on its compliance. The Management Discussion and Analysis Report also forms a part of this report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred a sum of Rs. 3.40 Lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents unclaimed dividend, debentures alongwith interest, fixed deposits and interest on fixed deposits which have been unclaimed with the Company for a period of 7 years from their respective due dates of payment.

AUDITORS:

The retiring Auditors, B. K. KHARE & CO., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2005-2006. You are requested to appoint them.

DELISTING OF EQUITY SHARES:

As approved by the Members at previous Annual General Meeting, the process of delisting Equity Shares of the Company from the Stock Exchanges at Ahmedabad, Chennai, Delhi and Pune has been completed.

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

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.

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

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.

EMPLOYEE RELATIONS:

During the year, Agreements effecting revision in wage and service conditions were executed with the representatives of

Union at Andheri and Taloja Establishment which was immediately followed by introduction of Voluntary Retirement Scheme-2005 (VRS) for Consumer Products Division at Andheri Establishment, resulting in separation of 178 employees on 2nd April, 2005. As a result, employee base has been pruned by 19.28%. The total one time expenditure of Rs.762.02 Lacs was incurred by availing term loan from Bank of Maharashtra. Relations with the employees at all levels remained cordial during the year.

ACKNOWLEDGEMENT:

Your Directors expressed their gratitude to the Members, Depositors, Bankers, Financial Institutions and the Customers for their active support and patronage. The Directors also acknowledged 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 : 20th June, 2005.

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:

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

	2004-2005	2003-2004
1. Electricity		
(a) Purchased		
Units (KWH)	2279725	1739959
Total Amount (Rs. in Lacs)	80.71	70.75
Rate/Unit (Rs.)	3.54	4.07
(b) Own Generation	—	—
2. Coal	—	—
3. Light Diesel Oil (LDO)		
Quantity (K. Ltrs.)	684.00	458.00
Total Amount (Rs. in Lacs)	160.68	99.40
Average Rate per Ltr. (Rs.)	23.49	21.70
4. Others/Internal Generation	—	—
(B) Consumption per Unit of production (M.T)	Standards	Standards
	(If any)	(If any)
Electricity (KWH)	629	757
LDO (Ltrs.)	189	199

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)	
	2004-2005	2003-2004
4. Expenditure on R&D:		
(a) Capital	—	12.52
(b) Recurring	75.73	77.15
(c) Total	75.73	89.67
(d) Total R&D Expenditure as a percentage of total turnover	0.38%	0.49%

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.
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 5.40% during the year 2004-2005. 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)	
	2004-2005	2003-2004
Foreign exchange used	1,661.28	1,231.85
Foreign exchange earned	3,658.31	3,127.70

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 20th June, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors have the pleasure of presenting the Management Discussion & Analysis report for the year ended 31st March, 2005.

INDUSTRY STRUCTURE & DEVELOPMENT AND SEGMENTWISE PERFORMANCE:

Consumer Products, Fine Chemicals and Pharmaceuticals were three business segments of your Company during the financial year 2004-05. Out of them, the activities of the Pharmaceutical Division have been substantially restricted w.e.f. 1st April, 2005, for the reasons elaborated hereinafter:

- **CONSUMER PRODUCTS:**

Amongst very broad spectrum of products covered under the industry, your Company deals in number of product groups such as artist materials, students and hobby colours, colour implements, scholastic and office stationery, inks, adhesives and writing instruments like pencils, markers and pens. Besides, competition from domestic and international Companies, the Company has also to take on the competition from dumping of extremely cheap writing instruments particularly from China and South East Asian Countries. However, with constant improvement in quality, innovative packaging, competitive pricing and effective distribution, the Company has been able to maintain its leadership in the market for major product groups.

Company's exports are steadily increasing not only to developing countries but also to highly developed countries.

The Division contributed to 69.44% of total net sales of the Company and has achieved net sales of Rs. 13,723.94 Lacs against Rs. 12,439.16 Lacs in the previous year, registering growth of 10.33%.

- **FINE CHEMICALS:**

Your Company primarily manufactures food grade antioxidants such as TBHQ and BHA. Besides these products, the Company also manufactures bulk drugs and drug intermediates of Amlodipine Besylate, Miconazole Nitrate, Clotrimazole, Flutamide, Nitrendipine etc.

The activities of this Division are export oriented and has a presence in 34 countries worldwide.

For improving share in international markets of food ingredients, continuous R&D efforts are taken to cut down cost and enhance quality so that the products stand well in the international competition. New products such as synthetic sweetener, absorbent polymers, active

pharmaceutical ingredients such as anti diabetic and antifungal range are under development and the same shall be launched in near future.

The Division was awarded with Prestigious HACCP certificate (Hazard Analysis of Critical Control Points) for food safety in November 2004 by Central Committee of Experts of TUV India and TUV Netherlands (Member of RWTUV group).

The Division contributed to 18.38% of total net sales of the Company and has achieved net sales of Rs. 3,632.90 Lacs against Rs. 3,145.23 Lacs in the previous year, registering growth of 15.51%.

- **PHARMACEUTICALS:**

Operations of Pharmaceutical Division suffered a severe set back with introduction of Excise Duty on MRP and heavy losses incurred by the Company in newly introduced personal care and oncology product segments. After analysing the reasons and critically reviewing the performance of the division, ever since it was started in 1983-84, the Management reached a firm opinion that attaining viability on sustained basis shall not be possible in foreseeable future and continuation of these marketing operations would prove to be a big drag on resources of the Company. With this view, it was decided to restrict the operations of this division from 1st April, 2005 only to oncology products.

The Division contributed to 12.18% of total net sales of the Company and has achieved net sales of Rs. 2,407.49 Lacs against Rs. 2,684.10 Lacs in the previous year.

OUTLOOK, OPPORTUNITIES AND THREAT, RISK AND CONCERNS:

Growing awareness about the importance of art in shaping the personality of the students, continued spread of education and development of commercial and industrial activities are expected to give further boost to the operations of Consumer Products Division.

Growth in manufacture of food products, cattle and poultry feed, oil refining and increase in medical facilities, Govt. spending on public health and growing health awareness, are expected to better prospects of Fine Chemical Division.

Armed with strong brands, in-house R&D expertise and marketing and distribution network spread through out the country as also in many parts of the world, the Company expects to effectively counter the competition and register the decent growth in business.

Notwithstanding all out efforts of management in improving the sales and profitability, domestic as well as international competition and dumping of imported products at extremely low prices could still be cause of concern for the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has clearly laid down policies, guidelines and procedures that form a part of the internal control systems. The adequacy of Internal Control Systems, which encompass the Company's business processes and financial reporting systems, is examined by the management as well as by its internal auditors at regular intervals. The internal auditors carry out audits at regular intervals in order to identify weaknesses and suggest improvements for better functioning. The observations and recommendations of the Internal Auditors are discussed by the Audit Committee, to ensure effective corrective action.

FINANCIAL PERFORMANCE:

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The Company constantly facilitates and encourages its employees at all levels to enhance their knowledge and skills

and continuously seeks to inculcate within its employees, a strong sense of business ethics and social responsibility.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis Report describing the Company's projections, estimates, expectations may be interpreted as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets in which the Company operates, changes in Government regulations, tax laws and other statutes. 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 : 20th June, 2005.

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 also followed in letter and spirit.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

2. BOARD OF DIRECTORS:

The Board of Directors consists of persons with considerable professional expertise and experience in business and industry, finance, management, marketing and legal fields. The Current Strength of the Board, is 12 members. The size and composition of the Board conforms to the requirements of the code on Corporate Governance under the listing agreement with the Stock Exchange, Mumbai.

During the financial year 2004-2005, (7) seven Board Meetings were held on the following dates:

20th April, 2004, 10th June, 2004, 23rd July, 2004, 23rd September, 2004, 27th October, 2004, 25th January, 2005 and 7th March, 2005.

Details of composition of the Board, category, attendance of Directors at the Board Meeting and last Annual General Meeting, number of other Directorships and other Committee Memberships 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 positions held in other Companies
Mr. Dilip D. Dandekar Chairman & Managing Director	ED	7	8	Yes	Nil
Mr. Rajiv M. Dandekar Jt. Managing Director	ED	6	4	Yes	Nil
Mr. Shriram S. Dandekar Executive Director	ED	7	5	Yes	Nil
Mr. Deepak M. Dandekar Executive Director	ED	6	6	Yes	Nil
Mr. Ashish S. Dandekar Executive Director	ED	6	4	No	Nil
Mr. Govind G. Desai	NED (I)	6	14	Yes	5
Mr. Shrikrishna E. Godbole	NED (I)	7	Nil	Yes	Nil
Mr. Madhukar P. Khedkar	NED (I)	7	Nil	Yes	Nil
Mr. Premanand A. Narvekar	NED (I)	6	9	Yes	3
Mr. Shishir S. Shirgaokar	NED (I)	6	12	Yes	Nil
Mr. Pramod M. Sapre	NED	7	Nil	Yes	Nil
Mr. Dhananjay N. Mungale	NED (I)	3	11	Yes	6

ED – Executive Director.

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

DETAILS OF DIRECTORS BEING RE-APPOINTED:

At the ensuing Annual General Meeting, Mr. Pramod M. Sapre, Mr. Madhukar P. Khedkar and Mr. Dhananjay N. Mungale 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. Pramod M. Sapre:

Mr. Pramod M. Sapre (B.Sc.), (Diploma in Marketing Management), Director of the Company, Since 2001, has long and varied experience in the field of Marketing of Pharmaceutical products and as a 'Marketing Consultant'.

Other Directorships: Nil

(B) Mr. Madhukar P. Khedkar:

Mr. Madhukar P. Khedkar (B.Sc.-Tech.), (D.I.M.), Director of the Company, since 1988, has long and varied experience in the Pharmaceutical Industry and as 'Corporate Consultant'.

Other Directorships: Nil

(C) Mr. Dhananjay N. Mungale:

Mr. Dhananjay N. Mungale, Chartered Accountant & Law Graduate, Director of the Company, since 2002, has long and varied experience in the field of Banking and Investment Banking in India and abroad.

Other Directorships:

Name of the Company	Position
Inestor Advisores Private Limited	Director
Mentor Technologies Private Limited	—do—
Zest Pharmaceuticals Private Limited	—do—
Chowgule Steamships Limited	—do—
Caprihans India Limited	—do—
Indoco Remedies Limited	—do—
Indo Count Industries Limited (as IDBI Nominee Director)	—do—
Mahindra & Mahindra Financial Services Limited	—do—
South India Corporation (Agencies) Limited	—do—
LIC Housing Finance Limited	—do—
Tamilnadu Petroproducts Limited	—do—

3. AUDIT COMMITTEE:

Composition, meetings and the attendance during the year:

The Audit Committee was constituted on 29th August, 2002.

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 Exchange 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.

During the financial year 2004-2005, (4) four meetings of Audit Committee were held on 3rd June, 2004, 23rd July, 2004, 27th October, 2004 and 25th January, 2005.

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 the Internal Auditors, Statutory Auditors and operational heads were also invited to the meetings. The Company Secretary acts as the secretary to the committee.

4. REMUNERATION COMMITTEE:

Composition:

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

Term of reference:

The main term of reference of the Committee is to approve the appointment/revision of remuneration of the Executive Directors of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To be in a position to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

During the financial year 2004-2005, (3) three meetings of Remuneration Committee were held on 26th August, 2004, 9th October, 2004 and 16th October, 2004.

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

Name	Designation	Category	No. of Meetings Attended
Mr. Shishir S. Shirgaokar	Chairman	NED (I)	3
Mr. Govind G. Desai	Member	NED (I)	3
Mr. Premanand A. Narvekar	Member	NED (I)	3
Mr. Pramod M. Sapre	Member	NED	2

The revision in remuneration of Wholtime Directors was sanctioned by the Remuneration Committee, in their meeting held on 16th October, 2004. Later on, it was duly approved by the Board of Directors at their Meeting held on 27th October, 2004, subject to the approval of the members in the forthcoming Annual General Meeting.

Remuneration Policy:

The objectives of the remuneration policy are to motivate directors to excel in their performance, recognise their contribution, retain talent in the organisation and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

Remuneration to Directors:

(A) EXECUTIVE DIRECTORS:

Following is the Remuneration paid to the Executive Directors during the financial year ended 31st March, 2005:

(Rs. In Lacs)

Name	Salary Including HRA	Performance Linked Remuneration (Provision made)*	Perquisites#	Total
Mr. Dilip D. Dandekar	12.05	—	3.51	15.56
Mr. Rajiv M. Dandekar	10.99	—	1.45	12.44
Mr. Shriram S. Dandekar	10.99	—	2.07	13.06
Mr. Deepak M. Dandekar	10.99	—	2.14	13.13
Mr. Ashish S. Dandekar	10.99	—	1.91	12.90

Perquisites interalia, include reimbursement of expenses/allowances for utilities such as gas, electricity, water, furnishing & repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone/fax facilities, benefit of personal accident insurance scheme 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 shall be paid on the basis of achievements of sales/profitability targets as per the parameters laid down by the Remuneration Committee.

Agreements for the period of three (3) years w.e.f. 1st November, 2004, have been separately entered into with each of the Executive Directors.

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 2004-2005 are given below:

Name	Sitting Fees (Rs.)				Total
	Board	Audit Committee	Remuneration Committee	Shareholders/ Investors Grievance Committee	
Mr. Govind G. Desai	24,000	—	6,000	9,000	39,000
Mr. Shrikrishna E. Godbole	28,000	—	—	12,000	40,000
Mr. Madhukar P. Khedkar	28,000	16,000	—	—	44,000
Mr. Premanand A. Narvekar	24,000	16,000	6,000	—	46,000
Mr. Shishir S. Shirgaokar	24,000	—	6,000	9,000	39,000
Mr. Pramod M. Sapre	28,000	—	3,000	—	31,000
Mr. Dhananjay N. Mungale	12,000	12,000	—	—	24,000
GRAND TOTAL					2,63,000

The Company paid consultancy fees of Rs.1,05,088/- to Mr. Pramod M. Sapre during the financial year 2004-2005.

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 2004-2005, (4) four meetings were held on 3rd June, 2004, 23rd July, 2004, 27th October, 2004 and 25th January, 2005.

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)	4
Mr. Rajiv M. Dandekar	Member	ED	3

The Board has designated Ms. Lorna D'cunha, Company Secretary as the Compliance Officer.

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

During the year, 12 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.

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
2003-2004	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai-400 020.	23 rd July, 2004 at 3.00 p.m.
2002-2003	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai-400 020.	24 th July, 2003 at 3.00 p.m.
2001-2002	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai-400 020.	29 th August, 2002 at 3.00 p.m.

In the last Annual General Meeting, held on 23rd July, 2004, three special resolutions were passed and no resolution was passed by way of postal ballot.

7. DISCLOSURES:

- The Company did not enter into any 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(xii)(h) to the financial statements in the Annual Report.
- The Company has complied with all the requirements of the Listing Agreements with the Stock Exchange as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchange 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 Financial Express and Loksatta.
- As per requirements of clause 51 of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc is provided on the special SEBI web-site i.e. www.sebiedifar.com and the Company's web-site i.e. www.camlin.com within the timeframe prescribed in this regard.
- The management discussion and analysis forms part of this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION:

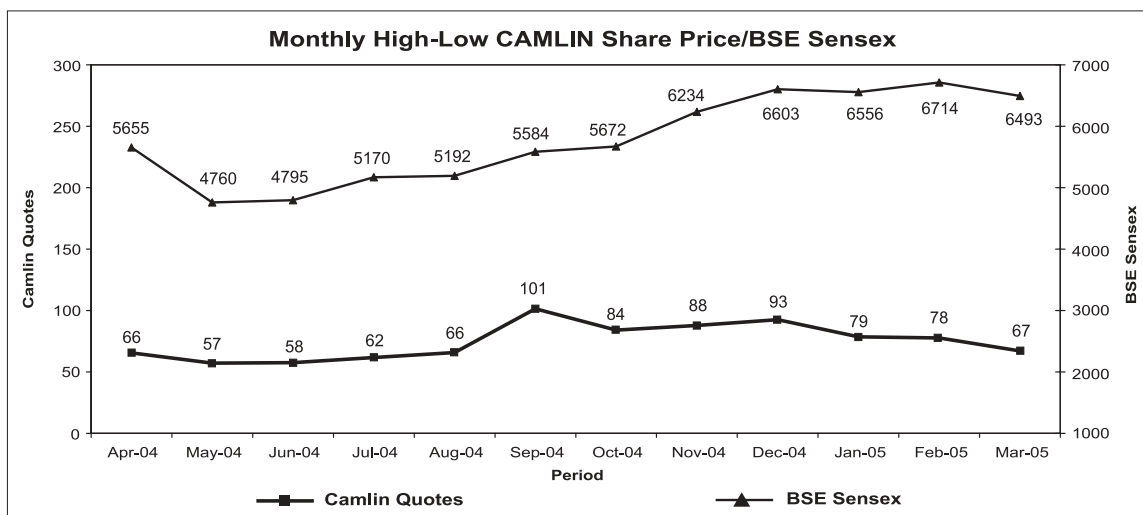
- (i) As indicated in the Notice to our Shareholders, the 58th Annual General Meeting of the Company will be held on Monday, the 5th September, 2005 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchant's Chamber Marg, Churchgate, Mumbai-400 020.
- (ii) Financial Calendar (tentative) :

Unaudited Results for the quarter ending 30 th June, 2005	Financial Reporting for: – end of July, 2005.
Unaudited Results for the quarter ending 30 th September, 2005	– end of October, 2005.
Unaudited Results for the quarter ending 31 st December, 2005	– end of January, 2006.
Audited Results for the year ending 31 st March, 2006	– end of June, 2006.
- (iii) Date of Book Closure: From 1st September, 2005 to 5th September, 2005 (both days inclusive).
- (iv) Date of Dividend Payment: Not Applicable.
- (v) Listing of Equity Shares on Stock Exchange:
The Equity Shares of the Company are listed at The Stock Exchange, Mumbai (Stock Code 523207).
The Listing Fees for the Financial Year 2004-05 has been paid to the said Exchange.
- (vi) Demat ISIN in CDSL/NSDL: INE 760A01011
- (vii) Share Prices (High & Low) for the year 2004-2005 at BSE:

Month	High (Rs.)	Low (Rs.)
April, 2004	71.90	59.85
May, 2004	66.60	52.00
June, 2004	62.10	52.65
July, 2004	65.00	57.00
August, 2004	66.85	57.80
September, 2004	101.40	65.25
October, 2004	105.00	84.00
November, 2004	101.00	83.75
December, 2004	104.80	83.50
January, 2005	95.00	75.50
February, 2005	89.00	76.00
March, 2005	85.00	59.15

(viii) Stock Performance:

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



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

M/s. Sharepro Services (India) Pvt. Ltd.,
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (East), Mumbai-400 099.

(x) 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 share certificates are returned 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.

(xi) Distribution of Shareholding as on 31st March, 2005:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 500	6338	92.07	1020997	21.27
501-1000	258	3.75	207998	4.33
1001-2000	126	1.83	198535	4.14
2001-3000	38	0.55	100093	2.09
3001-4000	19	0.28	70240	1.46
4001-5000	18	0.26	85509	1.78
5001-10000	31	0.45	234550	4.89
10001 and above	56	0.81	2882078	60.04
Total	6884	100.00	4800000	100.00

(xii) Categories of Shareholders as on 31st March, 2005:

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
Promoters	63	0.92	2322674	48.39
Banks/Financial Institutions	3	0.04	430	0.01
Private Corporate Bodies	195	2.83	191576	3.99
Indian Public	6605	95.95	2277683	47.45
NRIs/OCBs	18	0.26	7637	0.16
Total	6884	100.00	4800000	100.00

(xiii) Dematerialisation of Shares:

The Company's equity shares are held in dematerialised form by National Securities Depository Limited (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01011. As on 31st March, 2005, 89.19% of the total shares of the Company have been dematerialised.

(xiv) As of date, the Company has not issued GDRs/ADRs/Warrants or any other convertible instruments.

(xv) Plant Locations:

Andheri : Camlin House, J. B. Nagar, Andheri (East), Mumbai-400 059.
(Manufacturing Activity shifted since May, 2005)

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.

Vasai : Rajprabha Udyog Nagar, Walive, Vasai (East), Dist. - Thane-401 308.

(xvi) 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

(xvii) 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 : 20th June, 2005.

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, 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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)

Place : Mumbai

Date : 20th June, 2005.

AUDITORS REPORT

TO
THE MEMBERS OF CAMLIN LIMITED

1. We have audited the attached Balance Sheet of CAMLIN LIMITED as at 31st March, 2005 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed with reference to this report. 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.
 2. We conducted our audit in accordance with the 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.
 3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - (b) 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.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the said Balance Sheet, Profit Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) 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, 2005;
 - (ii) in the case of the Profit and Loss Account, of the Loss 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

Place : Mumbai
Date : 20th June 2005.

ANNEXURE REFERRED TO IN PARAGRAPH 3 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 explanations 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 and finished goods with third parties, certificates of closing stock have been obtained from the concerned parties.
- (b) In our opinion and according to the information and explanations 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 explanations 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 accounts.
- (iii) (a) According to the information and explanations given to us, during the year Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, during the year, the Company has not accepted any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (c) According to the information and explanations given to us, in our opinion, the rates of interest and other terms and conditions of unsecured loans taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (d) According to the information and explanations given to us, the Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (e) 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 explanations that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system 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 and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (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 contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (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. 5,00,000/- 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, 58AA or any other relevant provisions 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 or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal intimating the contravention of 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 accounts 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 explanations 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, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31st March 2005 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except in respect of (i) Excise duty of Rs. 96.71 Lacs under the Central Excise Act, 1956 out of which Rs. 94.69 Lacs is pending before CESTAT, Rs. 1.84 Lacs with DC (Appeals) and Rs. 0.18 Lacs with Assistant Commissioner, (ii) Income tax of Rs. 67.88 lacs under the Income Tax Act, 1961 in respect of which appeal is pending before Commissioner of Income Tax (Appeals) and (iii) Sales Tax of Rs. 29.45 Lacs out of which Rs. 20.19 Lacs is pending before the Deputy Commissioner (Appeals) and Rs. 9.26 Lacs before Tribunal.
- (x) The Company does not have accumulated losses as at the end of the year. Company has incurred cash loss of Rs. 273.36 Lacs during the financial year covered by our audit but no cash loss was incurred in 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 the 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 explanations given 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. 1,324 Lacs approx.
- (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 case by the management.

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

SUNIL BHANDARI
Partner
M. No. 37388

Place : Mumbai
Date : 20th June 2005.

BALANCE SHEET AS AT 31ST MARCH, 2005.

	Schedules	As at 31.03.2005 (Rs. in Lacs)	As at 31.03.2004 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	1,205.78	1,700.87
		1,685.78	2,180.87
Loan Funds			
Secured Loans	3	3,806.01	3,423.76
Unsecured Loans	4	1,164.46	879.14
		4,970.47	4,302.90
Deferred Tax Liability (Net)		182.08	442.22
TOTAL		6,838.33	6,925.99
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	7,047.59	6,112.24
Less: Depreciation		2,985.34	2,562.36
Net Block		4,062.25	3,549.88
Capital Work In Progress including Advances		106.26	13.28
		4,168.51	3,563.16
Investments	6	61.49	62.10
Current Assets, Loans and Advances			
Inventories	7	3,566.59	3,654.24
Sundry Debtors	8	2,658.05	2,728.33
Cash and Bank Balances	9	259.15	218.53
Other Current Assets	10	4.87	30.36
Loans and Advances	11	1,215.01	1,153.16
		7,703.67	7,784.62
Less: Current Liabilities & Provisions			
Liabilities	12	4,503.08	3,851.99
Provisions	13	1,335.23	631.90
		5,838.31	4,483.89
Net Current Assets		1,865.36	3,300.73
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	742.97	—
TOTAL		6,838.33	6,925.99

Schedules 1 to 25 forming part of Accounts

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

Sunil Bhandari
Partner
(M. No. 37388)

P. G. Godbole
Chief Financial Officer

Mumbai
Dated : 20th June, 2005.

Lorna D'cumha
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>
A. S. Dandekar	<i>Executive Director</i>
G. G. Desai	<i>Director</i>
S. E. Godbole	<i>Director</i>
M. P. Khedkar	<i>Director</i>
P. A. Narvekar	<i>Director</i>
S. S. Shirgaokar	<i>Director</i>
D. N. Mungale	<i>Director</i>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005.

Schedules	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
INCOME		
Net Sales	15 19,764.33	18,268.50
Other Income	16 175.19	126.86
TOTAL INCOME	19,939.52	18,395.36
EXPENDITURE		
Consumption of Materials & Goods	17 12,022.00	10,658.69
Traded-in		
(Increase)/Decrease in Stocks	18 255.06	101.12
Payment to Employees	19 2,388.61	2,051.03
Manufacturing & Other Expenses	20 5,074.56	4,465.39
Interest	21 454.92	372.17
Depreciation — Gross	462.82	443.60
Less: Transferred from Revaluation Reserve	6.59	6.59
	456.23	437.01
Amortisation of VRS Cost	19.05	—
Provision for Wealth Tax	0.75	0.55
TOTAL EXPENDITURE	20,671.18	18,085.96
Net Profit/(Loss) before Tax	(731.66)	309.40
Profit/(Loss) from continuing operations	53.75	305.75
Less: Current Tax	—	52.00
	53.75	253.75
Profit/(Loss) from discontinuing operations	(785.41)	3.65
Less: Current Tax	—	20.00
	(785.41)	(16.35)
	(731.66)	237.40
Taxes — Deferred	(260.14)	32.57
Prior Years (Net)	16.98	15.28
Profit/(Loss) after Tax	(488.50)	189.55
Balance brought forward from last year	1,164.00	970.68
	675.50	1,160.23
Add: Debenture Redemption Reserve Written back	—	125.00
	675.50	1,285.23
APPROPRIATIONS		
Proposed Dividend	—	72.00
Corporate Dividend Tax	—	9.23
General Reserve	—	40.00
Balance Carried to Balance Sheet	675.50	1,164.00
	675.50	1,285.23
Earning Per Share — Basic & Diluted (in Rs.)	(10.18)	3.95

Schedules 1 to 25 forming part of Accounts

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

Sunil Bhandari
Partner
(M. No. 37388)

P. G. Godbole
Chief Financial Officer

Mumbai
Dated : 20th June, 2005.

Lorna D'cumha
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
S. S. Shirgaokar Director
D. N. Mungale Director

SCHEDULES TO BALANCE SHEET

	31.03.2005 (Rs. in Lacs)	31.03.2004 (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>244.56</u>	<u>251.15</u>
Less: Transferred to Profit & Loss Account	<u>6.59</u>	<u>6.59</u>
	<u>237.97</u>	<u>244.56</u>
General Reserve		
As per last Balance Sheet	<u>267.11</u>	<u>227.11</u>
Additions during the year	<u>—</u>	<u>40.00</u>
	<u>267.11</u>	<u>267.11</u>
Debenture Redemption Reserve		
As per last Balance Sheet	<u>—</u>	<u>125.00</u>
Less: Transferred to Profit & Loss Account	<u>—</u>	<u>125.00</u>
	<u>—</u>	<u>—</u>
Profit & Loss Account	<u>675.50</u>	<u>1,164.00</u>
	<u>1,205.78</u>	<u>1,700.87</u>

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
6. INVESTMENTS — LONG TERM		
A. Unquoted (Non Trade)		
(i) Government and National Saving Certificates (Face Value Rs. 10)	—	0.28
(ii) Unit Trust of India 21,564 Bonds — 6.75% Tax Free of Rs. 100/- each	21.56	21.56
(iii) Subsidiary Companies		
(a) 5,000 Equity Shares of Rs. 100/- each in Camlin International Ltd.	5.00	5.00
(b) 20,000 (10,000) Equity Shares of US\$ 1 each in Camlin North America Inc., U.S.A.	9.26	4.66
(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
(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 North Kanara GSB Co-Op. Bank Ltd.	1.00	1.00
B. Quoted (Non Trade)		
(a) 1,875 Equity Shares of Rs. 10/- each in The United Western Bank Ltd. [Market Value N.A. (2003-2004 Rs. 0.61 Lacs)]	—	0.53
(b) 18,700 Equity Shares of Rs. 10/- each in Bank of Maharashtra	—	4.30
	61.49	62.10
7. INVENTORIES		
Raw Materials	470.57	388.24
Packing Materials	284.05	198.16
Consumables & Stores	4.85	5.66
Work-in-Process	575.16	467.89
Goods-in-Transit	117.18	97.69
Finished Goods	2,114.78	2,496.60
	3,566.59	3,654.24

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
8. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding over six months		
(a) Considered Good	605.44	458.32
(b) Considered doubtful	273.55	165.73
(ii) Other Debts Considered good		
(a) From subsidiary companies — Camlin North America Inc., U.S.A.	12.68	17.34
(b) Others	2,039.93	2,252.67
	<u>2,931.60</u>	<u>2,894.06</u>
Less: Provision for doubtful debts	273.55	165.73
	<u><u>2,658.05</u></u>	<u><u>2,728.33</u></u>
9. CASH AND BANK BALANCES		
(i) Cash on Hand	44.29	7.43
(ii) With Scheduled Banks		
(a) In Other Deposit Accounts	76.21	77.76
(b) In Other Current Accounts	116.08	108.03
(c) Staff Security Deposit Account	6.19	10.46
(d) In Current Account for the payment of Dividend & Interest	16.08	14.65
(iii) With Others		
In Current Account with Municipal Co-operative Bank Ltd. [Maximum balance during 2004-2005 Rs. 0.43 Lacs (2003-2004 Rs. 0.52 Lacs)]	0.30	0.20
	<u>259.15</u>	<u>218.53</u>
10. OTHER CURRENT ASSETS		
Interest accrued on Investments/Deposits	<u>4.87</u>	<u>30.36</u>
11. LOANS AND ADVANCES		
UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
(a) Considered Good	656.26	593.02
(b) Considered Doubtful	4.48	4.48
(ii) Advances to Subsidiary Company — Camlin International Ltd.	1.29	0.66
(iii) Loan to Subsidiary Company — Camlin North America Inc., U.S.A.	22.35	4.37
(iv) Staff Advances	17.25	21.36
(v) Deposits	66.17	128.79
(vi) Advance Tax Payments Inclusive of Deductions at source	451.69	404.96
	<u>1,219.49</u>	<u>1,157.64</u>
Less: Provision for doubtful advances	4.48	4.48
	<u><u>1,215.01</u></u>	<u><u>1,153.16</u></u>

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
12. LIABILITIES		
(i) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	1,009.67	1,108.23
(b) Others	2,308.20	1,685.07
	3,317.87	2,793.30
(ii) Interest Accrued but not due on loans	20.59	35.49
(iii) Stockists Deposits	412.17	410.64
(iv) Staff Security Deposit	5.97	5.53
(v) Liabilities for expenses	330.20	330.83
(vi) Unclaimed Dividend	11.20	10.74
(vii) Unclaimed Debentures	—	3.65
(viii) Other Liabilities	405.08	261.81
	4,503.08	3,851.99
13. PROVISIONS		
(i) Taxes	405.62	388.43
(ii) Leave Encashment	125.97	98.61
(iii) Excise Duty on bonded warehouse stocks	38.48	63.63
(iv) Proposed Dividend	—	72.00
(v) Corporate Dividend Tax	—	9.23
(vi) VRS Payable	762.02	—
(vii) Gratuity payable	3.14	—
	1,335.23	631.90
14. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Voluntary Retirement Scheme (VRS)		
Incurred during the year	762.02	—
Less: Written Off during the year	19.05	—
	742.97	—

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
15. SALES		
Gross Sales	20,843.72	19,310.59
Less: Trade Discount	363.13	357.30
Less: Excise Duty*	716.26	684.79
	19,764.33	18,268.50
* Amount represents Duty paid on clearance of goods		
16. OTHER INCOME		
A. From Operations		
Formulation Development recovered	0.45	24.58
Export Benefits	50.74	0.87
Job Work Income	3.03	12.48
Insurance Claim	34.63	—
	88.85	37.93
B. Others		
Interest [including Interest on Govt. Securities — Tax deducted at source Rs. 1.16 Lacs (2003-2004 — Rs. 0.75 Lacs)]	10.67	13.37
Dividend — On Non Trade Investments	0.01	0.03
— On Trade Investments	6.25	0.69
Profit on Sale of Assets	14.22	30.70
Profit on Sale of Trade Investments	3.19	—
Miscellaneous Receipts	52.00	44.14
	86.34	88.93
	175.19	126.86
17. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	388.24	481.77
Add: Purchases	2,949.83	2,721.40
	3,338.07	3,203.17
Less: Stock of Raw Materials as at year end	470.57	388.24
	2,867.50	2,814.93
(ii) Packing Materials	1,698.71	1,152.39
(iii) Consumable Stores	96.80	16.00
(iv) Purchase of Finished Goods for resale	7,358.99	6,675.37
	12,022.00	10,658.69
18. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS (Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
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
Less: Closing Stock as at year end		
Work in Process	575.16	467.89
Goods in Transit	117.18	97.69
Finished Goods	2,114.78	2,496.60
	2,807.12	3,062.18
	255.06	101.12

SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd.)

	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
19. PAYMENT TO EMPLOYEES		
Salaries, Wages and Bonus	1,973.95	1,686.50
Provision for Leave Encashment	27.36	14.44
Provision for Gratuity	3.14	—
Contribution to approved Gratuity & Superannuation Scheme	131.99	118.61
Contribution to Provident & Other Funds	182.30	165.61
Staff and Labour Welfare	69.87	65.87
	2,388.61	2,051.03
20. MANUFACTURING & OTHER EXPENSES		
Power and Fuel	372.60	297.88
Job work charges	284.63	310.13
Repairs to Building	31.90	6.68
Repairs to Machinery	43.49	21.40
Rent	87.76	76.59
Rates and Taxes	29.39	28.79
Excise Duty Paid	60.50	—
Insurance	57.70	58.41
Commission/Discount/Service Charges on Sales	414.00	441.83
Audit Fees & Other Services	11.32	12.87
Travelling & Conveyance	721.61	580.44
Advertisement and Sales Promotion	1,047.61	964.78
Transport & Forwarding Charges	726.62	565.71
Donations	0.15	0.35
Cash Management/Bank Charges	91.67	85.12
Interest on Business Deposits	37.86	39.91
Loss on Sale of Assets	12.67	14.09
Provision for Doubtful Debts	107.82	35.50
Bad Debts Written Off	2.63	1.43
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)	(25.16)	(25.21)
Directors' Meeting Fees	2.55	2.27
Miscellaneous Expenses	955.24	953.47
	5,074.56	4,465.39
21. INTEREST		
On Debentures	—	17.63
On Term Loans*	127.29	96.32
On Fixed Deposits	63.11	63.23
On Other Borrowings	264.52	194.99
	454.92	372.17

* Includes Rs. 20.48 Lacs being exchange loss arising from Foreign Currency Borrowing to the extent regarded as adjustment to interest cost.

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.

(c) **Impairment of Assets**

In compliance with Accounting Standard (AS) 28 — “Impairment of Assets” issued by the Institute of Chartered Accountants of India (ICAI), the carrying amount of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(ii) **Depreciation**

(a) Depreciation on all assets of the Company except leasehold land, is provided on Straight Line basis as applicable under 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 Material, Packing Material, 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. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(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.

(c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

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. 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. Leave Encashment is provided based on actuarial valuation.

(ix) **Revenue/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) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.
- (d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

(x) **Contingent Liabilities**

Liabilities are disclosed by way of Notes appended to the Balance Sheet in case there is an obligation that may probably not require cash outflow.

(xi) **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.

(xii) **Earning per Share**

The Company reports basic and diluted earning per equity share in accordance with AS 20, Earning per Share issued by the ICAI. Basic earning per equity share is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding including shares pending allotment.

(xiii) **Segment Reporting – Basis of Information**

The Company operates in three segments: Consumer Products, Pharmaceutical & Fine Chemicals. Segments have been identified and reported taking into account the nature of the product, the differential risks, the organisation structure and the internal financial reporting systems.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under “Unallocated Corporate Income/Expenses”. Assets and Liabilities which relate to the enterprise as a whole but not allocable to segments on a reasonable basis, have been included under “Unallocated Corporate Assets/Liabilities”.

(xiv) **Voluntary Retirement Scheme**

Expenditure on Voluntary Retirement Scheme is amortised over a period of 60 months.

23. NOTES TO ACCOUNTS

(i) Previous year's figures are recast/regrouped wherever necessary.

(ii) **Contingent Liabilities**

- (a) In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 482.27 Lacs (2003-2004 – Rs. 617.25 Lacs).
- (b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 78.47 Lacs (2003-2004 – Rs. 158.59 Lacs).

SCHEDULES TO ACCOUNTS (contd.)

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

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Income Tax	71.00	36.01
Sales Tax	48.53	29.93
Excise Duty	233.93	279.45
Modvat Claim	0.18	0.21
Provident Fund	0.67	0.67
Labour Matters	2.22	14.03
Others	0.63	0.63

(d) The Company has also received Charter of Labour Demands with effect from 1.4.2004 for Tarapur 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. 36.91 Lacs (2003-2004 – Rs. 34.03 Lacs).

(iv) 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 book 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 Loan from a Bank is guaranteed by the Managing/Wholtime Directors of the Company in their personal capacity.

(v) 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.

(vi) **Loans and Advances**

Staff Advances include Loans/Advances due from Officers Rs. 1.80 Lacs (2003-2004 – Rs. 1.55 Lacs) Maximum balance Rs. 1.80 Lacs (2003-2004 – Rs. 1.55 Lacs).

(vii) Current year export benefits include Rs. 20.20 Lacs accounted on accrual basis on the export of the goods as per matching concept, unlike in the previous years, when it was accounted on utilisation/sale of license basis.

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

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
(a) Unclaimed dividends	11.20	10.73
(b) Unclaimed interest on debentures	—	0.10
(c) Unclaimed debenture matured	—	3.65
(d) Unclaimed fixed deposits	5.43	2.96
(e) Unclaimed interest on fixed deposits	21.51	20.69

(ix) Salaries, Performance linked remuneration, Perquisites paid/provided to Managing/Wholtime Directors:

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Salaries	61.37	40.56
Performance Incentive	—	8.40
House Rent Allowance	9.33	8.11
Contributions to and provisions for Provident Fund and Family Pension Fund and Superannuation and approved Gratuity Fund.	15.61	14.63
Perquisites	11.10	9.40
	97.41	80.80

SCHEDULES TO ACCOUNTS (contd.)

(x) Audit fees and other services includes:

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Audit Fees	5.15	5.56
Tax Audit	1.25	1.35
Certification*	3.70	4.73
Consultancy Services	1.00	1.08
Out of Pocket Expenses	0.22	0.15
	11.32	12.87

* Includes Rs. NIL (Previous year Rs 1.11 Lacs) relating to prior year.

(xi) Interest includes interest of Rs. 0.14 Lacs (2003-2004 – Rs. 0.11 Lacs) on Fixed Deposit of Rs. 1.30 Lacs (2003-2004 – Rs. 1.30 Lacs), paid/payable to Managing/Wholtime Directors.

(xii) 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. 575.91 Lacs (2003-2004 – Rs. 606.03 Lacs) as on 01/12/2004 (being the Annual Renewal Date) against which the funds with the LIC amount to Rs. 511.35 Lacs (2003-2004 – Rs. 417.23 Lacs).

(b) **Leave Encashment**

Accruing liability towards leave encashment payable on retirement is estimated for the year on actuarial basis at Rs. 27.36 Lacs (2003-2004 – Rs. 14.44 Lacs) and provided for in the accounts.

(c) **Foreign Currency Transactions**

(i) Exchange variation arising on translation of Foreign Currency transactions debited to the Profit & Loss Account is Rs. 46.16 Lacs (Net) [2003-2004 debited Rs. 4.08 Lacs (Net)].

(ii) The amount of exchange difference credited in the carrying amount of fixed assets during the year Rs. NIL (2003-2004 – Rs. 26.92 Lacs).

(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. NIL (2003-2004 – Rs. 22.65 Lacs).

(d) **Deferred Taxes**

Major items of Deferred Tax Liabilities and Deferred Tax Assets:

Particulars	Opening Balance as on 01.04.2004	Net Increase/ (Decrease) during the year	Closing Balance as on 31.03.2005
(Rs. in Lacs)			
LIABILITIES			
Depreciation	489.61	19.92	509.53
Taxes, Duties and other sums (Net)	35.35	(40.44)	(5.09)
Total A	524.96	(20.52)	504.44
ASSETS			
Provision for doubtful debts/Leave Encashment	82.74	31.04	113.78
Unabsorbed Depreciation/Business Loss	—	208.58	208.58
Total B	82.74	239.62	322.36
Net Tax effect of Timing Differences (A – B)	442.22	(260.14)	182.08

SCHEDULES TO ACCOUNTS (contd.)

(e) **Earnings Per Share (Basic and Diluted)**

	2004-2005	2003-2004
Net Profit/(-) Loss (After Tax) as per profit and loss account available for equity shareholders (Rs. in Lacs)	(488.50)	189.55
Equity Shares for calculation of earnings per share (Nos.)	48,00,000	48,00,000
Earnings per Share – Basic and Diluted (Rs.)	(10.18)	3.95

(f) **AS 24 Discontinuing Operations**

The competitive market conditions coupled with vigorous compliance requirements under various statutes as also conditions arising under new Patent Laws etc. have rendered the Pharmaceutical marketing operations increasingly difficult for management as well as uneconomical with no signs of improvement. Therefore, the Board of Directors, on 7th March 2005, announced that the company will substantially restrict its trading operations of Pharma Division, which is a separate Business Segment under AS17 on Segment Reporting. Plan of discontinuance would involve realisation of some of the Fixed Assets, Debtors, Stock and Other Current Assets as also liquidation of liabilities and transfer of marketing staff (369 employees) of the said Division. The company is in the process of negotiating an understanding in this behalf with M/s Liva Healthcare Ltd., a company in which some of the Directors of Camlin Ltd. are interested as Director/Shareholder. In the meantime, after the Balance Sheet date, M/s Liva Healthcare Ltd. has taken over 347 employees of the said Division with continuity in service.

- (i) The carrying amount of assets to be disposed of is Rs. 1,157.84 Lacs and liabilities to be settled are Rs. 638.32 Lacs for discontinuing operations of Pharmaceutical Division.
- (ii) The amount of revenue, expense, pre-tax profit/(loss) from discontinuing operations is as follows:

	Discontinuing Operations	
	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Turnover	2,407.94	2,708.68
Operating Expenses	3,193.35	2,705.03
Pre-Tax Profit/(Loss)	(785.41)	3.65
Profit/(Loss) before Tax	(785.41)	3.65
Income Tax Expenses	—	20.00
Profit/(Loss) after tax	(785.41)	(16.35)

Deferred Tax Liability is not capable of being ascertained separately for Pharmaceutical Division.

- (iii) The cash flow during the year from discontinuing operations are as follows :

	(Rs. in Lacs)
Operating Activity	(265.88)
Investing Activity	(11.84)
Financing Activity	277.57
Net Increase/(Decrease) in Cash and Cash Equivalents	(0.15)

SCHEDULES TO ACCOUNTS (contd.)

(g) **SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2005 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS**

Rs. in Lacs

Sr. No.	F. Y. 2004-2005				F. Y. 2003-2004			
	Consumer Product	*Pharma	Fine Chemicals	Total	Consumer Product	Pharma	Fine Chemicals	Total
A. REVENUE								
Net Sales (Net of Trade Discount & Excise)/Income from operations	13,727.46	2,407.94	3,717.78	19,853.18	12,452.52	2,708.68	3,145.23	18,306.43
Intersegment Sales	—	—	—	—	—	—	—	—
Total Revenue	13,727.46	2,407.94	3,717.78	19,853.18	12,452.52	2,708.68	3,145.23	18,306.43
B. RESULT								
Segment Result	597.86	(538.11)	711.29	771.04	761.82	204.27	720.37	1,686.46
Unallocated Corporate expenses net of unallocable income				1,057.51				1,016.73
Operating Profit				(286.47)				669.73
Interest Expense				454.92				372.17
Interest Income				(9.73)				(11.84)
Income Tax:								
— Current				—				72.00
— Deferred				(260.14)				32.57
Total Income Tax				(260.14)				104.57
Earlier year adjustment				16.98				15.28
Profit from Operating Activities				(488.50)				189.55
Extraordinary loss				—				—
NET PROFIT				(488.50)				189.55
C. OTHER INFORMATION								
Segment Assets	7,033.81	1,255.54	3,456.62	11,745.97	6,300.89	1,516.13	2,642.50	10,459.52
Unallocated Corporate Assets				930.67	848.40	33.11	68.85	950.36
1. TOTAL ASSETS				12,676.64				11,409.88
Segment Liabilities	3,542.35	500.12	535.21	4,577.68	2,508.18	372.97	405.22	3,286.37
Unallocated Corporate Liabilities				8,098.96				8,123.51
2. TOTAL LIABILITIES				12,676.64				11,409.88
3. Capital Expenditure								
Segment Related	342.33	4.58	691.20	1,038.11	288.85	24.78	174.35	487.98
Corporate Related				70.05				61.50
4. Depreciation								
Segment Related	208.84	7.06	169.19	385.08	200.07	8.27	150.80	359.14
Corporate Related				71.15				77.85
5. Non-cash expenses other than Depreciation	—	—	—	—	—	—	—	—

NOTES:

1. The Segments cover the following activities:
 - (a) Consumer Products – Art Material, Scholastic Products, Writing Instruments, Office Stationary, Glues and Several Hobby Products.
 - (b) Pharmaceutical – Health Care Products.
 - (c) Fine Chemicals – Bulk Drugs, Bulk Drug Intermediaries and Fine Chemicals.
 2. The secondary segment can be taken to be the Fine Chemicals segment which caters mainly to the overseas market.
- * Discontinuing Operation.

SCHEDULES TO ACCOUNTS (contd.)

(h) **Related Parties Disclosures (as Certified by the Management):**

(i) **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 Consultants 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) Camlidhan Products 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

(ii) **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

(iii) **Transactions with Associate Companies**

Particulars	Associate Companies	Rs. in Lacs
		2004-2005
Purchase of goods	Liva Healthcare Ltd.	1,086.37
	Nilmac Packaging Industries Ltd.	427.57
	Excella Pencils Ltd.	351.72
	Triveni Pencils Ltd.	280.49
	Others	88.82
	Total	<u>2,234.97</u>
		(2,231.05)
Sale of goods	Triveni Pencils Ltd.	96.17
	Excella Pencils Ltd.	67.50
	Nilmac Packaging Industries Ltd.	36.37
	Others	12.37
	Total	<u>212.41</u>
		(106.14)
Purchase of Fixed Assets	Camellia Infotech Ltd.	7.84
	Total	<u>7.84</u>
		(35.12)

SCHEDULES TO ACCOUNTS (contd.)

		Rs. in Lacs
Particulars	Associate Companies	2004-2005
Sale of Fixed Assets	Triveni Pencils Ltd.	7.18
	Others	0.05
	Total	<u>7.23</u>
		(Nil)
Receiving Services	Nilmac Packaging Industries Ltd.	85.56
	Camart Agencies	76.29
	Camlink Agencies Ltd.	50.07
	Others	46.65
	Total	<u>258.57</u>
		(258.59)
Rendering Services	Camellia Infotech Ltd.	2.49
	Liva Healthcare Ltd.	2.11
	Nilmac Packaging Industries Ltd.	1.17
	Others	0.25
	Total	<u>6.02</u>
		(7.77)
Net Amount Payable	Liva Healthcare Ltd.	277.83
	Nilmac Packaging Ind. Ltd.	52.67
	Others	54.10
	Total	<u>384.60</u>
		(314.64)
Net Amount Receivable	Triveni Pencils Ltd.	76.74
	Camelidhan Products Ltd.	30.04
	Camellia Infotech Ltd.	12.73
	Others	0.65
	Total	<u>120.16</u>
		(65.87)
Dividend Paid	Camart Agencies Ltd.	4.99
	CAFCO Consultants Ltd.	1.40
	Dandekar Developers Pvt. Ltd.	0.92
	Others	2.23
	Total	<u>9.54</u>
		(12.66)
Dividend Receivable	Excella Pencils Ltd.	—
	Total	<u>—</u>
		(0.54)
		Rs. in Lacs
Particulars	Subsidiary Companies	2004-2005
Sale of goods	Camlin North America Inc., U.S.A.	10.59
	Total	<u>10.59</u>
		(0.69)
Net Amount Receivable	Camlin North America Inc., U.S.A.	38.62
	Others	1.29
	Total	<u>39.91</u>
		(2.24)

SCHEDULES TO ACCOUNTS (contd.)

Particulars	Subsidiary Companies	Rs. in Lacs
		2004-2005
Receiving Services		0.01
	Total	<u>0.01</u>
		(0.01)
Investment made	Camlin North America Inc., U.S.A.	4.60
	Total	<u>4.60</u>
		(4.17)
Interest Free Loans Given	Camlin North America Inc., U.S.A.	17.98
	Total	<u>17.98</u>
		(4.37)
Dividend Receivable	Camlin International Ltd.	4.00
	Total	<u>4.00</u>
		(Nil)

Previous years figures are indicated in brackets.

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

Particulars	2004-2005	Rs. in Lacs 2003-2004
Remuneration	97.41	80.80
Dividend Paid	10.46	13.97

(xiii) The names of Small Scale Industrial undertakings to whom the Company owes a sum exceeding Rs. 1 Lac which is outstanding for more than 30 days included in Sundry Creditors in Schedule No. 12 of the Balance Sheet are as follows:

Name of the party	Name of the party
Anuroop Packaging	P. P. Industries
Bombay Plastic Works	Pace Printers Pvt. Ltd.
Citizen Pen & Plastic Ind.	Penomat Writing Instruments
Century Caps Industry	Prakash Chemical & Fertilizers
D. S. V. Chemicals Pvt. Ltd.	Pratibha Pens Pvt. Ltd.
Dandekar Inks & Adhesives Ltd.	Roshan Packaging Industries
Excella Pencils Ltd.	Rubberchem Inds.
Galaxy Industrial Corpn.	RLK Shriram Plastics P. Ltd.
Global Plastics	Sagar Enterprises
Harihar Organics (P) Ltd.	Sushart Art Products
Liva Healthcare Ltd.	Sethia Printers
Lumitex Corporation	Shreeji Industries
Manish Printers	Sahara Plastic Industries
Mayur Colours Ltd.	Uday Manufacturing Co.
National Bakelite Co.	Uday Multi Print
Noble Printing Press	Yash Organics

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. SUPPLEMENTARY 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.

Class of Goods++	Unit of Measure	# Licenced Capacity	* Installed Capacity	OPENING STOCK		PRODUCTION/ PURCHASE		SALES		(Rs./Units in Lacs) CLOSING STOCK	
				(QTY.)	Value (Rs.)	(QTY.)	Value (Rs.)	(QTY.)	Value (Rs.)	(QTY.)	Value (Rs.)
(A) MANUFACTURED ITEMS											
1. Chemical & Chemical Products***	Ltrs./Kgs.	60.98 (48.98)	65.22 (53.22)	3.41 (5.81)	826.99 (1,243.71)	27.52 (22.79)\$		28.26 (25.19)	7,824.91 (6,774.74)	2.67 (3.41)	673.19 (826.99)
2. Stationery Items (A)	Ltrs.	6.36 (6.36)	45.20 (45.20)	0.38 (0.54)	27.93 (38.33)	4.99 (3.64)		4.91 (3.80)	554.85 (413.51)	0.46 (0.38)	35.39 (27.93)
Stationery Items (B)	Nos./Pkgs.	2,074.06 (2,074.06)	1,474.20 (1,474.20)	345.46 (294.65)	216.51 (182.83)	7,272.96 (2,587.90)\$	+++>	6,815.27 (2,536.79)	1,884.76 (1,563.38)	803.15 (345.46)	209.49 (216.51)
3. Bulk Drugs***	Kgs.	3.37 (3.37)	0.70 (0.70)	0.03 (0.02)	50.49 (38.53)	0.29 (0.28)		0.28 (0.27)	775.89 (1,098.80)	0.04 (0.03)	54.35 (50.49)
(B) TRADING ITEMS											
1. Chemical & Chemical Products	Nos./Pkgs.	10.38 (14.99)	79.95 (74.10)	10.38 (14.99)	79.95 (74.10)	161.85 (132.24)\$		155.08 (136.85)	881.26 (777.59)	17.15 (10.38)	95.60 (79.95)
2. Stationery Items	Nos./Pkgs.	385.40 (349.19)	987.42 (846.69)	385.40 (349.19)	987.42 (846.69)	1,805.67 (2,158.68)\$		1,881.16 (2,122.47)	6,249.74 (5,713.85)	309.91 (385.40)	758.00 (987.42)
3. Bulk Drugs	Kgs.					0.01 (0.01)		0.01 (0.01)	4.66 (4.44)		
4. Pharmaceutical Products	Nos./Pkgs.	17.29 (14.97)	405.00 (242.63)	17.29 (14.97)	405.00 (242.63)	123.81 (104.84)		113.89 (102.52)	2,667.65 (2,964.28)	27.21 (17.29)	405.94 (405.00)
						7,358.99 (6,675.37)			20,843.72 (19,310.59)		2,231.96 (2,594.29)

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 – 78,626 Ltrs. & 34,428 Kgs. (2003-2004 – 69,721 Ltrs. & Nil Kgs.)

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

+++ Includes Qty. Nil (2003-2004 – 692000) 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	2004-2005		2003-2004	
		Quantity	*Value Rs.	Quantity	*Value Rs.
Colours/Pigments	Kgs/Ltrs	4.46	358.19	3.85	368.31
Chemicals	Kgs/Ltrs	32.40	1,977.86	27.55	1,510.01
Slats/Leads	Nos/Kgs	0.43	17.53	0.43	39.63
Other Raw Materials			513.92		896.98
			2,867.50		2,814.93
* Includes Resale of Material					
(iii) Earnings in Foreign Exchange					
Exports at F.O.B. Value (Excluding Nepal)			3,658.31		3,127.70
			3,658.31		3,127.70
(iv) Expenditure in Foreign Currency					
Travelling			88.62		156.19
Others			73.06		129.09
			161.68		285.28
(v) Value of Imports on C.I.F. Basis					
(a) Raw Materials			1,289.69		669.67
(b) Components and Spare Parts			113.86		175.34
(c) Capital Goods			43.91		25.29
(d) Purchases of Traded Products			52.14		76.27
			1,499.60		946.57
(vi) Value of Consumption of Raw Materials and Stores					
(a) Indigenous			1,479.64		1,898.99
(b) Imported (Landed Cost) – Raw Material			1,202.05		750.34
Imported (Landed Cost) – Components & Spare Parts			185.81		165.60
			2,867.50		2,814.93
(vii) Percentage of Consumption of Raw Materials & Stores					
(a) Indigenous			51.60		67.46
(b) Imported (Landed Cost) – Raw Material			41.92		26.66
(c) Imported (Landed Cost) – Components & Spare Parts			6.48		5.88
			100.00		100.00

SCHEDULES TO ACCOUNTS (contd.)

25. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before non-recurring items	(731.66)	309.40
Adjustments for:		
Depreciation	456.23	437.01
Provision for Doubtful Debts	107.82	35.50
Foreign Exchange (Unrealised)	8.47	3.69
(Profit)/Loss on Sale of Fixed Assets	(1.55)	(16.61)
(Profit)/Loss on Sale of Investments	(3.03)	7.95
Provision for diminution of Investments	—	(15.00)
Interest Expenses	492.78	412.08
Interest/Dividend Received	(16.93)	(14.09)
Amortisation of Expenses	19.05	—
Provision for Gratuity	3.14	—
Provision for leave encashment	27.36	14.44
Provision for Wealth Tax	0.75	0.55
Operating Profit before Working Capital changes	362.43	1,174.92
Adjustments for:		
Trade and other Receivables	(52.66)	(1,143.76)
Inventories	87.65	173.65
Trade Payables	527.81	235.48
Other Payables	119.46	(96.69)
Cash generated from Operations	1,044.69	343.60
Direct taxes paid	(47.27)	(88.02)
Net cash from operating activities	997.42	255.58
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,098.12)	(758.30)
Sale of Fixed Assets	28.26	130.26
(Purchase)/Sale of Investments	0.45	(7.35)
Profit/(Loss) on Sale of Investments	3.19	—
Interest received	36.16	7.27
Dividend received	6.26	0.72
Net cash used in Investing Activities	(1,023.80)	(627.40)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	663.92	887.57
Interest Paid	(507.68)	(403.45)
Dividend Paid	(80.77)	(106.65)
Net cash used in Financing Activities	75.47	377.47
D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents	(8.47)	(3.69)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	40.62	1.96
Cash and Cash Equivalents (Opening Balance)	218.53	216.57
Cash and Cash Equivalents (Closing Balance)	259.15	218.53
* Refer Note 23(xii) (f) (iii) for discontinuing operations cash flow.		

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

Sunil Bhandari
Partner
(M. No. 37388)

P. G. Godbole
Chief Financial Officer

Mumbai
Dated : 20th June, 2005.

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
S. S. Shirgaokar Director
D. N. Mungale Director

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	:	5434	State Code	:	11
Balance Sheet Date	:	31.03.2005			

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	:	12,676.64	Total Assets	:	12,676.64
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Sources of Funds:

Paid-up-Capital	:	480.00	Reserves & Surplus	:	1,205.78
Secured Loans	:	3,806.01	Unsecured Loans	:	1,164.46
			Deferred Tax Liability	:	182.08

Application of Funds:

Net Fixed Assets	:	4,168.51	Investments:	:	61.49
Net Current Assets	:	1,865.36	Miscellaneous Expenditure	:	742.97
Accumulated Losses	:	NIL			

IV. Performance of the Company: (Amount in Rs. Lacs)

Turnover (including other Income)	:	19,939.52	Total Expenditure	:	20,671.18
Profit/(Loss) Before Tax	:	(731.66)	Profit/(Loss) After Tax	:	(488.50)
Earning Per Share in Rs.	:	(10.18)	Dividend Rate %	:	—

V. Generic Name of Principal Products of the Company: (As per monetary terms)

Item Code No. (ITC Code)	Product Description
32.13	Artist Colours
96.09	Wooden Pencils
96.08	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, 2005	31 st March, 2005
3. Holding Company's Interest:			
(i) No. of shares held	:	50,000	20,000
(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	:	0.19	(14.19)
(ii) For the previous Financial Years of the Subsidiary since it became the Holding Company's Subsidiary	:	10.90	(10.39)
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 : 20th June, 2005.

P. G. Godbole
Chief Financial Officer

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>
A. S. Dandekar	<i>Executive Director</i>
G. G. Desai	<i>Director</i>
S. E. Godbole	<i>Director</i>
M. P. Khedkar	<i>Director</i>
P. A. Narvekar	<i>Director</i>
S. S. Shirgaokar	<i>Director</i>
D. N. Mungale	<i>Director</i>

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, 2005, 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 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 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 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, 2005, whose financial statements reflect total assets of Rs. 25.66 Lacs as at 31st March, 2005 and total revenues of Rs. 44.92 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, 2005 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 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, 2005;
 - (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 then ended on that date.

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

SUNIL BHANDARI
Partner
(M. No. 37388)

Place : Mumbai
Dated : 20th June, 2005.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedules	As at 31.03.2005 (Rs. in Lacs)	As at 31.03.2004 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	1,188.27	1,703.50
		1,668.27	2,183.50
Loan Funds			
Secured Loans	3	3,806.01	3,423.76
Unsecured Loans	4	1,164.46	879.14
		4,970.47	4,302.90
Deferred Tax Liability (Net)		182.08	442.22
TOTAL		6,820.82	6,928.62
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	7,047.59	6,112.24
Less: Depreciation		2,985.34	2,562.36
Net Block		4,062.25	3,549.88
Capital Work-in-progress including Advances		106.26	13.28
		4,168.51	3,563.16
Investments	6	56.81	60.76
Current Assets, Loans and Advances			
Inventories	7	3,577.13	3,661.35
Sundry Debtors	8	2,654.83	2,723.32
Cash and Bank Balances	9	270.10	225.22
Other Current Assets	10	4.87	30.36
Loans and Advances	11	1,192.56	1,153.20
		7,699.49	7,793.45
Less: Current Liabilities & Provisions			
Liabilities	12	4,506.93	3,852.70
Provisions	13	1,340.03	636.05
		5,846.96	4,488.75
Net Current Assets		1,852.53	3,304.70
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	742.97	—
TOTAL		6,820.82	6,928.62

Schedules 1 to 24 forming part of Accounts

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

Sunil Bhandari
Partner
(M. No. 37388)

P. G. Godbole
Chief Financial Officer

Mumbai
Dated : 20th June, 2005.

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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M. P. Khedkar	<i>Director</i>
P. A. Narvekar	<i>Director</i>
S. S. Shirgaokar	<i>Director</i>
D. N. Mungale	<i>Director</i>

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005.

	Schedules	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
INCOME			
Net Sales	15	19,811.94	18,309.58
Other Income	16	176.87	116.73
TOTAL INCOME		19,988.81	18,426.31
EXPENDITURE			
Consumption of Materials & Goods traded-in	17	12,064.95	10,706.24
(Increase)/Decrease in Stocks	18	251.63	94.01
Payments to Employees	19	2,388.61	2,051.03
Manufacturing & Other Expenses	20	5,097.78	4,479.14
Interest	21	454.92	372.17
Depreciation – Gross		462.82	443.60
Less: Transferred from Revaluation Reserve		6.59	6.59
		456.23	437.01
Amortisation of VRS Cost		19.05	—
Provision for Wealth Tax		0.75	0.55
TOTAL EXPENDITURE		20,733.92	18,140.15
Net Profit/(Loss) before Tax		(745.11)	286.16
Taxes — Current		0.48	74.25
— Deferred		(260.14)	32.57
— Prior Year (Net)		16.98	15.35
Profit/(Loss) after Tax		(502.43)	163.99
Balance brought forward from last year		1,148.18	980.92
		645.75	1,144.91
Add: Opening exchange revaluation reserve transfer		0.60	—
Add: Debenture Redemption Reserve Written back		—	125.00
		646.35	1,269.91
APPROPRIATIONS			
Proposed Dividend		4.00	72.00
Corporate Dividend Tax		0.52	9.23
General Reserve		1.25	40.50
Balance Carried to Balance Sheet		640.58	1,148.18
		646.35	1,269.91
Earning per Share (Basic & Diluted)		(10.47)	3.42
Schedules 1 to 24 forming part of Accounts			

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

Sunil Bhandari
Partner
(M. No. 37388)

P. G. Godbole
Chief Financial Officer

Mumbai
Dated : 20th June, 2005.

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
S. S. Shirgaokar Director
D. N. Mungale Director

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	31.03.2005 (Rs. in Lacs)	31.03.2004 (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	244.56	251.15
Less: Transferred to Profit & Loss Account	<u>6.59</u>	<u>6.59</u>
	<u>237.97</u>	<u>244.56</u>
General Reserve		
As per last Balance Sheet	284.96	244.46
Additions during the year	1.25	40.50
Less: Dividend paid for 2003-04 (Camlin International Ltd.)	<u>1.69</u>	<u>—</u>
	<u>284.52</u>	<u>284.96</u>
Exchange Revaluation Reserve		
As per last Balance Sheet	0.60	—
Additions during the year	—	0.60
Less: Transfer to Profit & Loss Account	<u>0.60</u>	<u>—</u>
	<u>—</u>	<u>0.60</u>
Debenture Redemption Reserve		
As per last Balance Sheet	—	125.00
Less: Transferred to Profit & Loss Account	<u>—</u>	<u>125.00</u>
	<u>—</u>	<u>—</u>
Profit & Loss Account	640.58	1,148.18
	<u>1,188.27</u>	<u>1,703.50</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
3. SECURED LOANS		
(i) Term Loans from Banks & Financial Institutions		
(a) Rupee Loan	1,100.81	214.99
(b) Foreign Currency Loan – Fixed Assets	229.69	431.39
– Working Capital	901.83	751.32
(ii) Deferred Payments	0.81	2.72
Less: Unaccrued Interest	0.03	0.37
	0.78	2.35
(iii) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)	151.12	598.53
(iv) Bank Overdrafts/Working Capital Demand Loan in Foreign Currency	1,421.78	1,425.18
	3,806.01	3,423.76
Includes Rs. 534.67 Lacs is repayable within one year (2003-2004 Rs. 425.98 Lacs)		
4. UNSECURED LOANS		
(i) Fixed Deposits	664.46	629.14
(ii) Short Term Loan from Bank	500.00	250.00
	1,164.46	879.14
Includes Rs. 613.95 Lacs repayable within one year (2003-2004 Rs. 487.79 Lacs).		

5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjust-ments	As at 31.03.2005	Upto 31.03.2004	For the year	Disposals/ Adjust-ments	As at 31.03.2005	As at 31.03.2005	As at 31.03.2004
Freehold Land*	141.21	—	—	141.21	—	—	—	—	141.21	141.21
Leasehold Land	27.06	—	—	27.06	5.01	0.26	—	5.27	21.79	22.05
Site Development	43.00	0.47	—	43.47	2.15	0.71	—	2.86	40.61	40.85
Building & Shed*	907.71	126.49	2.47	1,031.73	269.23	28.59	0.79	297.03	734.70	638.47
Plant, Machinery & Equipment	4,178.31	761.70	29.42	4,910.59	1,882.00	357.73	20.70	2,219.03	2,691.56	2,296.32
ERP Hardware/Software cost	110.60	22.83	—	133.43	43.75	27.83	—	71.58	61.85	66.85
Furniture & Fittings	307.98	2.71	—	310.69	148.65	18.69	—	167.34	143.35	159.33
Vehicles	256.38	87.70	34.66	309.42	71.58	29.01	18.35	82.24	227.18	184.80
Intellectual Property Rights (IPRs)	139.99	—	—	139.99	139.99	—	—	139.99	—	—
Total	6,112.24	1,001.90	66.55	7,047.59	2,562.36	462.82	39.84	2,985.34	4,062.25	3,549.88
Previous Year	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

* Includes Revaluation of Land and Building at Andheri as on 31.03.1991 at Rs. 132.78 Lacs and Rs. 197.47 Lacs respectively, and depreciation on revaluation of building for the year at Rs. 6.59 Lacs and cumulative at Rs. 92.03 Lacs as of 31.03.2005.

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
6. INVESTMENTS — LONG TERM		
A. Unquoted (Non Trade)		
(i) Government and National Saving Certificates (F. V. Rs. 10/-)	—	0.28
(ii) Unit Trust of India 21,564 Bonds – 6.75% Tax Free of Rs. 100/- each	21.56	21.56
(iii) Associates		
(a) 4,000 Equity Shares of Rs. 100/- each in Triveni Pencils Ltd.	—	—
(b) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	2.15	2.15
	2.15	2.15
Add: Accumulated Income	13.58	12.32
	15.73	14.47
(iv) Shares (Trade)		
(a) 1,000 Equity Shares of Rs. 10/- each in The Saraswat Co-operative Bank Ltd.	—	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
B. Quoted (Non Trade)		
(a) 1,875 Equity Shares of Rs. 10/- each in The United Western Bank Ltd. [M. V. F. Y. 2003-04 – Rs. 0.61 Lacs)	—	0.53
(b) 18,700 Equity Shares of Rs. 10/- each in Bank of Maharashtra	—	4.30
	56.81	60.76

§ Valued at Rs. Nil, as accumulated losses as on 31st March, 2005 exceeds the Share Capital of the Company.

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
7. INVENTORIES		
Raw Materials	470.57	388.24
Packing Materials	284.05	198.16
Consumables & Stores	4.85	5.66
Work-in-Process	575.16	467.89
Goods-in-Transit	117.18	97.69
Finished Goods	<u>2,125.32</u>	<u>2,503.71</u>
	<u>3,577.13</u>	<u>3,661.35</u>
8. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding over six months		
(a) Considered Good	608.11	458.32
(b) Considered Doubtful	273.55	165.73
(ii) Other Debts Considered Good		
Others	<u>2,046.72</u>	<u>2,265.00</u>
	<u>2,928.38</u>	<u>2,889.05</u>
Less: Provision for doubtful debts	273.55	165.73
	<u>2,654.83</u>	<u>2,723.32</u>
9. CASH AND BANK BALANCES		
(i) Cash on Hand	48.90	9.30
(ii) With Scheduled Banks		
(a) In other Deposit Accounts	76.21	77.76
(b) In other Current Account	122.42	108.03
(c) Staff Security Deposit Account	6.19	15.28
(d) In Current Account for the payment of dividend & interest	16.08	14.65
(iii) With Others		
In Current Account with Municipal Co-operative Bank Ltd. [Maximum balance during 2004-05 Rs. 0.43 Lac (2003-04 Rs. 0.52 Lac)]	<u>0.30</u>	<u>0.20</u>
	<u>270.10</u>	<u>225.22</u>
10. OTHER CURRENT ASSETS		
Interest accrued on Investments/Deposits	<u>4.87</u>	<u>30.36</u>
11. LOANS AND ADVANCES		
UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
(a) Considered Good	651.86	593.88
(b) Considered Doubtful	4.48	4.48
(ii) Staff Advances	17.25	21.36
(iii) Deposits	66.17	128.79
(iv) Advance Tax Payments Inclusive of Deductions at source	<u>457.28</u>	<u>409.17</u>
	<u>1,197.04</u>	<u>1,157.68</u>
Less: Provision for doubtful advances	4.48	4.48
	<u>1,192.56</u>	<u>1,153.20</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	31.03.2005 (Rs. in Lacs)	31.03.2004 (Rs. in Lacs)
12. LIABILITIES		
(i) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	1,009.67	1,108.23
(b) Others	2,312.01	1,685.39
	3,321.68	2,793.62
(ii) Interest Accrued but not due on loans	20.59	35.49
(iii) Stockists Deposits	412.17	410.64
(iv) Staff Security Deposit	5.97	5.53
(v) Liabilities for Expenses	330.24	330.87
(vi) Unclaimed Dividend	11.20	10.74
(vii) Unclaimed Debentures	—	3.65
(viii) Other Liabilities	405.08	262.16
	4,506.93	3,852.70
13. PROVISIONS		
(i) Taxes	409.90	392.58
(ii) Leave Encashment	125.97	98.61
(iii) Excise Duty on bonded warehouse stocks	38.48	63.63
(iv) Proposed Dividend	—	72.00
(v) Corporate Dividend Tax	0.52	9.23
(vi) VRS Payable	762.02	—
(vii) Gratuity Payable	3.14	—
	1,340.03	636.05
14. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
(i) V.R.S. Compensation (VRS)		
Incurred during the year	762.02	—
Less: Written Off during the year	19.05	—
	742.97	—
(ii) Preliminary Expenses	—	0.21
Incurred during the year	—	—
Less: Written Off during the year	—	0.21
	—	—
(iii) Pre-Operative Expenses	—	0.12
Incurred during the year	—	—
Less: Written Off during the year	—	0.12
	—	—
	742.97	—

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
15. SALES		
Gross Sales	20,891.33	19,351.67
Less: Trade Discount	363.13	357.30
Less: Excise Duty	716.26	684.79
	<u>19,811.94</u>	<u>18,309.58</u>
16. OTHER INCOME		
A. From Operations		
Formulation Development recovered	0.45	24.58
Income/(Loss) from Associates	1.26	(10.58)
Export Benefits	50.74	0.87
Job Work Income	3.03	12.48
Insurance Claim	34.63	—
	<u>90.11</u>	<u>27.35</u>
B. Others		
Interest [including interest on Govt. Securities – Tax deducted at source Rs. 1.16 Lacs (2003-2004 Rs. 0.75 Lacs)]	10.67	13.37
Dividend — On Non Trade Investments	0.01	0.03
— On Trade Investments	6.25	0.69
Profit on Sale of Assets	14.22	30.70
Profit on Sale of Trade Investments	3.19	—
Profit on Exchange difference at the time of conversion	0.16	—
Miscellaneous Receipts	52.26	44.59
	<u>86.76</u>	<u>89.38</u>
	<u>176.87</u>	<u>116.73</u>
17. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	388.24	481.77
Add: Purchases	2,949.83	2,721.40
	<u>3,338.07</u>	<u>3,203.17</u>
Less: Stock of Raw Materials as at year end	470.57	388.24
	<u>2,867.50</u>	<u>2,814.93</u>
(ii) Packing Materials	1,698.71	1,152.39
(iii) Consumable Stores	96.80	16.00
(iv) Purchase of Finished Goods for resale	7,401.94	6,722.92
	<u>12,064.95</u>	<u>10,706.24</u>
18. (INCREASE)/DECREASE IN STOCK OF WORK-IN-PROCESS & FINISHED GOODS (Produced & Purchased for resale)		
Stocks as per last Balance Sheet		
Work-in-Process	467.89	496.48
Goods-in-Transit	97.69	106.47
Finished Goods	2,503.71	2,560.35
	<u>3,069.29</u>	<u>3,163.30</u>
Less: Closing Stock as at year end		
Work-in-Process	575.16	467.89
Goods-in-Transit	117.18	97.69
Finished Goods	2,125.32	2,503.71
	<u>2,817.66</u>	<u>3,069.29</u>
	<u>251.63</u>	<u>94.01</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)

	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
19. PAYMENT TO EMPLOYEES		
Salaries, Wages and Bonus	1,973.95	1,686.50
Provision for Leave Encashment	27.36	14.44
Provision for Gratuity	3.14	—
Contribution to approved Gratuity & Superannuation Scheme	131.99	118.61
Contribution to Provident & Other Funds	182.30	165.61
Staff and Labour Welfare	69.87	65.87
	2,388.61	2,051.03
20. MANUFACTURING & OTHER EXPENSES		
Power and Fuel	372.60	297.88
Job Work Charges	284.63	310.13
Repairs to Building	31.90	6.68
Repairs to Machinery	43.49	21.40
Rent	93.16	79.62
Rates and Taxes	29.45	28.83
Excise Duty Paid	60.50	—
Insurance	57.70	58.41
Commission/Discount/Service Charges on Sales	414.00	441.83
Audit Fees & Other Services	11.36	13.72
Travelling & Conveyance	724.65	582.35
Advertisement and Sales Promotion	1,049.27	969.57
Transport & Forwarding Charges	729.19	566.85
Donations	0.15	0.35
Cash Management/Bank Charges	92.34	85.59
Interest on Business Deposits	37.86	39.91
Loss on Sale of Assets	12.67	14.09
Provision for Doubtful Debts	107.82	35.50
Bad Debts Written Off	2.63	1.43
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)	(25.16)	(25.21)
Directors' Meeting Fees	2.55	2.27
Deferred Revenue Expenses	—	—
Preliminary Expenses	—	0.21
Pre-Operative Expenses	—	0.12
	—	0.33
Miscellaneous Expenses	965.02	954.66
	5,097.78	4,479.14
21. INTEREST		
On Debentures	—	17.63
On Term Loans*	127.29	96.32
On Fixed Deposits	63.11	63.23
On Other Borrowings	264.52	194.99
	454.92	372.17

* Includes Rs. 20.48 Lacs being exchange loss arising from Foreign Currency Borrowing to the extent regarded as adjustment to interest cost.

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, except for Integral Foreign subsidiaries wherein it is debited/credited to Profit & Loss A/c.

- (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 2005
Camlin International Ltd.	India	100
Camlin North America Inc. U.S.A.	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.
- (c) Impairment of Assets:
In compliance with Accounting Standard (AS) 28- "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the carrying amount of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(iii) **Depreciation**

- (a) Depreciation on all assets of the Company except leasehold land, is provided on Straight Line basis as applicable under 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.

SCHEDULES TO ACCOUNTS (Contd.)

(f) Second-Hand assets/assets acquired after the expiration of leased period are depreciated over their remaining useful life.

(iv) 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.

(v) Valuation Of Inventories

(a)	Raw Material, Packing Material, 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. Foreign currency monetary assets and liabilities are translated at year-end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.
- (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.
- (c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

(viii) Research and Development

Current revenue expenditure incurred on Research and Development is charged to Profit & Loss Account of the year. 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. Leave Encashment is provided based on actuarial valuation.

(x) Revenue/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) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.
- (d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

SCHEDULES TO ACCOUNTS (Contd.)

(xi) **Contingent Liabilities**

Liabilities are disclosed by way of Notes appended to the Balance Sheet in case there is an obligation that may probably not require cash outflow.

(xii) **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.

(xiii) **Earning per Share**

The Company reports basic and diluted earning per equity share in accordance with AS 20, Earning per Share issued by the ICAI. Basic earning per equity share is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding including shares pending allotment.

(xiv) **Segment Reporting – Basis Of Information**

The Company operates in three segments: Consumer Products, Pharmaceutical & Fine Chemicals. Segments have been identified and reported taking into account the nature of the product, the differential risks, the organisation structure and the internal financial reporting systems.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under “Unallocated Corporate Income/Expenses”. Assets and Liabilities which relate to the enterprise as a whole but not allocable to segments on a reasonable basis, have been included under “Unallocated Corporate Assets/Liabilities”.

(xv) **Voluntary Retirement Scheme**

Expenditure on Voluntary Retirement Scheme is amortised over a period of 60 months.

23. NOTES TO ACCOUNTS

(i) Previous year's figures are recast/regrouped wherever necessary.

(ii) Contingent Liabilities:

(a) In respect of Bills of Exchange/Cheque discounted with the Bankers Rs. 482.27 Lacs (2003 - 2004 – Rs. 617.25 Lacs).

(b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 78.47 Lacs (2003 - 2004 – Rs. 158.59 Lacs).

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

	2004-2005 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Income Tax	71.00	36.01
Sales Tax	48.53	29.93
Excise Duty	233.93	279.45
Modvat Claim	0.18	0.21
Provident Fund	0.67	0.67
Labour Matters	2.22	14.03
Others	0.63	0.63

SCHEDULES TO ACCOUNTS (Contd.)

(d) The Company has also received Charter of Labour Demands with effect from 1.4.2004 for Tarapur 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. 36.91 Lacs (2003-2004 Rs. 34.03 Lacs).

(iv) 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 book 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 Loan from a Bank is guaranteed by the Managing/Wholtime Directors of the Company in their personal capacity.

(v) 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.

(vi) Current year export benefits include Rs. 20.20 Lacs accounted on accrual basis on the export of the goods as per matching concept, unlike in the previous years, when it was accounted on utilisation/sale of license basis.

(vii) 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. 575.91 Lacs (2003-2004 Rs. 606.03 Lacs) as on 01/12/2004 (being the Annual Renewal Date) against which the funds with the LIC amount to Rs. 511.35 Lacs (2003-2004 Rs. 417.23 Lacs).

(b) Leave Encashment:

Accruing liability towards leave encashment payable on retirement is estimated for the year on actuarial basis at Rs. 27.36 Lacs (2003-2004 Rs. 14.44 Lacs) and provided for in the accounts.

(c) Earnings Per Share (Basic and Diluted)

Net Profit/(-) Loss (After Tax) as per profit and loss account available for equity shareholders (Rs. in Lacs)

Equity Shares for calculation of earnings per share (Nos.)

Earnings per Share - Basic and Diluted (Rs.)

2004-2005	2003-2004
(502.43)	189.55
4800000	4800000
(10.47)	3.95

(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 (loss shown as minus figure)	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	—	13.58	15.73

SCHEDULES TO ACCOUNTS (Contd.)

(e) AS 24 Discontinuing Operations

The competitive market conditions coupled with vigorous compliance requirements under various statutes as also conditions arising under new Patent Laws etc. have rendered the Pharmaceutical marketing operations increasingly difficult for management as well as uneconomical with no signs of improvement. Therefore, the Board of Directors, on 7th March 2005, announced that the Company will substantially restrict its trading operations of Pharma Division, which is a separate Business Segment under AS17 on Segment Reporting. Plan of discontinuance would involve realisation of some of the Fixed Assets, Debtors, Stock and other Current Assets as also liquidation of liabilities and transfer of marketing staff (369 employees) of the said Division. The Company is in the process of negotiating an understanding in this behalf with M/s. Liva Healthcare Ltd., a company in which some of the Directors of Camlin Ltd. are interested as Director/Share Holder. In the meantime, after the Balance Sheet date, M/s. Liva Healthcare Ltd. has taken over 347 employees of the said Division with continuity in service.

- (i) The carrying amount of assets to be disposed of is Rs. 1,157.84 lacs and liabilities to be settled are Rs. 638.32 lacs for discontinuing operations of Pharmaceutical Division.
- (ii) The amount of revenue, expense, pre-tax profit/(loss) from discontinuing operations is as follows:

	Discontinuing Operations	
	2004-05 Rs. in Lacs	2003-04 Rs. in Lacs
Turnover	2,407.94	2,708.68
Operating Expenses	3,193.35	2,705.03
Pre-Tax Profit/(Loss)	(785.41)	3.65
Profit/(Loss) before Tax	(785.41)	3.65
Income Tax Expense	—	20.00
Profit/(Loss) after tax	(785.41)	(16.35)

Deferred Tax Liability is not capable of being ascertained separately for Pharmaceutical Division.

- (iii) The cash flow during the year from discontinuing operations are as follows :

	(Rs. in Lacs)
Operating Activity	(265.88)
Investing Activity	(11.84)
Financing Activity	277.57
Net Increase/(Decrease) in Cash and Cash Equivalent	(0.15)

SCHEDULES TO ACCOUNTS (Contd.)

(f) CONSOLIDATED SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2005 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

(Rs. in Lacs)

Sr. No.		FY. 2004-2005				FY. 2003-2004			
		Consumer Products	*Pharma	Fine Chemicals	Total	Consumer Products	Pharma	Fine Chemicals	Total
A.	REVENUE								
	Net Sales (Net of Trade Discount & Excise)/								
	Income from operations	13,776.32	2,407.94	3,717.79	19,902.05	12,483.02	2,708.68	3,145.23	18,336.93
	Intersegment Sales	—	—	—	—	—	—	—	—
	Total Revenue	13,776.32	2,407.94	3,717.79	19,902.05	12,483.02	2,708.68	3,145.23	18,336.93
B.	RESULT								
	Segment Result	603.40	(538.11)	711.29	776.58	750.73	204.27	720.37	1,675.37
	Unallocated Corporate expenses net of unallocable income				1,076.50				1,028.88
	Operating Profit				(299.92)				646.49
	Interest Expense				454.92				372.17
	Interest Income				(9.73)				(11.84)
	Income Tax								
	– Current				0.48				74.25
	– Deferred				(260.14)				32.57
	Total Income Tax				(259.66)				106.82
	Earlier year adjustment				16.98				15.35
Profit from Operating Activities				(502.43)				163.99	
Extra-ordinary loss				—				—	
	NET PROFIT				(502.43)				163.99
C.	OTHER INFORMATION								
	Segment Assets	7,018.68	1,255.54	3,456.62	11,730.84	6,134.82	1,459.20	2,871.04	10,465.06
	Unallocated Corporate Assets				936.94				1,380.99
	1. TOTAL ASSETS				12,667.78				11,846.05
	Segment Liabilities	3,546.20	500.12	535.21	4,581.53	2,465.59	372.99	469.63	3,308.21
	Unallocated Corporate Liabilities				8,086.25				8,537.84
	2. TOTAL LIABILITIES				12,667.78				11,846.05
	3. Capital Expenditure								
	Segment Related	342.33	4.58	691.20	1,038.11	288.85	24.78	174.35	487.98
	Corporate Related				70.05				61.50
4. Depreciation									
Segment Related	208.84	7.06	169.19	385.09	200.07	8.27	150.80	359.14	
Corporate Related				71.14				77.87	
5. Non-cash expenses other than Depreciation									
	—	—	—	—	0.34	—	—	0.34	

NOTES:

1. 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.
 2. The secondary segment can be taken to be the Fine Chemicals segment which caters mainly to the Overseas market.
- * Discontinuing Operation.

SCHEDULES TO ACCOUNTS (Contd.)

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

(i) 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 Consultants 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) Camlidhan Products 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

(ii) 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

(iii) Transactions with Associate Companies

Particulars	Associate Companies	Rs. in Lacs
		2004-2005
Purchase of goods	Liva Healthcare Ltd.	1,086.37
	Nilmac Packaging Industries Ltd.	427.57
	Excella Pencils Ltd.	351.72
	Triveni Pencils Ltd.	280.49
	Others	88.82
	Total	2,234.97
		(2,231.05)
Sale of goods	Triveni Pencils Ltd.	96.17
	Excella Pencils Ltd.	67.50
	Nilmac Packaging Industries Ltd.	36.37
	Others	12.37
	Total	212.41
		(106.14)

SCHEDULES TO ACCOUNTS (Contd.)

Particulars	Associate Companies	Rs. in Lacs
Purchase of Fixed Assets	Camellia Infotech Ltd.	7.84
	Total	7.84
		(35.12)
Sale of Fixed Assets	Traveni Pencils Ltd.	7.18
	Others	0.05
	Total	7.23
		(Nil)
Receiving Services	Nilmac Packaging Industries Ltd.	85.56
	Camart Agencies	76.29
	Camlink Agencies Ltd.	50.07
	Others	46.65
	Total	258.57
		(258.59)
Rendering Services	Camellia Infotech Ltd.	2.49
	Liva Healthcare Ltd.	2.11
	Nilmac Packaging Industries Ltd.	1.17
	Others	0.25
	Total	6.02
		(7.77)
Net Amount Payable	Liva Healthcare Ltd.	277.83
	Nilmac Packaging Industries Ltd.	52.67
	Others	54.10
	Total	384.60
		(314.64)
Net Amount Receivable	Triveni Pencil Ltd.	76.74
	Camlidhan Products Ltd.	30.04
	Camellia Infotech Ltd.	12.73
	Others	0.65
	Total	120.16
		(65.87)
Dividend Paid	Camart Agencies Ltd.	4.99
	CAFCO Consultants Ltd.	1.40
	Dandekar Developers Pvt. Ltd.	0.92
	Others	2.23
	Total	9.54
		(12.66)
Dividend Receivable	Excella Pencils Ltd.	0.00
	Total	0.00
		(0.54)

Previous years figures are indicated in brackets.

(iv) **Details of transactions relating to persons referred to in item (ii) above and their relatives**

Particulars	2004-2005	2003-2004
Remuneration	97.41	80.80
Dividend Paid	10.46	13.97

SCHEDULES TO ACCOUNTS (Contd.)

24. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before non-recurring items	(745.11)	286.76
Adjustments for:		
Depreciation	456.23	437.01
Provision for doubtful debts	107.82	35.50
Provision for Gratuity	3.14	—
Foreign Exchange (Unrealised)	8.47	3.69
(Profit)/Loss on Sale of Fixed Assets	(1.55)	(16.61)
(Profit)/Loss on Sale of Investments	(3.03)	7.95
Provision for diminution of Investments	—	(15.00)
Interest Expenses	492.78	412.08
Interest/Dividend Received	(16.93)	(14.09)
Amortisation of Expenses	19.05	0.33
Share of profits of Associates for the current year	(1.26)	10.58
Provision for leave encashment	27.36	14.44
Provision for Wealth Tax	0.75	0.55
Operating Profit before Working Capital changes	347.72	1,163.19
Adjustments for:		
Trade and other Receivables	(30.58)	(1,124.35)
Inventories	84.22	166.54
Trade Payables	531.30	231.68
Other Payables	119.11	(96.53)
Cash generated from Operations	1,051.77	340.53
Direct taxes paid	(49.19)	(91.60)
Net cash from operating activities	1,002.58	248.93
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,098.12)	(758.30)
Sale of Fixed Assets	28.26	130.26
(Purchase)/Sale of Investments	5.05	(3.18)
Profit/(Loss) on Sale of Investments	3.19	—
Interest Received	36.16	7.27
Dividend Received	2.26	0.72
Net cash used in Investing Activities	(1,023.20)	(623.23)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	663.92	887.57
Interest Paid	(507.68)	(403.45)
Dividend Paid	(82.27)	(106.65)
Net cash used in Financing Activities	73.97	377.47
D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents	(8.47)	(3.69)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS*	44.88	(0.52)
Cash and Cash Equivalents (Opening Balance)	225.22	225.74
Cash and Cash Equivalents (Closing Balance)	270.10	225.22

*Refer note 23(vii) (e) (iii) for discontinuing operations cash flow

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

Sunil Bhandari
Partner
(M. No. 37388)

P. G. Godbole
Chief Financial Officer

Mumbai
Dated : 20th June, 2005.

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
S. S. Shirgaokar Director
D. N. Mungale 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	9.26
2. Reserves	:	7.07	(23.62)
3. Total Assets	:	25.66	21.02
4. Total Liabilities	:	25.66	21.02
5. Details of Investments	:	NIL	NIL
6. Turnover	:	44.92	10.20
7. Profit/(Loss) Before Taxation	:	4.08	(13.84)
8. Provision For Taxation	:	0.13	0.35
9. Profit/(Loss) After Taxation	:	0.19	(14.19)
10. Proposed Dividend	:	80%	NIL

* Average Exchange Rate as on 31st March, 2005. – 1 US\$ = Rs. 44.96.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

YEAR ENDING 31ST MARCH	2005	2004	2003	2002	2001	2000	1999	1998
A. Assets Employed								
1. Net Fixed Assets	4168.51	3563.16	3607.37	2870.78	2630.17	2403.42	2229.17	2028.57
2. Net Current Assets	1865.36	3300.73	2244.76	2060.52	2398.88	2303.43	2564.26	1846.27
3. Others	804.46	62.10	47.70	362.56	446.83	617.03	227.81	206.73
TOTAL	6838.33	6925.99	5899.83	5293.86	5475.88	5323.88	5021.24	4081.57
B. Financed By								
1. Equity Share Capital	480.00	480.00	480.00	240.00	240.00	240.00	240.00	240.00
2. Reserves & Surplus	1205.78	1700.87	1599.14	1509.76	1704.84	1570.28	1452.79	1333.35
3. Shareholder's Funds	1685.78	2180.87	2079.14	1749.76	1944.84	1810.28	1692.79	1573.35
4. Loan Funds	4970.47	4302.90	3411.04	3027.90	3531.04	3513.60	3328.45	2508.22
5. Deferred Tax Liability (Net)	182.08	442.22	409.65	516.20	—	—	—	—
TOTAL	6838.33	6925.99	5899.83	5293.86	5475.88	5323.88	5021.24	4081.57
C. Net Sales (Net of Trade Discount & Excise)								
	19764.33	18268.50	17517.43	16707.08	15140.34	14114.03	12907.14	12332.66
D. Profit and Appropriations								
1. Operating Profit (PBIDT) (Before Extra Ordinary Item)	198.54	1118.58	1628.57	1214.77	1127.54	1034.26	938.87	845.74
2. Interest	454.92	372.17	320.85	388.32	536.21	553.93	476.68	404.47
3. Profit/Loss Before Depreciation, Tax & Extra Ordinary Item	(256.38)	746.41	1307.72	826.45	591.33	480.33	462.19	441.27
4. Depreciation	456.23	437.01	371.58	305.54	266.68	222.23	199.71	177.33
5. Profit/Loss Before Tax & Extra Ordinary Item	(712.61)	309.40	936.14	520.91	324.65	258.10	262.48	263.94
6. Extra Ordinary Item	19.05	—	321.17	108.33	99.77	43.87	—	—
7. Profit/Loss Before Tax	(731.66)	309.40	614.97	412.58	224.88	214.23	262.48	263.94
8. Tax — Current	—	72.00	275.00	30.00	18.00	25.00	28.00	28.00
— Deferred	(260.14)	32.57	(106.55)	79.10	—	—	—	—
9. Profit/Loss After Tax	(471.52)	204.83	446.52	303.48	206.88	189.23	234.48	235.94
10. Earlier Year's Adjustments	16.98	(15.28)	(2.25)	5.13	0.39	8.05	(1.61)	(1.47)
11. Net Profit/Loss After Tax	(488.50)	189.55	444.27	308.61	207.27	197.28	232.87	234.47
12. Dividends & Tax On Dividend	—	81.23	108.30	60.00	66.12	73.20	66.60	66.60
13. Retained Earnings	—	108.32	335.97	248.61	141.15	124.08	166.27	167.87
E. Per Share Information								
1. Earning Per Share	(10.18)	3.95	**9.26	12.86	8.64	8.22	9.70	9.77
2. Book Value Per Share (Rs.)	14.68	40.34	*38.08	*48.98	53.95	40.79	51.66	48.54
3. Dividend Per Share (Rs.) (Excluding Tax on Dividend)	—	1.50	2.00	2.50	2.50	2.50	2.50	2.50

* 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.