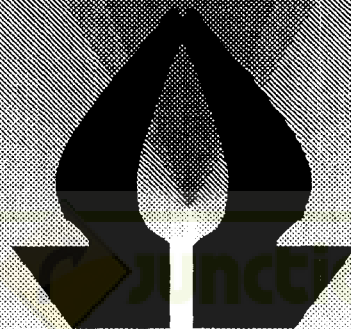


15TH ANNUAL REPORT 2003-2004



CERTIFIED TRUE COPY

For Casil Health Products Limited
[Signature]
Company Secretary

CASIL HEALTH PRODUCTS LIMITED

BOARD OF DIRECTORS

SHRI INDRAVADAN A. MODI - CHAIRMAN
SMT. SHILABEN I. MODI
DR. RAMESH M. SHAH
SHRI KANISHKA H. KAJI
SHRI M. G. SHAH
SHRI G. SATHASIVAM
SMT. MONIKA GARWARE MODI
DR. RAJIV I. MODI - MANAGING DIRECTOR

COMPANY SECRETARY

VIPUL BHEDA

AUDITORS

MUKESH M. SHAH & CO.
CHARTERED ACCOUNTANTS
AHMEDABAD

BANKERS

BANK OF BARODA

REGISTERED OFFICE

SARKHEJ DHOLKA ROAD,
BHAT, AHMEDABAD 382 210.

WORKS

1. SURVEY NO. 342, NANI KADI,
TAL. KADI. DIST.MEHSANA
2. 505 - 1 & 2, GIDC
HALOL, DIST. PANCHMAHALS

CASIL HEALTH PRODUCTS LIMITED

CASIL HEALTH PRODUCTS LIMITED
SARKHEJ DHOLKA ROAD, BHAT, AHMEDABAD 382 210

NOTICE

NOTICE is hereby given **THAT** the Fifteenth Annual General Meeting of the Members of the Company will be held on **Wednesday**, the **29th** day of **September, 2004** at **10.00 A. M.** at the **Registered Office of the Company** at **Sarkhej Dholka Road, Bhat, AHMEDABAD 382 210** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date, together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri K. H. Kaji, who retires by rotation and being eligible, has offered himself for re-appointment.
3. To appoint a Director in place of Dr. R. M. Shah, who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 100 to 104 and all other applicable provisions, if any, of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association and subject to the confirmation of the High Court of Gujarat at Ahmedabad / National Company Law Tribunal (NCLT) and / or any other regulatory authority as may be prescribed under the Companies Act, 1956 or under any other Statute and approval of the Financial Institutions and other concerned authorities, if any, and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions, modifications, as may be prescribed or imposed by any of the aforementioned authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the paid - up Preference Share Capital of the Company be reduced from Rs. 5,00,00,000/- (Rupees five crore only) divided into 5,00,000 (Five lacs) Preference Shares of Rs. 100/- (Rupees one hundred only) each to Rs. 5,00,000/- (Rupees five lacs only) divided into 5,00,000 (Five lacs) Preference Share of Re. 1/- (Rupee one only) each **AND THAT** such reduction be effected by canceling the Preference Share Capital to the extent of Rs. 99/- (Rupees ninety nine only) per Preference Share i.e. Rs. 4,95,00,000/- (Rupees four crore ninety five lacs only) in respect of 5,00,000 (Five lacs) fully paid up Preference Shares of Rs. 100/- (Rupees one hundred only) each and by reducing the nominal amount of all the Preference Shares in the Company's capital from Rs. 100/- (Rupees one hundred only) each to Re. 1/- (Rupee one only) per Preference Share."

"RESOLVED FURTHER THAT simultaneously with such reduction becoming effective, the resulting 5,00,000 (Five lacs) fully paid up Preference Shares of Re. 1/- (Rupee one only) each be consolidated into 5,000 (Five thousand) Preference Shares of Rs. 100/- (Rupees one hundred only) each fully paid up by issue of 1 (one) new Preference Share of Rs. 100/- (Rupees one hundred only) each against 100 (one hundred) Preference Shares of Re. 1/- (Rupee one only) each so reduced as aforesaid."

"RESOLVED FURTHER THAT the said Reduction of Capital be adjusted against the accumulated losses of the Company as per the Profit and Loss Account for the year ended on 31st March, 2004 or other date/s as may be approved by the concerned court/s in the matter."



"RESOLVED FURTHER THAT all consequential amendments be made in the Capital Clause of the Memorandum of Association of the Company after such reduction and consolidation becomes operative and effective."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, to exercise its power, including the powers conferred under this resolution Shri I.A. Modi, Chairman and Dr. Rajiv I. Modi, Managing Director of the Company, be and are here by authorised, SEVERALLY, to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, expedient, usual or proper including passing of such accounting entries and / or making such other adjustments in the books of account as considered necessary to give effect to the above Resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Gujarat to implement the aforesaid Resolution including passing of such accounting entries and / or making such other adjustments in the books of account as considered necessary to give effect to the above Resolution or to carry out such modifications/ directions as may be ordered by the Hon'ble High Court of Gujarat to implement the aforesaid Resolution and to settle any question or difficulty that may arise with regard to the above resolutions or to carry out such modification / directions as may be ordered by the Honorable High Court of Gujarat to implement the aforesaid Resolutions."

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE TIME OF THE MEETING.**
2. Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, in relation to the item No.5 of the Special Business is appended herewith as per the 'Annexure' and forms part of the Notice.
3. Members are requested to notify immediately, change in their addresses, if any, at the Registered Office of the Company at Sarkhej Dholka Road, Bhat, AHMEDABAD 382 210.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 15th September, 2004 to Wednesday, the 29th September, 2004 (both days inclusive).
5. Shareholders intending to require any information to be explained at the Meeting are requested to inform the Company at least 7 days in advance in order to enable the Company to make available the said information with permission of the Chairman of the Meeting.
6. Members are requested to bring their copies of the Annual Report with them to the Annual General Meeting.

**BY ORDER OF THE BOARD
FOR CASIL HEALTH PRODUCTS LIMITED**

Vipul Bheda
Company Secretary

DATE : 29TH JUNE, 2004

**REGISTERED OFFICE :
SARKHEJ DHOLKA ROAD,
BHAT, AHMEDABAD 382 210**

CASIL HEALTH PRODUCTS LIMITED**ANNEXURE**

Pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, the following explanatory statement sets out all the material facts for the Special Resolution under Item No. 5 of the Special Business of the Notice dated 29th June, 2004 and forms part of the same :

Item No. 5 :

This item relates to reduction of paid-up Preference Share Capital of the Company.

In order to expedite the trend of present profitability, the promoters have thought it proper to reduce their stake in Preference Share Capital by Rs. 4,95,00,000/- (Rupees four crore ninety five lacs only) in order to wipe off the accumulated losses of the Company

Pursuant to the provisions of Sections 100 to 104 of the Companies Act, 1956, the proposal of reduction in the paid - up share capital by the Company also requires prior approval of the shareholders by passing a Special Resolution. Accordingly, a resolution under item No. 5 is submitted for your approval.

None of the Directors of the Company is, in any way, concerned with or interested in the said resolution except the amount of paid up Preference Capital that they are going to forgo. Your Directors recommend the same for your approval.

Report **BY ORDER OF THE BOARD
FOR CASIL HEALTH PRODUCTS LIMITED**

Vipul Bheda
Company Secretary

DATE : 29TH JUNE, 2004

REGISTERED OFFICE :
**SARKHEJ DHOLKA ROAD,
BHAT, AHMEDABAD 382 210**



DIRECTORS' REPORT

To,
The Shareholders,
CASIL HEALTH PRODUCTS LIMITED

Your Directors are pleased to present the Fifteenth Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	For the Year ended 31.03.2004	For the Year ended 31.03.2003
Sales and Other Income	2,923.44	2,877.02
Operating profit	348.12	271.99
Deduct : Interest & Financial Charges	93.35	90.44
Depreciation	70.67	68.91
Misc. Expenses written off	7.42	9.89
Operating Profit for the year	176.68	102.75
Prior period Adjustments	29.27	0.40
(Loss)/Profit due to the Extra-Ordinary item	—	(26.44)
Net Profit for the Year	205.95	76.71

DIVIDEND :

With a view to conserve the financial resources, your Directors do not recommend any dividend for the year under review.

OPERATIONAL REVIEW :

During the year under review, the Company has achieved a total turn over of Rs. 2,923.44 Lacs (Previous Year Rs 2,877.02 Lacs), representing approximately 1.61% increase as compared to the previous year. During the year under review, your Company has earned a profit of Rs. 205.95 Lacs (Previous Year profit of Rs. 76.71 Lacs). Increased profitability is due to well planned focused approach of the management of your Company.

Your Company is having two manufacturing facilities at Kadi and Halol. Your Company manufactures Sulfolane, Gloves, Soft Gelatin Capsules at Kadi and Plaster of Paris Bandages and Adhesive Tapes at Halol.

Your Company markets the premium range of Diagnostic products of Human GmbH, Germany in India. The Diacon SBU of your Company has been able to enjoy a very good position in the Diagnostics market in India.

CASIL HEALTH PRODUCTS LIMITED**DIRECTORS:**

Shri K. H. Kaji and Dr. R. M. Shah, Directors of the Company are liable to retire by rotation and being eligible, they have offered themselves for re-appointment. The relevant proposals in this regard are submitted for your approval. Your Directors recommend the same for your approval.

AUDITORS :

M/s. Mukesh M. Shah & Company, Chartered Accountants, Ahmedabad, the auditors of the Company, hold office till conclusion of ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. Accordingly, they will be appointed as the Statutory Auditors of the Company at the ensuing Annual General Meeting.

INSURANCE :

All the properties of the Company have been adequately insured.

FIXED DEPOSITS:

During the year under review, the Company has not invited any deposit from the public.

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

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure A and forms part of this report.

PARTICULARS OF EMPLOYEES:

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, form part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Annual Accounts of your Company are sent to its shareholders excluding the Statement of Particulars of Employees.

Any shareholder interested in obtaining a copy of this statement is welcome to communicate to the Secretary of your Company.

**CORPORATE GOVERNANCE :**

Pursuant to the Clause No. 49 of the Listing Agreement, the report on Corporate Governance is separately given herewith as per the "Annexure B". The certificate of M/s. Mukesh M Shah & Co, Statutory Auditors of the Company regarding compliance of Corporate Governance Code is also enclosed herewith.

RESPONSIBILITY STATEMENT :

To the best of their knowledge and belief and according to the confirmation and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 :

- i. that in the preparation of the Annual Accounts for the year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanations in case of material departures,
- ii. that such accounting policies as mentioned in Schedule 19 of the Annual Accounts have been applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ending 31st March, 2004 and of the profit of the Company for that period,
- iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities,
- iv. that the Annual Accounts of the Company for the year ended 31st March, 2004 have been prepared on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their sincere thanks to the financial institutions, banks and the State and Central Government, suppliers, stockists, doctors and all categories of the consumers of the Company for their co-operation and assistance. They also record their appreciation of the contributions made by employees at all levels to the operations of the Company during the year under review. Last but not the least, your Directors wish to place on record their gratitude to the shareholders for evincing continued interest in the progress of the Company.

**FOR & ON BEHALF OF THE BOARD
FOR CASIL HEALTH PRODUCTS LIMITED**

DATE : 29TH JUNE, 2004
PLACE : AHMEDABAD

(I. A. MODI)
CHAIRMAN

CASIL HEALTH PRODUCTS LIMITED



ANNEXURE "A"

FORM – A

(See Rule 2)

Form of disclosure of the particulars with respect to the conservation of energy

(A). POWER AND FUEL CONSUMPTION :

	For the year ended 31.03.2004	For the year ended 31.03.2003
1. Electricity :		
(a) Purchased		
Units	19,38,167	18,11,050
Total Amount (Rs. in Lacs)	94.54	89.60
Rate / Unit (Rs.)	4.88	4.95
(b) Own Generation		
(i) Through D. G. :		
Units	7,83,135	5,90,114
Units/Litre of Diesel Oil	2.07	2.08
Cost/Unit (Rs.)	10.03	8.43
(ii) Through Steam Turbine Gen.		
Units	—	—
Units/Litre of Fuel Oil/Gas	—	—
Cost/Unit (Rs.)	—	—
2. Coal		
Quantity (Tonnes)	—	—
Total Amount (Rs. in Lacs)	—	—
Average Rate (Rs./Ton)	—	—
3. Furnace Oil		
Quantity (Litres)	1,23,655	2,67,475
Total Amount (Rs. in Lacs)	18.80	35.91
Average Rate (Rs./Litre)	15.20	13.43
4. Others/Internal Generation		
(a) HSD		
Quantity (Litres)	55,572	42,553
Total Cost (Rs. in Lacs)	12.93	8.84
Rate/Unit	23.26	20.77
(b) LDO		
Quantity (Litres)	3,78,326	2,83,709
Total Cost (Rs. in Lacs)	78.55	49.77
Rate/Unit	20.76	17.54
(c) HITHERM OIL		
Quantity (Litres)	—	420
Total Cost (Rs. in Lacs)	—	0.20
Rate/Unit	—	48.75

**(B) CONSUMPTION PER UNIT OF PRODUCTION :**

Your Company manufactures various products like Hospital Disposables, Adhesive Tapes, Plaster of Paris Bandages, Soft Gelatin Capsules, Speciality Chemicals, Gloves etc., with different sizes. It is, therefore, impractical to apportion the consumption and cost of utilities of each such product.

FORM - B

(See Rule 2)

TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form - B are as detailed below :

1. Specific areas in which R&D was carried out by the Company :
 - ◆ Quality improvement
 - ◆ Development of new products for export market
 - ◆ Import Substitution
2. Benefits derived as a result of above R & D :
 - ◆ Minimisation of rejection/waste
 - ◆ Improvement in production quality and quantity
 - ◆ Production and export of Gloves
3. Future plan of action : To take on hand further product development and also technology up-gradation
4. Expenditure on R&D :
 - a). Capital : Rs. Nil
 - b). Recurring : Rs. 3.95 Lacs
 - c). Total : Rs. 3.95 Lacs
 - d). Total R&D expense as a percentage of total turnover : 0.14 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts in brief made towards technology absorption, adaptation and innovation : All the technology adapted by the Company have been developed in house and therefore, it was easier for the Company to absorb and adapt the same. The efforts are still made to improve the technology so absorbed and adapted by constant ongoing research and experimentation.
2. Benefits derived as a result of above efforts :
 - (1) Cost Reduction
 - (2) Import Substitution
 - (3) Product Improvement