

**CHAIRMAN EMERITUS**

Mr. Subhash D. Dandekar

BOARD OF DIRECTORS

Mr. Dilip D. Dandekar — Chairman & Managing Director

Mr. Rajiv M. Dandekar — Joint Managing Director

Mr. Shriram S. Dandekar — Executive Director

Mr. Deepak M. Dandekar — Executive Director

Mr. Ashish S. Dandekar — Executive Director

Mr. Govind G. Desai

Mr. Shrikrishna E. Godbole

Mr. Madhukar P. Khedkar

Mr. Premanand A. Narvekar

Mr. Shishir S. Shirgaokar

Mr. Pramod M. Sapre

Mr. Dhananjay N. Mungale

REGISTERED OFFICE

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

WORKS

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

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

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

COMPANY SECRETARY

Ms. Lorna D'cunha

AUDITORS

M/s. B.K. Khare & Co.

Chartered Accountants

Mumbai.

BANKERS

Bank of Maharashtra

The United Western Bank Ltd.

REGISTRARS & TRANSFER AGENTS

M/s. Sharepro Services

Unit: Camlin Limited

Satam Estate, 3rd Floor,

Cardinal Gracious Road,

Chakala, Andheri (E),

Mumbai 400 099.

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NOTICE

NOTICE is hereby given that the **56th Annual General Meeting** of the Members of Camlin Limited, will be held on Thursday, 24th July, 2003 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 & Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of **Mr. Premanand A. Narvekar**, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Shishir S. Shirgaokar**, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of **Mr. Pramod M. Sapre**, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint **B. K. KHARE & 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.

Regd. Office:
'Camlin House'

J.B. Nagar,
Andheri (East),
MUMBAI-400 059.

Dated: 6th June, 2003.

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 Register of Members and Share Transfer Books will remain closed from 18th July, 2003 to 24th July, 2003 (both days inclusive).
3. The Dividend when sanctioned will be paid on or before 22nd August, 2003 to those eligible shareholders whose names stand in the Register of Members on 24th July, 2003. Members are requested to furnish bank details by

18th July, 2003 in order to enable the Company to print the same on the dividend warrants. In respect of shares held in dematerialised form the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.

4. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to all Members, holding shares in dematerialised and physical form located at Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai and Pune.

Members holding shares in dematerialised form are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive the dividends through ECS.

Members holding shares in physical form who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's web-site www.camlin.com under the section 'Investor Relations'. Requests for payment of dividend through ECS for the year 2002-2003 should be lodged with Registrars & Transfer (R&T) Agents M/s. Sharepro Services, Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai-400 099 on or before 18th July, 2003.

5. 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 terms of Section 205 C of the Companies Act, 1956 an amount of Rs. 0.57 Lacs being unclaimed dividend for the year 1994-95 has been transferred to 'Investors Education and Protection Fund' established by the Central Government.

6. Members who have not encashed their dividend warrants for the financial year ended 31st March, 1997 and thereafter, may immediately approach the R&T Agents to submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to 'Investors Education & Protection Fund' as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
7. 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.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 56th Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2003.

TRIBUTE TO THE EX-CHAIRMAN & MANAGING DIRECTOR:

Directors report with deep sorrow the sad demise of Mr. Sharad G. Dandekar on 20th March, 2003. As Chairman & Managing Director of the Company, Mr. Sharad G. Dandekar had made valuable contribution to the growth and progress of the Company. He provided leadership and direction to the Company and set the Company on the course of attaining commendable growth. Commitment to perpetuate the business principles and values practised by him during his lifetime shall be a true tribute to his memory.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2002-2003	2001-2002
Profit Before Extra Ordinary Item & Tax	936.14	520.91
Less: Extra Ordinary Item – Amortisation of VRS Cost.	321.17	108.33
	614.97	412.58
Less: Provision for Tax		
– Current	275.00	30.00
– Deferred	(106.55)	79.10
Profit After Tax	446.52	303.48
Add/(Less)		
Adjustments for earlier Years (Net)	(2.25)	5.13
	444.27	308.61
Debenture Redemption Reserve written back	250.00	–
Balance brought forward from last year	454.71	251.10
	1148.98	559.71
Transferred to :		
Proposed Dividend	96.00	60.00
Corporate Dividend Tax	12.30	–
General Reserve	70.00	45.00
Balance Carried Forward	970.68	454.71
	1148.98	559.71

REVIEW OF OPERATIONS:

Your Company has achieved net sales of Rs. 17,481.09 Lacs for the year under review against Rs. 16,707.08 Lacs

in the previous year, showing an increase of 4.63%. The main reason for the increase being slender is reduction by 18% in the sales of the last quarter of financial year due to uncertainties over Value Added Tax (VAT) proposed to take effect from 1st April, 2003. Dealers were reluctant to lift the committed procurement in the months of February and March, 2003 so as to avoid carrying old stocks bearing lower sales tax rate which would have been taxable at a much higher rate under VAT regime in the next financial year. Even in the face of such circumstances beyond management control but thanks to overall improvement in sales and profitability of Fine Chemicals Division, the Company could earn substantially higher profits of Rs. 936.14 Lacs before extra-ordinary items and tax against Rs. 520.91 Lacs in the previous year, thus, registering a rise by 79.71%. Consequently, Profit after tax for the Current Year at Rs. 446.52 Lacs is higher by 47.13% against the previous year's profit of Rs. 303.48 Lacs. Cost control measures, operational restructuring and rationalisation continued to benefit the Company.

Export turnover for the year was higher at Rs. 2,989.46 Lacs against Rs. 2,572.20 Lacs in the previous year registering increase of 16.22%.

Company has been awarded the Export House status by the Ministry of Commerce & Industry, on achieving the prescribed level of export performance.

BONUS SHARES:

During the year, the Company completed all Statutory formalities and issued bonus equity shares in the ratio of 1:1. After the Issue, the Company's total paid-up Equity Capital stands increased to Rs. 480.00 Lacs.

DIVIDEND:

Considering the disposable profits and need to conserve funds for financing ongoing capital expenditure and increase in Working Capital requirements, the Directors are glad to recommend effectively on enhanced Share Capital higher dividend at the rate of Rs. 2/- per Share on post bonus equity shares for the year ended 31st March, 2003 payable to those eligible shareholders whose names stand in the Register of Members on 24th July, 2003 and to those whose names are furnished as beneficial owners by the Depositories.

FINE CHEMICALS DIVISION EXPANSION PROJECT:

For catering to growing domestic and export markets for anti-oxidants, during the year the Company set up and operationalised a new industrial undertaking for expanding manufacturing capacities of Fine Chemicals at Tarapur. The project having an outlay of Rs. 850.00 Lacs has been financed by Term Loan from Corporation Bank.



The commercial production has commenced from 27th March, 2003.

Major production of this plant is currently being exported to U.S.A, North American, European and Far Eastern Countries.

NEW MANUFACTURING ACTIVITIES:

Effective from 18th March, 2003 Company commenced operations of manufacturing various types of inks such as white board marker inks, permanent marker inks, gel inks and overhead projector marking inks at Taloja Plant, which will be used for captive consumption in various writing instruments as well as some speciality inks like desk jet inks, pac print inks and foil stamping inks which will be for various other applications.

Directors are glad to report that newly commenced operations have been stabilised at satisfactory levels.

SUBSIDIARY COMPANIES:

During the year under review, Company further invested Rs. 4.54 Lacs in Camlin International Limited, a wholly owned Subsidiary Company.

For establishing presence in U.S markets, the Company also set up Camlin North America, Inc., U.S.A., as wholly owned Subsidiary Company. For the present, Company has invested US\$ 1000 in shares of the said Company. As the activities of the Subsidiary Company formed on 12th November, 2002 have not commenced during the year, Profit & Loss Account and Balance Sheet is not attached.

A Statement under section 212(5) of the Companies Act, 1956 in respect of both the Companies is annexed.

Audited Statements of Account alongwith the report of the Board of Directors of Camlin International Limited and the Auditors Report thereon for the year ended 31st March, 2003 are also annexed.

CONSOLIDATED FINANCIAL STATEMENTS:

As stipulated under clause 32 of the Listing Agreement, Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements form part of the Annual Report.

COST AUDIT:

As per the Government's order for the year ended 31st March, 2003 the Company's Cost Records in respect of manufacturing activities of Bulk Drugs, are being audited by the Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

DEPOSITS:

During the year total amount of fixed deposits held by the Company was Rs. 404.25 Lacs. There are no overdue deposits except unclaimed deposits amounting to Rs. 6.31 Lacs as at 31st March, 2003, out of which, deposits amounting to Rs. 1.93 Lacs have been repaid/renewed as on date.

DIRECTORS:

Mr. Premanand A. Narvekar, Mr. Shishir S. Shirgaokar and Mr. Pramod M. Sapre retire by rotation and being eligible offer themselves for re-appointment.

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, 2003 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, 2003 and of the profit of the Company for the year under review;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2003 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, 2003 on a 'going concern' basis.

CORPORATE GOVERNANCE:

Upon paid-up share capital of the Company exceeding Rs. 3.00 Crores during the year, provisions as to Corporate Governance Report as stipulated under clause 49 of the Listing Agreement, became applicable. A separate section on Management Discussion and Analysis as well as on Corporate Governance alongwith a Certificate from the Auditors confirming the compliance is annexed and forms part of this Report.

EMPLOYEE RELATIONS:

During the year, an agreement valid upto 31st March, 2004 effecting revision in wages and service conditions was

executed with the representatives of union at Tarapur establishment.

Agreement for Andheri establishment expired on 31st December, 2002. Negotiations are in progress and it is hoped that an amicable settlement would emerge soon.

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

AUDITORS:

The retiring Auditors, B.K.KHARE & CO., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2003-2004. You are requested to appoint them.

GENERAL:

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed.

Information on particulars of Employees' Remuneration as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as

amended upto date, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Members of the Company, excluding the Statement of Particulars of Employees' Remuneration. Any Member interested in obtaining a copy of the Statement, may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT:

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

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place: Mumbai
Dated: 6th June, 2003.

Report Junction.com



ANNEXURE TO DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors' for the year ended 31st March, 2003.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Company has installed Automatic Power Factor Control Panel to improve plant power factor. This has resulted in getting rebate from Electricity Company.

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

No additional investments are envisaged. However, proposals to introduce improved operational methods, rationalisation and better methods of lighting, aimed to save consumption of power and fuel, are under consideration.

(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.

FORM A

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

(A) Power and Fuel Consumption

	2002-2003	2001-2002
1. Electricity		
(a) Purchased		
Units (KWH)	1298511	1048919
Total Amount (Rs. in Lacs)	53.31	44.64
Rate/Unit (Rs.)	4.10	4.26
(b) Own Generation	—	—
2. Coal	—	—
3. Light Diesel Oil (LDO)		
Quantity (K. Ltrs.)	279.55	246.25
Total Amount (Rs. in Lacs)	52.52	39.15
Average Rate per Ltr. (Rs.)	18.79	15.90
4. Others/Internal Generation	—	—
(B) Consumption per Unit of production (M.T.)	Standards	
	(If any)	
Electricity (KWH)	522	584
LDO (Ltr.)	112	137

B. TECHNOLOGY ABSORPTION

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

- 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, Chemicals and other products, aimed to achieve cost reduction, and improvement in quality.

(Rs. in Lacs)

4. Expenditure on R&D:

(a) Capital

(b) Recurring

Total

Total R&D Expenditure as a percentage of total turnover

2002-2003	2001-2002
50.49	128.08
91.78	65.64
142.27	193.72
0.81	1.03

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 Drugs, Chemicals and Pharmaceutical products manufactured/procured by the Company and to make the manufacturing process less hazardous and time saving.
2. Benefits derived as a result of the above efforts, e.g. 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.
3. Technology Import : N. A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Exports of Fine Chemicals and Bulk Drugs increased from Rs. 2,225.24 Lacs in 2001-2002 to Rs. 2,629.70 Lacs in 2002-2003, registering a growth of 18.18% over previous year. While, exports of Consumer Products comprising of Art Materials and Hobby Colours, Writing and Marking Instruments, Adhesives, Inks etc. have also increased from Rs. 346.96 Lacs in 2001-2002 to Rs. 359.76 Lacs in 2002-2003 posting growth of 3.69%. The Company participated in International exhibitions held in Europe and has also appointed agents and resident representatives in Europe, Africa, Latin America, Middle East, South East Asia and other countries.

For maintaining growth in exports the Company shall continue to participate in International exhibitions and also broaden the distribution network in existing as well as new markets having good business potential.

2. Total Foreign Exchange used and earned:

(Rs. in Lacs)

Foreign exchange used

Foreign exchange earned

2002-2003	2001-2002
1,324.65	985.64
2,991.45	2,630.60

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place: Mumbai

Dated: 6th June, 2003.



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS AND SEGMENTWISE PERFORMANCE:

The Company undertakes manufacture and sale of Consumer Products, Bulk Drugs, Fine Chemicals and Pharmaceutical Products under three Divisions, viz. Consumer Products, Fine Chemicals and Pharmaceuticals.

• **CONSUMER PRODUCTS:**

The focus of Consumer Products Division is on wide range of artist materials, writing instruments, scholastic stationery, office stationery and adhesives. School students, amateur artists, professional artists and offices are primary users of these products.

Consumer Products Division faces competition in product groups mentioned above from Indian as well as International Companies, organised as also unorganised players in this category. To maintain respectable market position the Consumer Products Division concentrates its efforts on product quality, product improvements, introduction of new products, competitive pricing and service to the trade. This emphasis on constant improvement in quality and service as a continuing process is expected to stand the Company in good stead in future also.

This Division contributed to 72.86% of total net sales of the Company and its sales were marginally higher by 3.89% over the previous year.

• **FINE CHEMICALS:**

The focus of Fine Chemicals Division is mainly on manufacture of food grade anti-oxidants, bulk drugs and drug intermediates such as TBHQ, B.H.A, Fluconazole, Amlodipine Hydrochloride, Miconazole Nitrate, Flutamide Nitrendipine etc. Anti-oxidants, Bulk Drugs and Drug Intermediates are used in food & oil and pharmaceutical industries respectively.

The Company exports about 95% of production to developed countries like U.S.A, European, North American and Southern Eastern Asian Countries.

The Company has recently effected substantial expansion of production capacity by setting up a highly sophisticated new plant comparable to International standards as proved by trial runs of commercial production. For expanding usage and achieving value addition to the products of anti-oxidant range, the Company is in discussion with well known European Companies. In 2002-03, the Division, was awarded ISO 9001:2000 certificate by RWTUV Germany. With this recognition, the products shall have better acceptability in International business operations.

For increasing interaction with the international customers, and understanding new developments in technology, Company regularly participates in International Exhibitions. In addition to International market, Company has also taken steps to tap domestic market.

This Division contributed to 16.45% of total net sales of the Company and its sales were higher by 14.52% over the previous year.

• **PHARMACEUTICALS:**

The Indian Pharmaceutical Industry is currently estimated to have an aggregate yearly market size of Rs.18,000 Crores with estimated feature annual growth rate of 8.67% according to a recent survey. The Industry however, is highly fragmented with large number of players in organised as well as unorganised sector. This Industry is characterised by markets having product segmentwise leaders. As Company deals in product range predominantly comprised of medicines having common usages, ample scope for growth exists.

Under this Division, Company markets Pharmaceutical Products like Corticosteroids, Antifungals, Anti-asthmatic, nasal decongestants and skin lotions. Increased promotion with samples and inputs with proper monitoring is expected to yield good results in the current year.

This Division contributed to 10.70% of total net sales of the Company and its sales were marginally lower by 3.47% as compared to the previous year.

Uncertainties over the proposed introduction of Value Added Tax (VAT) adversely affected the sales of Consumer Products and Pharmaceuticals Divisions during last quarter of the year.

OUTLOOK, OPPORTUNITIES AND THREATS, RISKS AND CONCERNS:

Continued spread of education, encouragement for pursuit of art of drawing and painting in wake of increasing levels of income at the hands of the consumers and growing commercial activities are expected to help growth in the business of Consumer Products Division, while growth in food and oil industry in India and abroad is expected to better the business prospects of Fine Chemicals Division, and finally increase in medical facilities and growing health consciousness is expected to help the business of Pharmaceutical Division.

The Company possesses strong brands built over the promotional efforts of several decades, in-house R&D and analytical expertise, distribution network spread through length and breadth of the country as also in many parts of the globe. All these factors help the Company

to increase its market share and also introduce new products. Company's art materials are market leaders while market share for other products is growing at a satisfactory level.

Company's fine chemicals, and bulk drugs are finding good acceptance in International and Domestic Market. Growth in sales of Pharmaceutical products is also satisfactory.

Notwithstanding the strenuous efforts of the Management in improving the sales and profitability, the domestic competitors in organised and unorganised sectors in most of the product segments as also entry of multinational companies and cheap imports, continue to be a cause for concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control procedures commensurate with its size and nature of business.

The Internal Auditors regularly audit key business areas and provide valuable suggestions to improve controls, systems and procedures in a dynamic business environment. They ensure improvement in productivity and effective implementation of cost reduction measures in co-ordination with the operating departments. The Company's internal audit department also reviews business operations and debt recovery.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and adequacy of internal controls.

Normal foreseeable risks to the Company's assets are adequately covered by comprehensive insurance. Risk Assessments, inspections and safety audits are carried out periodically with the help of external specialists, wherever necessary.

FINANCIAL PERFORMANCE:

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Your Company has 1256 employees, which comprise of persons well qualified in technical and managerial skills in factories, sales, service and administrative functions. The Company focuses on development of concept of 'Internal Customer Relationship'. The Company has also organised group training programme which was supported by top management with active participation. This training programme has helped to improve the channels of communication by providing a common platform for exchanging views and ideas amongst the participants. To maximise productivity and growth potential, employees were sent to attend selected external training programmes.

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

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

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place: Mumbai

Dated: 6th June, 2003.



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

During the financial year 2002-2003, seven board meetings were held on following dates:

22nd April, 2002, 3rd July, 2002, 17th July, 2002, 29th August, 2002, 28th October, 2002, 23rd January, 2003 and 26th March, 2003.

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

Name & Designation of Directors	Category	No. of Board Meetings Attended	No. of other Directorships held in Cos. as on 31st March, 2003	Attendance at last AGM	No. of Committee positions held in other Cos.
Mr. Subhash D. Dandekar* Executive Chairman	ED	Nil	4	Yes	Nil
Mr. Dilip D. Dandekar Chairman & Managing Director	ED	7	9	Yes	Nil
Mr. Rajiv M. Dandekar Jt. Managing Director	ED	6	5	Yes	Nil
Mr. Shriram S. Dandekar Executive Director	ED	7	5	Yes	Nil
Mr. Deepak M. Dandekar Executive Director	ED	7	7	Yes	Nil
Mr. Ashish S. Dandekar Executive Director	ED	5	4	No	Nil
Mr. Govind G. Desai	NED (I)	7	16	Yes	4
Mr. Shrikrishna E. Godbole	NED (I)	7	Nil	Yes	Nil
Mr. Madhukar P. Khedkhar	NED (I)	7	1	Yes	Nil
Mr. Premanand A. Narvekar	NED (I)	7	9	Yes	Nil
Mr. Shishir S. Shirgaokar	NED (I)	5	12	Yes	Nil
Mr. Pramod M. Sapre	NED	7	Nil	Yes	Nil
Mr. Dhananjay N. Mungale**	NED (I)	3	12	Yes	5

ED – Executive Director

NED (I) – Non Executive Director (Independent)

* Mr. Subhash D. Dandekar retired from the services of the Company w.e.f. 31st May, 2002 & has been appointed as 'Chairman Emeritus' of the Company w.e.f. 1st June, 2002.

** Mr. Dhananjay N. Mungale was appointed on the Board w.e.f. 3rd July, 2002.

DETAILS OF DIRECTORS BEING RE-APPOINTED:

At the ensuing Annual General Meeting, Mr. Premanand A. Narvekar, Mr. Shishir S. Shirgaokar and Mr. Pramod M. Sapre, 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. Premanand A. Narvekar:

Mr. Premanand A. Narvekar, M.A., B.Com., Director of the Company, since 1988, has wide experience of over 40 years in the area of Corporate Management especially in the field of Accountancy, Audit, Taxation, Finance & Corporate Laws. He is a Member of the Institute of Internal Auditors, Florida, U.S.A.