

**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 wholetime 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 wholetime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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 Wholtime 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

Report  junction.com

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
Debt Redemption Reserve written back	—	125.00
	675.50	1,285.23
Transferred to:		
Proposed Dividend	—	72.00
Corporate Dividend Tax	—	9.23
General Reserve	—	40.00
Balance Carried Forward	675.50	1,164.00
	675.50	1,285.23

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.