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Camphor & Allied Products Limited

Annual
Report
1996-97

Camphor & Allied Products Limited

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Board of Directors

Harshul Dalal, *Chairman & Managing Director*

Rohit C. Mehta

K.H. Bhabha

J.N. Guzder

S.N. Desai

J.K. Setna

H.R. Prasad

Nimesh N. Kampani

Shobhan M. Thakore

Nina H. Dalal

Secretary

S.R. Iyer

Auditors

Batliboi & Purohit

B.D. Jokhakar & Co.

Solicitors and Advocates

Bhaishanker Kanga & Girdharlal

Bankers

Bank of Baroda

The British Bank of the Middle East

Dena Bank

State Bank of Patiala

Corporate Office

Jehangir Building,

133, Mahatma Gandhi Road,

Mumbai 400 001.

Registrars and Share Transfer Agents

IFT Corporate Services Ltd.,

61, Mumbai Samachar Marg,

Mumbai 400 001.

Registered Office

Plot No. 3, GIDC Industrial Estate,

Nandesari 391 340.

Dist. Vadodara, Gujarat.

Camphor & Allied Products Limited

Notice

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Camphor & Allied Products Limited will be held on Saturday, the 27th September, 1997 at 11.00 a.m. at the Registered Office of the Company at Plot No.3, GIDC Industrial Estate, Nandesari 391 340, Dist.Vadodara, Gujarat, to transact the following business:

1. To receive, consider and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 1997 and the Audited Balance Sheet as at that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri K.H. Bhabha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J.K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri H.R. Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that subject to the approval of the banks, financial institutions and other authorities if any required, the consent of the Company be and is hereby given to the Board of Directors of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions if any, to transact by way of sale or disposal or any other manner whatsoever, as a going concern the company's Profeel Sentinel division situated at Plot No.122/6-9 GIDC Industrial Estate, Nandesari 391 340, Vadodara to M/s. Supreme Industries Limited, a Company formed and registered under the Companies Act, 1956 for a consideration and upon the terms and subject to conditions as set out in the Memorandum of Understanding signed with M/s. Supreme Industries Limited."

"FURTHER RESOLVED that the Board of Directors be and is hereby authorised to execute the agreement with such modification and to do all such things, deeds and acts as may be necessary and expedient in the interest of the Company."

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) The instrument appointing proxy in order to be effective, should be lodged at the Registered Office of the Company not less than forty eight hours before the time of the meeting. A blank proxy form is sent herewith.
- (c) The members are requested to notify immediately any change in their address to the Company's Registrars and Share Transfer Agents, M/s.IIT Corporate Services Limited, IIT House, Near Vazir Glass Works, Off. M. V. Road, J. B. Nagar, Andheri (East), Mumbai 400 059.
- (d) The Register of Members and Share Transfer Books of the company shall remain closed from Friday, the 19th September, 1997 to Saturday, the 27th September, 1997 (both days inclusive).
- (e) The dividend when declared, will be made payable on or after 27th October, 1997 to those shareholders, whose names stand on the Register of Members of the Company on the 27th September, 1997.
- (f) Pursuant to Section 205(A) of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government. The shareholders who have not encashed their dividend warrants upto the said period are requested to claim the amount from the Registrar of Companies, Gujarat.

Mumbai, dated 12th August, 1997.

By Order of the Board of Directors,
S.R.IYER
Secretary

Registered Office:

Plot No.3, GIDC Industrial Estate,
Nandesari 391 340,
Dist. Vadodara, Gujarat.

Explanatory Statement as required under Section 173 of the Companies Act, 1956:

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the item of business mentioned in the accompanying notice dated 12th August, 1997.

Item No.7:

Members are aware that Profeel Sentinel division of the Company situated at Nandesari, Vadodara was set up in 1986, and is engaged in the manufacture of Expanded Polyethylene mainly used for primary packaging of soft goods and Cross-linked Polyethylene foam used for variety of applications such as shoe inner soles, wadding, packaging of costly items, insulation, defence etc.

The turnover of this division for any financial year barely forms 10% of turnover achieved by the chemical division at Bareilly and Vadodara. Considering the efforts required to market the products manufactured by Profeel across the country, increasing competition with other domestic units with geographical and tax advantage, low return on investment and blockage of funds for extended period in the market, the Board of Directors of the Company after considerable deliberations on the fast changing global market situation and need of the hour to concentrate fully on the core activity of the Company which is primarily manufacture of fine chemicals, and in order to pave way for faster growth and also to utilise available financial resources effectively and efficiently, have in the best interest of the Company, decided to divest the investment in Profeel Sentinel division.

Memorandum of Understanding for sale of Profeel Sentinel division as a going concern has been signed on 8th August, 1997 with M/s.Supreme Industries Ltd., the famed leaders in plastics in India who have multifarious manufacturing activity and wide sales and distribution network throughout the country. Supreme is also today a leading manufacturer of Expanded Polyethylene and Profeel's range of products would easily blend with that of Supreme assuring sustained growth of the unit in their hands.

The Memorandum of Understanding signed between your Company and M/s.Supreme Industries Ltd., stipulates consideration for sale of moveable and immovable assets at Rs.521 lacs, inventories consisting of raw materials, goods in process, packing material and finished goods to be transferred at actual cost or market value whichever is lower. All employees working at the Profeel factory will be transferred to Supreme without break in service and at emoluments no lesser than those availed before the transfer of undertaking.

Other terms and conditions are detailed out in the said Memorandum of Understanding which is open for inspection at the Registered office of the Company at Nandesari and at the Head office at Mumbai on Monday to Friday between 10.30 a.m. and 12.30 p.m. from 1st September, 1997 till the date of Annual General Meeting.

None of the Directors are interested in the proposed resolution except to the extent of share holding by them in the Company. In the opinion of the Board of Directors, the consideration agreed to for sale of the undertaking is fair and reasonable and Directors recommend the resolution for your approval.

By Order of the Board of Directors,

S. R. IYER

Secretary

Mumbai, dated 12th August, 1997.

Registered Office:

Plot No.3, GIDC Industrial Estate,
Nandesari 391 340,
Dist. Vadodara, Gujarat.

Camphor & Allied Products Limited

SOURCES AND APPLICATION OF FUNDS

(Rupees in Lacs)

	1996-97	1995-96	1994-95	1993-94	1992-93
SOURCES OF FUNDS					
Shareholders Fund					
Share Capital	514.95	514.54	514.42	513.32	498.69
Reserve & Surplus	3416.49	3225.74	2830.76	2633.54	2448.19
	3931.44	3740.28	3345.18	3146.86	2946.88
Loan Funds	1317.09	764.65	820.80	991.64	1367.30
Fund Employed	5248.53	4504.93	4165.98	4138.50	4314.18
APPLICATION OF FUNDS					
Fixed Assets (Gross)	4190.21	4073.17	3667.41	3565.36	3290.90
Depreciation	2209.34	1996.01	1812.42	1651.38	1472.13
Fixed Assets (Net)	1980.87	2077.16	1854.99	1913.98	1818.77
Investments	77.84	67.80	67.30	14.34	38.59
Current Assets (Net)	3189.82	2359.97	2243.69	2210.18	2456.82
Net Assets Employed	5248.53	4504.93	4165.98	4138.50	4314.18
Book Value	76.35	72.63	64.96	61.11	58.59
Debt Equity Ratio	0.33	0.20	0.25	0.32	0.46

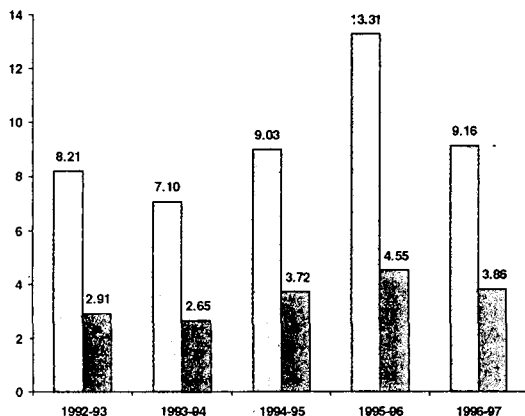
FINANCIAL HIGHLIGHTS OF FIVE YEARS

(Rupees in Lacs)

	1996-97	1995-96	1994-95	1993-94	1992-93
INCOME					
Sales	9838.99	9428.34	9257.80	7962.44	7434.39
Other Income	139.41	98.34	108.76	142.99	89.30
Total	9978.40	9526.68	9366.56	8105.43	7523.69
EXPENDITURE					
Materials & Overheads	8141.52	7232.83	7380.83	6579.38	5782.31
Excise	614.90	785.18	921.34	576.14	633.09
Interest	305.86	177.65	161.57	239.81	287.69
TOTAL EXPENSES	9062.28	8195.66	8463.74	7395.33	6703.09
GROSS PROFIT	916.12	1331.02	902.82	710.10	820.60
APPROPRIATIONS					
Opening Balance	(186.09)	(261.21)	(169.49)	(132.31)	(90.06)
Depreciation	225.02	207.40	207.01	195.26	192.90
Contingency Provision for Excise/Sales Tax	14.26	91.39	1.15	2.24	0.54
Proposed for Doubtful Debts & Bad Debts Written Off	5.08	17.28	18.93	210.82	0.06
Provision for Taxation (Net)	303.62	559.84	303.78	37.17	336.50
Proposed Dividend	180.23	180.23	180.23	152.43	123.35
Transfer to Reserve	190.00	350.00	100.00	75.00	125.00
Closing Balance	184.00	186.09	261.21	169.49	132.31
Earning Per Share (Rs.)	7.50	9.12	7.30	3.72	6.21

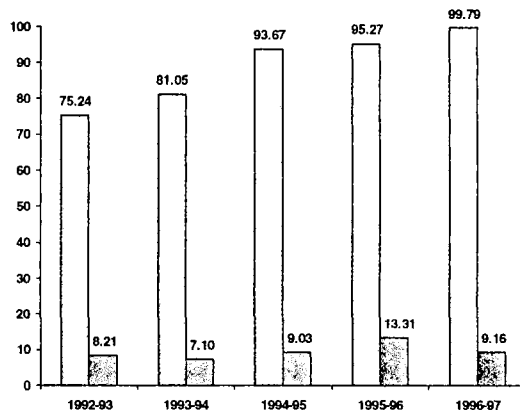
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Gross & Net Profit



□ Gross Profit ■ Net Profit

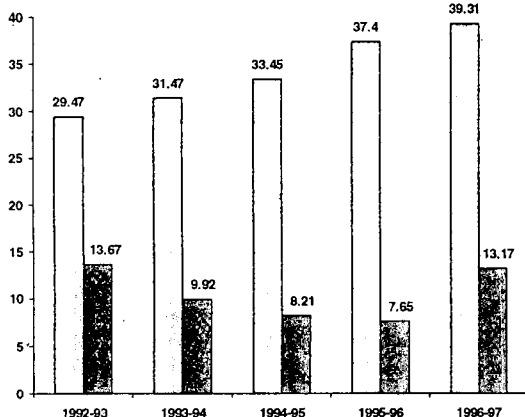
Sales & Gross Profit



□ Sales ■ Gross Profit

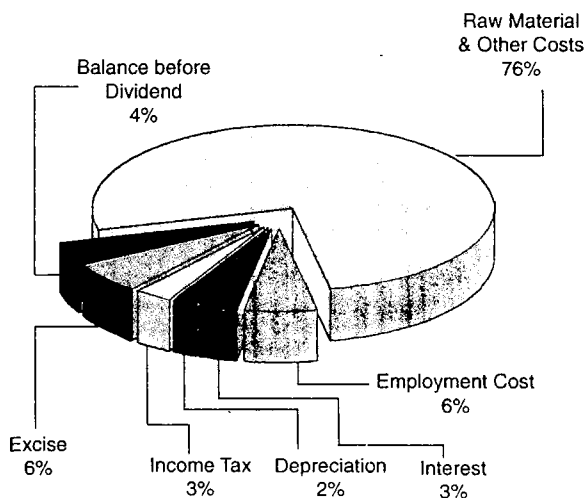
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Shareholders & Loan Funds



□ Shareholders Funds ■ Loan Funds

Distribution of Revenue



Camphor & Allied Products Limited

Directors' Report

Your Directors have pleasure in submitting the 25th Annual Report together with the audited accounts of the Company for the year ended 31st March, 1997.

	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
Gross Profit for the year is		916.12	1331.02
Deducting therefrom:			
Depreciation	225.02		207.40
Contingency Provision for Excise & Sales Tax	14.26		91.39
Provision for Doubtful Debts and Bad Debts written off	5.08		17.28
Provision for Taxation	285.00		545.00
		529.36	861.07
Net Profit comes to:		386.76	469.95
Deducting therefrom :			
Short provision for Taxation for earlier years		0.00	14.84
Wealth tax on completed assessment of earlier years		0.60	0.00
Profit after Tax is		386.16	455.11
Adding thereto balance brought forward from last year		186.09	261.21
Profit available for appropriations is		572.25	716.32
From which your Directors recommend the following appropriations:			
General Reserve	130.00		300.00
Debenture Redemption Reserve	60.00		50.00
Proposed Dividend	180.23		180.23
Provision for Corporate Dividend Tax	18.02		-
		388.25	530.23
Balance being carried to next years account		184.00	186.09

Working Results:

The Company has achieved a total turnover of Rs. 9,839 lacs during the year under review as compared to Rs. 9,428 lacs of the previous year, representing an increase of 4 %.

Camphor Division:

The turnover achieved by this division was Rs.8,245 lacs compared to Rs.7,483.25 lacs that of last year representing an increase of 10%. During the second half of the year under review sale of the Company's main product Camphor has suffered set back owing to increased imports and competition from other domestic producers who resorted to unrealistic pricing in order to penetrate the market. Consequently, the Company had to carry large inventories more towards end of the year. The sale of other products was satisfactory. Raw materials and other input costs continued to rise which resulted in erosion of margins.

Profeel Division:

Although this division achieved turnover of Rs.1,111 lacs during the year under review compared to Rs.812 lacs of last year representing increase of 37%, margins were under constant pressure due to high input costs and lower sale prices in view of stiff competition.

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Rosin Division:

Marketing of this division was adversely affected due to severe shortage of Oleo Pine Resin in the international market and the prices shot up to unrealistic level. In later part of the year with improved availability of the raw material, the plant operated only for three months and the turnover achieved was Rs.483 lacs compared to Rs.1,133 lacs in last year.

Dividend:

Your Directors recommend a dividend at the rate of Rs.3.50 per share of Rs.10 each.

Finance:

The impact of high interest rates continued during the last year also and due to resultant liquidity problems in the market, the company had to follow a liberal credit policy resulting into higher cost of working capital.

To meet the increased working capital requirement the Company has raised Rs.600 lacs by private placement of 6,00,000 Secured Non-Convertible Debentures of face value of Rs.100/- each at 19% interest. The Company's Secured foreign currency loan and rupee loan from All India Financial Institutions taken for Profeel Division was fully discharged during the year and the Company is in process of obtaining satisfaction of charge from the said institutions.

The Company's borrowing by way of fixed deposits is within the limit prescribed by the Companies (Acceptance of Deposits) Rules, 1975. 40 deposits amounting to Rs. 1.91 lacs have remained unclaimed as on 31.3.1997 of which 10 deposits aggregating to Rs. 0.38 lacs have since been renewed or repaid.

Forfeiture of Rights Equity Shares:

During the course of the year, the company forfeited 6,429 Rights Equity Shares of Rs.10/- due to non payment of allotment money of Rs.5/- per share alongwith the premium amount by 194 shareholders. The aforesaid forfeited shares were reissued by the company at prevailing market price.

Sale of Undertaking:

Members attention is invited to Resolution under item No.7 of the Notice regarding sale of Profeel Sentinel Division of the Company as a going concern. The explanatory statement pertaining to the said item attached to the Notice sets out in detail the terms and conditions and the consideration therefor. Directors consider the terms and conditions of the said MOU as fair and reasonable and recommend the resolution.

Members are also hereby informed that the Company's property at Jammu pertaining to erstwhile Pine Chemicals Ltd., which has been written off in earlier years, on closure of business, has been disposed of to Messrs Zedon Exports for a total consideration of Rs 37 lacs. All legal expenses including stamp duty shall be borne by the buyer.

Insurance:

The Company's buildings, plant and machinery, stores and stocks have been adequately insured. Loss of profit and standing charges in respect of camphor division have also been adequately insured.

Subsidiary Company:

Mulberry Investment & Trading Limited (MITL), the wholly owned subsidiary of the company has made a profit after tax of Rs.4.99 lacs during the year under review compared to the profit of Rs. 3.42 lacs made in the previous year.

Directors:

In accordance with the Companies Act, 1956 and Articles of Association of the Company, Shri K.H. Bhabha, Shri J. K. Setna, and Shri H. R. Prasad are retiring by rotation but being eligible, have offered themselves for re-appointment.

During the year under review I.C.I.C.I has withdrawn the nomination of Smt.C.D.Kochhar as a Director of the Company. The Directors wish to place on record their sincere appreciation of the services rendered by Smt.C.D.Kochhar.

Camphor & Allied Products Limited

Auditors:

M/s.Batliboi & Purohit and M/s.B.D.Jokhakar & Co., the present Auditors of the Company hold their office upto the conclusion of the forthcoming Annual General Meeting.

The Company has received certificates pursuant to the provisions of Section 224(1) of the Companies Act regarding their eligibility for re-appointment and it is proposed to the Members to re-appoint them and fix their remuneration.

Auditors' Report:

The observation of the Auditors with regard to non-provision of liability of Income tax, when read with the notes to the accounts is self-explanatory.

With regard to the observation of the Auditors for non-provision of liability to pay State Sales Tax on raw material refunded by the State, the Directors wish to state that the Company's writ petition in respect of this matter is pending before the High Court of Jammu & Kashmir and demand raised therein has been stayed by the Hon.ble High Court of Jammu & Kashmir.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo :

The particulars as prescribed under sub-section (1) (e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as Annexure 'A'.

Environmental Compliance and Safety:

Your Company continues to give due importance to pollution control and environmental protection and efforts are made at all stages of manufacture to minimize the emissions. Necessary reports are submitted by the company to local authorities as required.

Industrial Relations:

The industrial relations in all the three units of the company have remained cordial during the year under review.

Particulars of Employees:

The statement under sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, and forming part of this Directors' Report is given as Annexure 'B'.

General:

Your Directors place on record their sincere thanks to the Financial Institutions, Banks and shareholders for their continuous support and co-operation. The Directors also place on record their appreciation for the good work done by the employees of the Company.

For and on behalf of the Board of Directors,

HARSHUL DALAL
Chairman & Managing Director

Mumbai, dated 12th August, 1997.