



Annual Report
2002-2003



Camphor & Allied Products Ltd

BOARD OF DIRECTORS

Harshul Dalal, Chairman & Managing Director

J. K. Setna

H. R. Prasad

Shobhan M. Thakore

Nina H. Dalal

Secretary

S. R. Iyer

Auditors

B. D. Jokhakar & Co.

Solicitors and Advocates

Bhaishanker Kanga & Girdharlal

Bankers

Bank of Baroda

The Hongkong and Shanghai Banking Corporation Limited

Dena Bank

Corporate Office

Jehangir Building,

133, Mahatma Gandhi Road,

Mumbai 400 001.

Registrars and Share Transfer Agents

IIT Corporate Services Ltd.

Protoprima Chambers,

Suren Road,

Andheri (E),

Mumbai - 400 093.

Registered Office

Plot No. 3, GIDC Industrial Estate,

Nandesari 391 340

Dist. Vadodara, Gujarat.

NOTICE

NOTICE is hereby given that the Thirty first Annual General Meeting of the Members of CAMPHOR & ALLIED PRODUCTS LIMITED will be held on Saturday, the 20th day of September, 2003 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:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 2003 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 J. K. Setna, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

SPECIAL BUSINESS:

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

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Harshul Dalal as Managing Director of the Company and payment of remuneration to him for a period of five years with effect from 1st September, 2003 upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by Shri Shobhan Thakore, Director which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Shri Harshul Dalal.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to review and/or revise the remuneration, perquisites and benefits to be paid or provided to Shri Harshul Dalal in the light of and in conformity with any amendments to the relevant provisions in the Companies Act, 1956 and/or the rules and regulations made thereunder and/or the guidelines as may be announced by the Central Government from time to time, and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be agreed to between the Board of Directors and Shri Harshul Dalal.

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Shri S. R. Laghate as Executive Director of the Company and payment of remuneration to him, for a period of three years with effect from 1st July, 2003 upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by Shri Shobhan Thakore, Director which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and 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 Shri S. R. Laghate

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to review and/or revise the remuneration, perquisites and benefits to be paid or provided to Shri S.R. Laghate in the light of and in conformity with any amendments to the relevant provisions in the Companies Act, 1956 and/or the rules and regulations made thereunder and/or the guidelines as may be announced by the Central Government from time to time, and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be agreed to between the Board of Directors and Shri S. R. Laghate.

NOTES:

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO 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, Protoprma Chambers, 2nd Floor, Andheri (East), Mumbai - 400 093.
- (D) The Register of Members and Share Transfer Books of the company shall remain closed from Monday the 1st September, 2003 to Saturday, the 20th September, 2003 (both days inclusive).
- (E) The dividend when declared, will be made payable on or after 6th October 2003 to those shareholders, whose names stand on the Register of Members of the Company on the 20th September 2003
- (F) Pursuant to Section 205(A) of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1995 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.
- (G) The shares of the Company are under compulsory Demat list of SEBI. The trading in equity shares can now be in Demat Form. In case you have not dematerialized your shares, you may do so by opening an account with a Depository Participant and complete dematerialization formalities.
- (H) Dividend for the financial year ended 31st March, 1996 which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government in October, 2003 pursuant to the provisions of Section 205A of the Companies Act, 1956.

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 1996, or any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) by writing to the Registrar & Share Transfer Agents of the Company.

- (I) Details of Director retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting :

Name	Age	Expertise in specific functional areas
Sh. J. K. Setna	74	Accounts, Management, Business.

Other Directorships:

Colgate-Palmolive (India) Limited,
Information Technology Park Limited,
Tata Engineering & Locomotive Co. Ltd.,
Telco Construction Equipment Co. Ltd.,
Tata Infotech Ltd.,
Tata Sons Ltd.,
Tata Housing Development Company Limited (Chairman),
Tata International Limited,
Universal Ferro & Allied Chemicals Ltd.

By Order of the Board of Directors,

S. R. IYER
Secretary

Mumbai, 26th June, 2003.

Registered Office:

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

EXPLANATORY STATEMENT:

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 26th June, 2003.

Item No. 5:

The appointment of Shri Harshul Dalal as Managing Director for the period of five years from 1st September, 1998, is expiring on 31st August, 2003. He has been re-appointed as Managing Director for a further period of five years from the 1st September, 2003, by the Board of Directors at their meeting held on the 26th June, 2003. The terms and conditions of his re-appointment including remuneration in terms of Schedule XIII to the Companies Act, 1956, as amended and contained in the draft agreement to be entered into between him and the Company are as under:

1. **SALARY:** Rs. 2,00,000/- per month.
2. **INCENTIVE REMUNERATION:** Such incentive remuneration not exceeding 100% of the annual salary to be paid at the discretion of the Board annually, based on certain performance criteria.
COMMISSION: Such remuneration by way of Commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Managing Director will be based on certain performance criteria, to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members.
3. **PERQUISITES:** Perquisites will be allowed to Shri Harshul Dalal, Managing Director in addition to Salary and Commission. For this purpose the perquisites are classified into three categories, PART A, B and C.

PART A

- i. **Housing:**
 - a. Company owned accommodation or House Rent allowance at actuals or an amount to be fixed by the Board.
 - b. Maintenance and Repairs Allowance of Rs.1,50,000/- p. a. in case no company owned accommodation is provided.
The expenditure incurred by the Company on gas, electricity, water and furnishing if provided shall be valued as per the Income-tax Rules, 1962.
- ii. **Medical Reimbursement:**
Reimbursement of expenses incurred by the Managing Director for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii. **Leave Travel Concession:**
Leave Travel Concession for the Managing Director and his family once in a year incurred in accordance with the Rules of the Company.
- iv. **Club Fees:**
Fees of Clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.
- v. **Personal Accident Insurance:**
Personal Accident Insurance as per Company's policy applicable to Senior Executives of the Company.

PART B

- i. **Provident Fund and Superannuation Fund:**
Company's contribution to Provident Fund and Superannuation Fund in accordance with the Rules and regulations in force in the Company from time to time.
Contribution to these funds will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

ii. **Gratuity:**

Benefits in accordance with the Rules and Regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.

PART C

i. **Car:**

Provision of car for use on Company's business. Personal use of car shall be billed by the Company to the Managing Director.

ii. **Telephone:**

Provision of Telephone, cable internet at residence will not be considered as a perquisite. Personal long distance calls shall be billed by the Company to the Managing Director.

4. **OTHER BENEFITS:**

i. Leave as per rules in force in the Company from time to time.

ii. Benefits under loan and other Schemes, in accordance with the practices, rules and regulations in force from time to time.

iii. Such other benefits as may be provided by the Company to other senior officers from time to time.

MINIMUM REMUNERATION: Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above.

Shri Harshul Dalal has been associated with the Company for a number of years and has been looking after and guiding the day-to-day business of the Company. He has varied experience of the industry and has been instrumental in various expansion and development programmes undertaken by the Company. The draft agreement to be entered into between the Company and Shri Harshul Dalal is available for inspection of the members at the Registered Office of the Company between 11.00 a.m and 1.00 p.m. on all days except Saturdays, Sundays and public holidays till the Annual General Meeting to be held on Saturday the 20th September 2003.

Shri Harshul Dalal is interested in the resolution under this item of business and Smt. Nina Dalal being a relative of Shri Harshul Dalal may also be deemed to be concerned or interested in this item of business.

Item No.6:

The Board of Directors at its meeting on 26th June 2003, has appointed Shri S. R. Laghate as Additional Director and he will be designated as Executive Director of the Company. Necessary notice with required amount of deposit proposing his name as Director of the company has already been received. Shri S. R. Laghate is a qualified chemical engineer, and is associated with the Company for more than 3 decades. He is having wide experience in independently running the Company's plants and also has administrative experience. The Board feels that he is a fit and proper person and hereby his candidature is being recommended to the shareholders.

Shri S. R. Laghate is interested in this item of business. No other Director is concerned or interested in this item.

The terms and conditions of his appointment including remuneration in terms of Schedule XIII to the Companies Act, 1956, as amended and contained in the draft agreement to be entered into between him and the Company are as under:

1. **SALARY:** Rs. 35,000/- - per month in the scale of Rs. 35,000/- to Rs.50,000/-

2. **INCENTIVE REMUNERATION:** Such incentive remuneration not exceeding 100% of the annual salary to be paid at the discretion of the Board annually, based on certain performance criteria.

COMMISSION: Such remuneration by way of Commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Executive Director will be based on certain performance criteria, to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Members.

3. **PERQUISITES:** Perquisites will be allowed to Shri S.R. Laghate, Executive Director, in addition to Salary and Commission. For this purpose the perquisites are classified into three categories, PART A, B and C.

CAMPOR & ALLIED PRODUCTS LIMITED**PART A**

- i. **Housing:**
Company owned accommodation or house rent allowance as may be decided by the Board.
The expenditure incurred by the Company on gas, electricity, water and furnishing if provided shall be valued as per the Income-tax Rules, 1962.
- ii. **Medical Reimbursement:**
Reimbursement of expenses incurred by the Executive Director for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii. **Leave Travel Concession:**
Leave Travel Concession for the Executive Director and his family once in a year incurred in accordance with the Rules of the Company.
- iv. **Club Fees:**
Fees of one Club. This will not include admission and life membership fees.
- v. **Personal Accident Insurance:**
Personal Accident Insurance of an amount, as per Company's policy applicable to Senior Executives of the Company.

PART B

- i. **Provident Fund and Superannuation Fund:**
Company's contribution to Provident Fund and Superannuation Fund in accordance with the Rules and regulations in force in the Company from time to time.
Contribution to these funds will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- ii. **Gratuity:**
Benefits in accordance with the Rules and Regulations in force in the Company from time to time, but shall not exceed half a month's salary for each completed year of service.

PART C

- i. **Car:**
Provision of car for use on Company's business. Personal use of car shall be billed by the Company to the Executive Director.
- ii. **Telephone:**
Provision of Telephone at residence will not be considered as a perquisite. Personal long distance calls shall be billed by the Company to the Executive Director.

4. OTHER BENEFITS:

- i. Leave as per rules in force in the Company from time to time.
- ii. Benefits under loan and other Schemes, in accordance with the practices, rules and regulations in force from time to time.
- iii. Such other benefits as may be provided by the Company to other senior officers from time to time.

MINIMUM REMUNERATION: Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above.

The draft agreement to be entered into between the Company and Shri S.R. Laghate is available for inspection of the members at the Registered Office of the Company between 11.00 a.m and 1.00 p.m. on all days except Saturdays, Sundays and public holidays till the Annual General Meeting to be held on Saturday the 20th September 2003.

Both the above terms and conditions may be deemed to be an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors,

Mumbai, dated 26th June, 2003.

Registered Office:

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

S. R. IYER

Secretary

ANNUAL REPORT 2002-2003

SOURCES AND APPLICATION OF FUNDS

(Rupees in Lacs)

	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
SOURCES OF FUNDS					
Shareholder Fund					
Share Capital	513.37	513.37	514.95	514.95	514.95
Reserve & Surplus	4378.85	4162.25	4534.72	4195.16	3862.06
	4892.22	4675.62	5049.67	4710.11	4377.01
Loan Funds	425.14	493.04	1046.54	1864.71	760.99
Fund Employed	5317.36	5168.66	6096.21	6574.82	5138.00
APPLICATION OF FUNDS					
Fixed Assets (Gross)	4450.52	4555.65	4583.52	4576.70	3699.47
Depreciation	2121.43	2096.64	2018.68	1876.10	1772.53
Fixed Assets (Net)	2329.09	2459.01	2564.84	2700.60	1926.94
Investments	37.76	34.53	96.97	76.57	77.08
Current Assets (Net)	2950.51	2675.12	3434.40	3797.65	3133.98
Net Assets Employed	5317.36	5168.66	6096.21	6574.82	5138.00
Book Value	95.30	91.07	98.06	91.48	85.00
Debt Equity Ratio	0.09	0.11	0.21	0.39	0.17

FINANCIAL HIGHLIGHTS

(Rupees in Lacs)

	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
INCOME					
Sales	7520.52	7652.79	7675.92	8105.21	8742.93
Other Income	212.64	343.66	184.14	202.76	184.69
Total	7733.16	7996.45	7860.06	8307.97	8927.62
EXPENDITURE					
Materials & Overheads	6979.93	7063.60	6565.16	6885.05	7496.14
Excise	39.20	54.83	255.53	442.72	507.20
Interest	90.06	206.72	233.91	256.61	161.42
TOTAL EXPENSES	7109.19	7325.15	7054.60	7584.38	8164.76
GROSS PROFIT	623.97	671.30	805.46	723.59	762.86
APPROPRIATIONS					
Opening Balance	(161.86)	(209.35)	(184.79)	(189.57)	(191.39)
Depreciation	153.63	159.87	169.29	158.20	135.76
Provision for Contingencies	28.71	-	-	-	22.27
Provision for Doubtful Debts, Bad Debts Written Off & Provision for Diminution in Value of Investments	11.13	100.15	16.37	0.85	4.34
Extra Ordinary Income	31.00	-	-	-	-
Provision for Taxation (Net)	100.23	156.10	125.76	171.33	239.32
Proposed Dividend	144.78	102.67	154.48	102.99	102.99
Transfer to Reserve	200.00	200.00	315.00	295.00	260.00
Closing Balance	178.35	161.86	209.35	184.79	189.57
Earning Per Share (Rs.)	5.72	4.40	9.90	7.86	7.77

CAMPHOR & ALLIED PRODUCTS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting the 31st Annual Report together with the audited accounts of the Company for the year ended 31st March, 2003

	<u>Rupees Lacs</u>	<u>Rupees Lacs</u>	<u>Previous Year Rupees Lacs</u>
Gross Profit for the year is		623.97	671.30
Deduction therefrom:			
Depreciation	153.63		159.87
Provision for Doubtful Debts, Bad Debts written off & Diminution in value of Investments	11.13		100.15
Provision for contingencies	28.71		0.00
Provision for Taxation & deferred taxation	167.70		185.60
		<u>361.17</u>	<u>445.62</u>
Net Profits after Tax is		262.80	225.68
Add: Extra ordinary Income		31.00	0.00
Add: Income Tax refund of Earlier year		0.00	27.57
Add: Excess provision of tax written back		67.47	1.93
Adding thereto balance brought forward from last year		<u>161.86</u>	<u>209.35</u>
Profit available for appropriation is		523.13	464.53
From which your Directors recommend the following appropriations:			
General Reserve	200.00		200.00
Proposed Dividend	128.34		102.67
Corporate Tax on Proposed Dividend	16.44		—
		<u>344.78</u>	<u>302.67</u>
Balance being carried to next year's account		<u>178.35</u>	<u>161.86</u>

Working Results :

The Company has achieved a total turnover of Rs. 8422 lacs during year under review as compared to previous year's turnover of Rs. 8557 lacs, representing a marginal decrease of 1.56%. The Company has been able to achieve this turnover despite difficult economic conditions.

Dividend :

Your Directors recommend a dividend at the rate of Rs. 2.50 per share of Rs.10/- each as against Rs. 2 per share of Rs. 10/- each paid last year.

Finance :

The financial liquidity of the company was quite comfortable during the year out of the profit and cash generations from the normal operations of the Company.

The Company's borrowings by way of fixed deposits is within limits prescribed by the Companies (Acceptance of Deposits) Rules, 1975, deposits amounting to Rs.3.80 lacs have remained unclaimed as on 31.3.2003 (of which 5 deposits aggregating to Rs.0.45 lacs have since been renewed or repaid.)

Insurance :

The Company's buildings, plant and machinery, stores and stocks have been adequately insured. Loss of profit in respect of both factories have also been adequately insured.

Directors :

In accordance with the Companies Act, 1956 and Articles of Association of the Company, Shri J. K. Setna is retiring by rotation but being eligible, has offered himself for re-appointment.

Auditors :

M/s. B. D. Jokhakar & Company, Chartered Accountants, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from M/s. B. D. Jokhakar & Company, Chartered Accountants, pursuant to the provisions of Section 224(1) of the Companies Act, 1956, regarding their eligibility for appointment, if made at the ensuing Annual General Meeting.

Auditor's Report :

With regard to the observation of the Auditors for non-payment of liability to pay State Sales Tax on raw material refunded by the State, the Directors wish to state that the Company has filed Contempt Petition for securing the refund and the matter is under consideration of the Industries Department.

Cost Audit :

M/s. P. D. Phadke & Associates, Cost Accountants, have been appointed to conduct cost audit for the year ending 31st March, 2003. They will submit their report to the Department of Company Affairs, Government of India.

Director's Responsibility Statement :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements 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 and of the profit of the Company for that period;
3. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records 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;
4. they have prepared the annual accounts on a "going concern basis".

Corporate Governance :

Your Company has taken necessary steps to incorporate standards for good corporate governance to ensure that all mandatory provisions and some of the non-mandatory provisions of Corporate Governance as prescribed by the amended Listing Agreements of the Stock Exchanges are complied with and the necessary auditor's Certificate certifying compliance of conditions of Corporate Governance is also attached to the Auditor's Report and forms part of this report as an annexure thereto.

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'.