



Shaw Wallace & Company Limited
Annual Report 2001-2002



As the path unfolds...

Volume I

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So long, we'll fare well



Mr. M R Chhabria

Founder, Jumbo Group
1st March, 1946 - 6th April, 2002

A path lies ahead. And at each corner lies an opportunity.

To accomplish. To make a difference.

The spirit was inspired. And each step forward was in pursuit of the vision.

To achieve. To create success.

The road was winding. The journey long. But the soul never tired.

So...

The path ahead. It is filled with conquest.

The spirit is emboldened. And the road's turned to stretches.

Where the journey continues. And the soul remains triumphant.

Board of Directors

(As on 15th July, 2002)

Ms. V M Chhabria	Chairperson
Ms. Komal C Wazir	Executive Director
Mr. Niranjan M Thakur	Executive Director
Mr. T S Shettigar	Director
Mr. Suresh Dadlani	Director
Mr. Satish G Pillai	Director

Auditors

Lodha & Co., Chartered Accountants

Bankers

Allahabad Bank
Standard Chartered Grindlays Bank
State Bank of India
State Bank of Travancore
Union Bank of India
Andhra Bank
ICICI Bank
Federal Bank Ltd.

Registered Office

Wallace House
4, Bankshall Street, Kolkata 700 001

Corporate Office

132A, Dr. Annie Besant Road
Worli, Mumbai 400 018

Registrar & Transfer Agents

Mumbai Office

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11
MIDC Area, Andheri (E)
Mumbai 400 093

Kolkata Office

MCS Limited
77/2A, Hazra Road
Kolkata 700 029



Chairperson's Review

The fiscal year 2002 marks a watershed in the history of Shaw Wallace.

In line with international business practices, the alcoholic beverages business has been re-aligned into separate entities for liquor and beer. Accordingly, the manufacturing and marketing activities earlier housed as divisions have been converted to subsidiaries for sharper focus and faster revenue growth. This will facilitate alliances with international majors in respective product categories and help maximise the potential of your company's human capital.

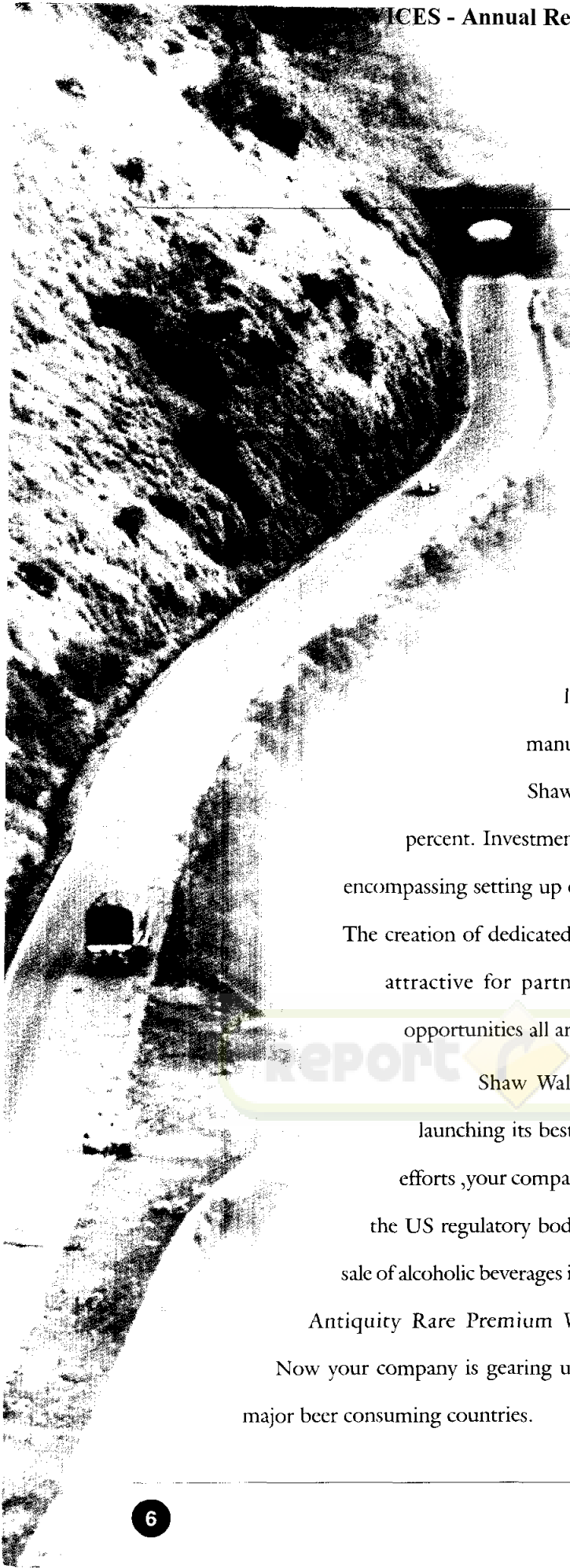
The outcome of the restructuring exercise is already visible in terms of an improved performance in the liquor and beer businesses, reflecting an overall increase of 9 per cent in their profits. The liquor business turnover has gone up by 15 percent while the beer business turnover increased by 18 percent over the previous year. Both the businesses are in the process of consolidating their strengths and maximizing market shares, profits and long-term value creation.

You will notice however, that while the core business of your company is healthy, growing and expanding, the financial data tends to present a somewhat different picture. This is because of



Ms. Y. M. Chhabra and Mr. Brian Megson, Chairman & Chief Executive, Kendal, signing the agreement in Dubai





business activity turnover has now shifted to distinct business streams under the newly created subsidiaries. As the core business becomes more robust through focused approach and stronger networking internationally, your company is poised to reap handsome dividends.

The liquor brands are doing well despite the emerging competition. In this segment, we have recently signed an understanding with the UK-based liquor major Kyndal International for reciprocal manufacturing and distribution support to brands.

Shaw Wallace beer brands now command a market share of 28 percent. Investment of more than Rs. 150 crore is lined up in this business encompassing setting up of green-field units, up-gradation and capacity expansion. The creation of dedicated business unit for beer has made the beer business more attractive for partnering with global beer majors in tapping emerging opportunities all around.

Shaw Wallace recently met with significant success in terms of launching its best sellers in international markets. After years of persistent efforts, your company became the first Indian company to win the approval of the US regulatory body, Bureau of Alcohol, Tobacco and Firearms (BATF) for sale of alcoholic beverages in the USA. Shaw Wallace has already started test-marketing Antiquity Rare Premium Whisky and Director's Special Whisky in the USA. Now your company is gearing up to export beer brands to the USA, the UK and other major beer consuming countries.

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Mrs. M. Chinabria
Chairperson

Binu McGonigle, General Manager, Beer
signing the agreement in DUBLIN



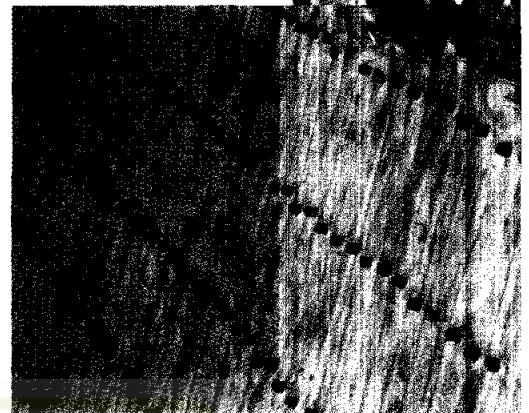


Shaw Wallace Agrochemicals Limited

The agro business was restructured into a separate company, Shaw Wallace Agrochemicals Limited to focus on the business and improve efficiency. The results were apparent in the second half of the year with record sales of its main product Starthene/MIT and reduction in losses. The business is likely to turn around in the current fiscal year. However, break in the southwest monsoon in July has caused drought conditions in over 60 per cent of the country. While this is likely to adversely affect the performance of many players in the industry during financial year 2002-03, your company has plans to minimize the effect of the same.

Narmada Gelatines Limited (Formerly Shaw Wallace Gelatines Limited)

The name of the company was changed to Narmada Gelatines Limited with effect from January 4, 2002. The operations of NGI have been satisfactory, considering the over-capacity situation prevailing in the industry. The domestic market share of the company has improved to 26 percent and efforts are being made to increase the market share and exports. A cost cutting exercise has been undertaken at all levels to improve profitability.



Shaw Wallace and Hedges Limited

The business has been restructured into Shaw Wallace Distributors Limited. Shaw Wallace Distributors Limited improved the profitability and turnover by 55 percent and 49 percent respectively, over previous year. Outlook for the current year appears bright which is by virtue of increasing market share and bringing new products for distribution business.



It was the cherished vision of founder Chairman late Mr M R Chhabria to see the progressive Indian arms of the Jumbo Group emerge strong players on international platforms. He had identified Shaw Wallace as the company to spearhead this global ambition. Accordingly, the management has initiated the process of benchmarking products, processes and business practices against the best in the category. Shaw Wallace is leveraging Jumbo's knowledge of international management practices as well as their expertise in fostering win-win global alliances.

Your company's management is committed to translate Mr Chhabria's vision into reality and make Shaw Wallace a significant and much admired player on the global firmament. I take this opportunity to thank you all for your continued support and look forward to a growing partnership in the years ahead.

Ms. V. M. Chhabria

Ms. V.M. Chhabria and Mr. Brian Megson signing the agreement. Also seen are Kyndal and Shaw Wallace team members.



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Mr. V. M. Chhabria
Chairperson



Mr. Brian Meyson, Chairman of the Board, signing the agreement in 2002.