Camlin
fine sciences

CFS

POWERED BY
INTEGRATION

Camlin Fine Sciences Limited
(Formerly Camlin Fine Chemicals Limited)

Annual Report 2011-12

Contents

POWER
OF INTEGRATION

2011 has been a watershed year at CAMLIN FINE SCIENCES (CFSL). It saw us complete our transformation from a fine chemicals company to a fine sciences company. It saw us emerge and evolve as a powerful player in the complicated world of food protection that is interwoven with basic chemistry, food chemistry, biochemistry and biotechnology. The complex world of sciences.

We used the power of integration to transform ourselves. We integrated our supply pipeline to ensure that we have a smooth supply of raw materials. We integrated our capabilities to provide complete solutions instead of just products. We integrated our manufacturing capacities through process re-engineering and process re-designing with a planned capex that enhanced production within the existing facility. We integrated our research and development to create new products.

This integration has made CFSL more stable and strong.

And it is this integration that is powering CFSL today in its ambitious drive to expand into newer geographies with newer products and comprehensive solutions to become a global leader in food preservation.

At CFS, we are powered by integration.

NEW IDENTITY.
NEW APPROACH.

From Fine Chemicals to Fine Sciences.

There come times in the life of organisations when they take that decisive leap into a larger space – of bigger opportunities, faster growth and greater success.

CFSL has transformed its speciality from a niche fine chemicals to broader fine sciences.

While the world of fine chemicals was small and limited, the space of fine sciences is vast and wide. The fine sciences space encompasses and overlaps various branches of science like organic and synthesis chemistry, chemical engineering, biochemistry, food chemistry, polymer technology to name a few. Interesting opportunities and promising growth paths emerge and evolve at every junction and crossing of these fascinating sciences.

And in line with our new leap into the fine sciences space, we have changed our corporate identity to CAMLIN FINE SCIENCES. We have also adopted a brand new logo that reflects the expanding and dynamic world of fine sciences as well as CFS's strong positioning in the fine sciences space.

The new name and the new logo signifies and captures all finer aspects of science that drive development of new products and services and thus more growth and success.

POWER
OF INTEGRATION

CAMLIN FINE SCIENCES is the world's largest integrated manufacturer of food antioxidants TBHQ and BHA with nearly 50% global market share and a product presence in over 50 countries. The company also manufactures industrial products like Hydroquinone (HQ), Catechol, Tertiary Butyl Catechol (TBC), etc.

Hydroquinone (HQ) is the key raw material used in the manufacture of food antioxidants and industrial chemicals. Growth prospects and operating margins of CFSL are very closely connected to the availability of this key raw material as well as its pricing.

CAMLIN FINE SCIENCES acquired Borregaard Italia S.p.A in 2011. The plant has since been renamed as CFS Europe S.p.A. CFS Europe S.p.A.'s manufacturing plant is located at Ravenna, and manufactures Diphenols i.e., HQ and Catechol. The fully automated plant has capacity of 8,000 tonnes per year. The plant is commissioned and is currently running at almost full capacity. For CAMLIN FINE SCIENCES, this backward integration has direct benefits in continuous availability of HQ as well as prices and gives the company an edge over its competitors. The power of integration will sustain growth and improve operating margins in the years to come.

NEW PRODUCTS...
POWERED BY INTEGRATION

Borregaard Italia S.p.A., since renamed CFS Europe S.p.A., also has technology to manufacture Catechol, used in manufacture of chemicals for industrial applications. The integration with CFS Europe S.p.A. has powered CAMLIN FINE SCIENCES to develop and manufacture Catechol downstream products like Guaiacol, Veratrole and TBC in the current year. These products have been launched and are already under commercialisation. The R&D team is working on manufacturing process of other downstream products which are expected to be commercialised soon.

Powered by this integration, CAMLIN FINE SCIENES has emerged as a major Diphenol downstream player. The Company aims to be a global leader in the Food Preservation segment by expanding the product range in various areas of agriculture produce like fruits and vegetables, and horticulture. The Company also has a dedicated focus on shelf life enhancement products for application in food industry.

CAMLIN FINE SCIENCES TOMORROW – POWERED BY INTEGRATION

Going forward, the Company has ambitious plans to grow its two divisions – Food Ingredients Division and Industrial Products Division.

FOOD INGREDIENTS DIVISION

In the Food Ingredients space, the Company focuses on two key growth areas of Shelf Life Enhancement and Food Preservation. The Company has range of synthetic antioxidants like TBHQ, BHA and Ascorbyl Palmitate that are used in enhancing shelf life of food products that contain fats and oils.

Preservation of farm produce, fruits and vegetables is another key focus area of the company. The Company plans to expand its market share in India, China, Latin America and the Middle East, where the food processing industry is growing at the rate of 10 per cent per year, compared to a global growth rate of 3 per cent per year. In countries of Europe and the USA, the company plans to further consolidate its position.

Ascorbyl Palmitate, a new food anti-oxidant, has already been commercialised and supplies have begun to key customers in 2011.

INDUSTRIAL PRODUCTS DIVISION

The Company has acquired technology for Tertiary Butyl Catechol (TBC), Guaiacol and Veratole from its Italian subsidiary CFS Europe S.p.A. These products have application as Polymerisation Inhibitor for Styrene and allied monomers, chemical intermediate for manufacturing aroma chemical Vanillin, API and agro chemical intermediates.

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It is my pleasure to present to you the Annual Report for CAMLIN FINE SCIENCES LTD. for 2011-12.

For the company, 2011-12 was highlighted by POWER OF INTEGRATION. The company had acquired Borregaard Italia S.p.A. in 2011 with a clear focus to integrate this plant backward with the overall operations of the company. Borregaard Italia S.p.A. has since been renamed as CFS Europe S.p.A. and is now an integral part of CFSL. The plant is fully commissioned and working at almost full capacity, giving CFSL an unmatched advantage over its competitors through a stable and continuous supply of HQ, the basic raw material required by the company for production of its various products. Another distinct advantage would be in stability of prices of HQ which would help the company price its products better in comparison to its competitors and also improve its operating margins.

The company delivered excellent results for the year

Net Sales/Income from operations of the Company was ₹ 25,206.23 lacs as against ₹ 16,475.96 lacs in the previous year, an increase of almost 53%.

In line with better integration, the Profit Before Tax was ₹ 1,644.07 lacs as compared to ₹ 841.85 lacs in the previous year, an increase of 95.29 %.

Profit After Tax for the year stood at ₹ 1,014.03 lacs as compared to Rs. 666.20 lacs in the previous year, an increase of over 52%.

The directors of the Company have proposed a dividend ₹ 0.50 per share of ₹ 2/- each (i.e. 25%).

As we look to the ensuing future, we are both excited and confident. We continue to dominate the food antioxidants market with TBHQ and BHA. As global leaders, we have a product presence in over 50 countries.

At CAMLIN FINE SCINECES, we are set to extend our global leadership and expand our presence in the larger fine sciences applications space by creating innovative products and solutions for FOOD PRESERVATION and SHELF LIFE ENHANCEMENT, and leverage newer opportunities for faster growth. Research is under way to develop products and solutions that have a diverse range of applications and uses in industries like inks and paints, petrochemicals, pharmaceuticals, plastics and fragrances.

Not many companies in the fine sciences space globally are backward integrated. The power of integration gives CAMLIN FINE SCIENCES a distinct and definite edge over competitors.

At CAMLIN FINE SCIENCES, we are ready. Powered by integration, we are taking aggressive and swift strides to expand our presence and reach.

Expect more from CFSL!

Yours truly,

Ashish S. Dandekar

FINANCIAL HIGHLIGHTS

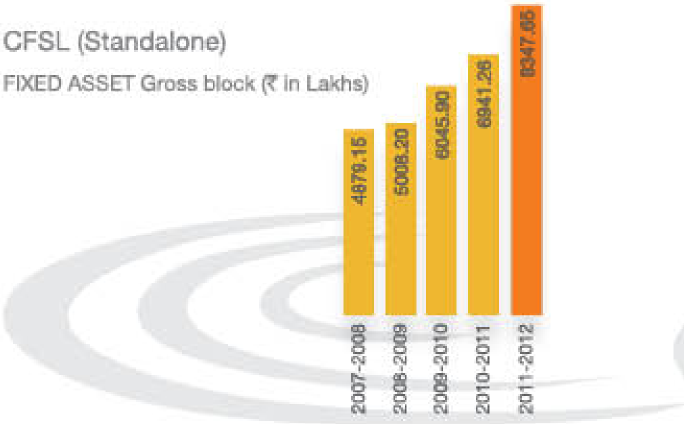
						₹ in Lacs
Sr. No.	Year Ending 31st March	2011-12	2010-11	2009-10	2008-09	2007-08
A	**Assets Employed**					
1	**Fixed Assets**					
	Gross Block	8347.65	6941.26	6045.90	5008.20	4879.15
	Less: Depreciation	3506.04	2946.86	2323.69	1912.99	1525.86
	Net Block	4841.61	3994.40	3722.21	3095.21	3353.29
	Capital Work In Progress	223.22	330.00	206.71	285.41	49.66
	Net Fixed Assets	5064.83	4324.40	3928.92	3380.62	3402.95
2	Net Current Assets	3221.13	3852.43	3429.42	2393.90	1668.20
3	Others	270.04	266.41	339.88	184.88	61.96
	Total	**8556.00**	**8443.24**	**7698.22**	**5959.40**	**5133.11**
B	**Financed By**					
1	Equity Share Capital	935.89	930.60	581.45	580.00	580.00
2	Share Warrants	0.00	0.00	0.00	80.60	80.60
3	Reserves & Surplus	3979.40	3210.44	2741.39	2360.94	2124.25
4	Employee Stock Options Outstanding	9.53	8.82	7.96	2.59	0.00
5	Shareholder's Funds	4924.82	4149.86	3330.80	3024.13	2784.85
6	Loan Funds	3299.07	3999.92	4036.95	2619.62	2083.21
7	Deferred Tax Liability	332.11	293.46	330.47	315.65	265.05
	Total	**8556.00**	**8443.24**	**7698.22**	**5959.40**	**5133.11**
C	**Sales & Profitability**					
1	Gross Sales/Other Operating Income	25620.94	16684.90	12779.73	10290.53	8421.79
2	Less: Excise Duty/Discount	414.71	208.95	257.70	226.05	293.76
3	Net Sales/Other Operating Income	25206.23	16475.95	12522.03	10064.48	8128.03
4	other Income	355.79	132.49	111.91	42.93	57.92
5	Total Income (3+4)	25562.02	16608.44	12633.94	10107.41	8185.95
6	Operating Profit (EBIDTA)	3913.12	2188.46	1704.87	1475.11	1294.02
7	Finance Cost	1620.11	800.38	603.78	553.46	497.70
8	Profit Before Depreciation & Tax	2293.01	1388.08	1101.09	921.65	796.32
9	Depreciation	648.94	546.23	442.59	401.13	379.76
10	Profit Before Tax	1644.07	841.85	658.50	520.52	416.56
11	Taxes	630.04	175.65	229.82	182.04	139.52
12	Profit After Tax	1014.03	666.20	428.68	338.48	277.04
13	Dividend & tax on Dividend	271.93	216.31	136.05	101.79	67.86
14	Retained Earnings	742.10	449.89	292.63	236.69	209.18
15	**Cash Accruals (9+12)**	**1662.97**	**1212.43**	**871.27**	**739.61**	**656.80**
D	**Per Share Information**					
1	Earning Per Share (Basic)	2.18 *	1.5 *	7.39	5.84	5.42
2	Earning Per Share (Diluted)	2.16 *	1.48 *	7.30	5.84	5.38
3	Book Value Per Share (₹)	10.53 *	8.92 *	57.28	52.14	48.01
4	Dividend Per Share (₹) (Excluding Tax on Dividend)	0.50 *	0.40 *	2.00	1.50	1.00

NOTE *

EPS, BOOKVALUE & DPS for financial year 2010-11 has been restated in view of split of share from ₹ 10/- to ₹ 2/- per share during the year 2011-12 for the purpose of comparision.

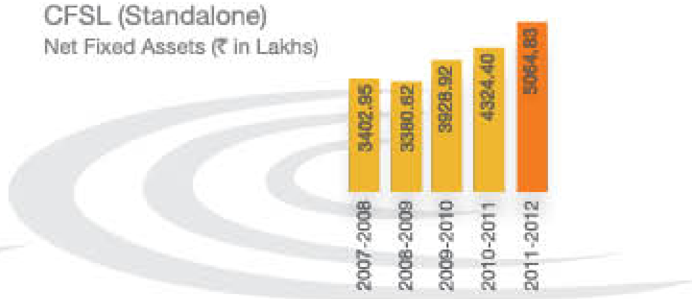
CFSL (Standalone)

FIXED ASSET Gross block (₹ in Lakhs)



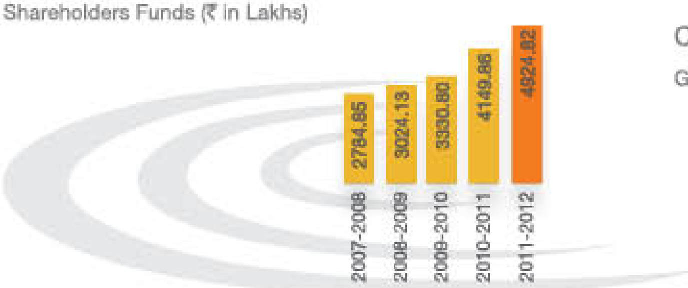
CFSL (Standalone)

Net Fixed Assets (₹ in Lakhs)



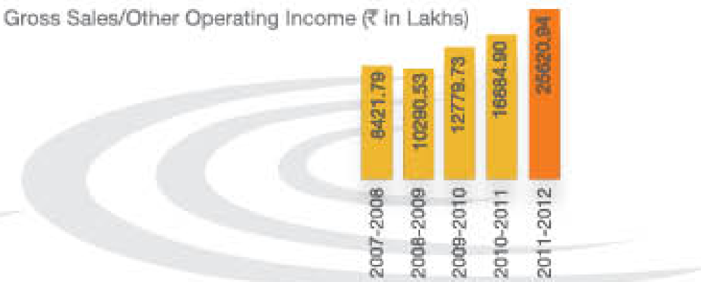
CFSL (Standalone)

Shareholders Funds (₹ in Lakhs)



CFSL (Standalone)

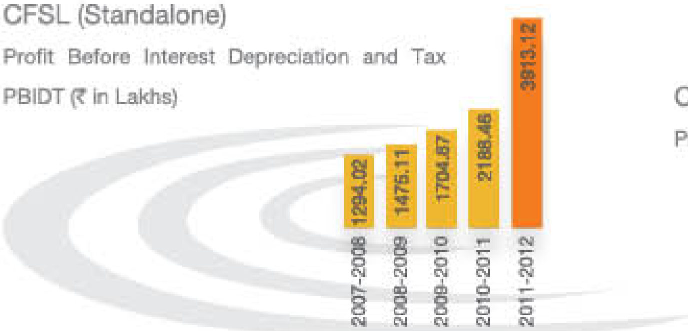
Gross Sales/Other Operating Income (₹ in Lakhs)



CFSL (Standalone)

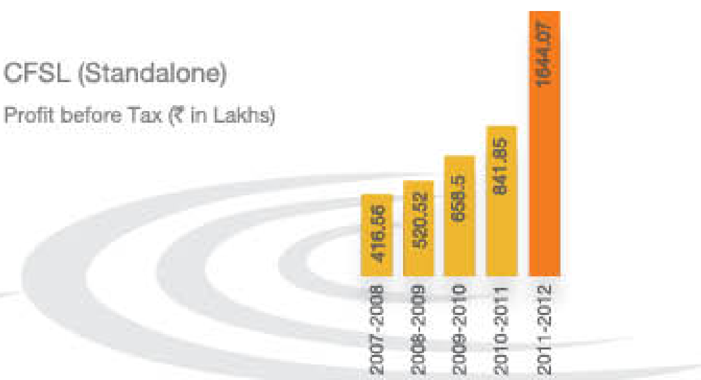
Profit Before Interest Depreciation and Tax

PBIDT (₹ in Lakhs)



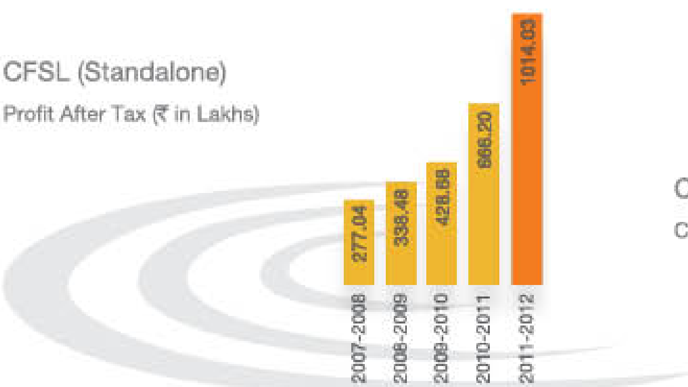
CFSL (Standalone)

Profit before Tax (₹ in Lakhs)



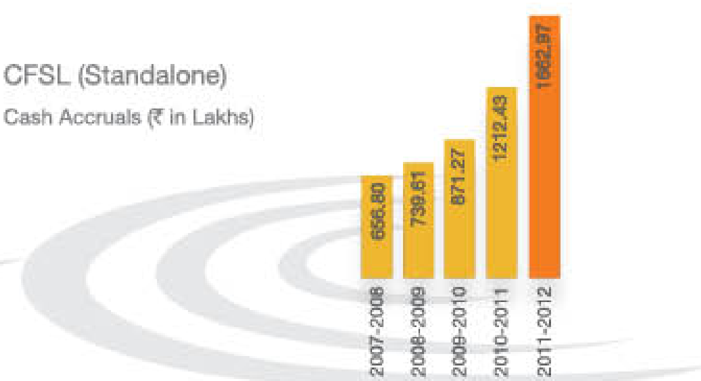
CFSL (Standalone)

Profit After Tax (₹ in Lakhs)



CFSL (Standalone)

Cash Accruals (₹ in Lakhs)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Dilip D. Dandekar — Chairman

Mr. Ashish S. Dandekar — Managing Director

Mr. Pramod M. Sapre — Director

Mr. Sharad M. Kulkarni — Director

Mr. Abeezar E. Faizullabhoy — Director

Mr. Bhargav A. Patel — Director

Mr. Dattatraya R. Puranik — Chief Financial Officer

Ms. Arpita S. Patwardhan — Dy. Company Secretary

REGISTERED OFFICE

Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate, Central Road, Andheri (East),
Mumbai 400 093.
Tel. No. 91-22-6700 1000
Fax: 91-22-2832 4404
Website: www.camlinfs.com

WORKS

Plot No. D-2/3, M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506. (Unit-1)

Plot No. N-165, M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506. (Unit-2)

AUDITORS

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

Chartered Accountants

Mumbai.

BANKERS

IDBI Bank Limited

Export - Import Bank of India

The Hongkong and Shanghai Banking Corporation Limited

Bank of India

Oriental Bank of Commerce

State Bank of Patiala

REGISTRARS AND TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Limited

(Unit: Camlin Fine Sciences Limited)

- 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072.
- Investor Relation Center, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 002

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Camlin Fine Sciences Limited, will be held on Wednesday, the 1st day of August, 2012 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 Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Directors' Report and Auditor's Report thereon.

2. To declare Dividend.

3. To appoint a Director in place of Mr. Pramod M. Sapre, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Sharad M. Kulkarni, 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 special resolution passed by the members of the Company at their 17th Annual General Meeting held on 1st July, 2010 and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) and the Articles of Association of the Company, and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded to the appointment of Mr. Ashish S. Dandekar as the Managing Director of the Company, for a period of 3 (Three) years with effect from 1st August, 2012 upto 31st July 2015 on the terms and conditions including remuneration as are set out in the explanatory statement annexed hereto and also in the draft agreement to be entered into between the Company and Mr. Ashish S. Dandekar with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/ or agreement, subject to the same not exceeding the limits specified in the Companies Act, 1956, including any statutory modifications or re-enactments thereof for the time being in force, including any amendments thereto as may be agreed to between the Board and Mr. Ashish S. Dandekar.

   RESOLVED FURTHER THAT any one of the Directors or the Dy. Company Secretary be and are hereby severally authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to Article 125 of the Articles of Association of the Company and subject to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), and such other consents and statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the payment of remuneration by way of Commission collectively to all the Non-Executive Directors of the Company of an amount not exceeding 1% (One Percent) of the Net Profits of the Company per annum, in addition to the sitting fees paid to them for attending the meetings of Board or Committee thereof from the financial year 2011-2012 for a period of 3 (three) years subject to ceiling of ₹ 2 lacs per annum per Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to decide as they may deem fit, the quantum of the Commission payable to each of the Non-Executive Directors in any financial year within the ceiling prescribed herein."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT the Company do alter CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2008 by amending provisions of Clause No. 16 of the said scheme in the following manner:

(i) In Clause 16.1,

the words "and revert back to the Company" be deleted

(ii) In Clause 16.2(a),

the words "and revert to the Company on the said date of separation" be deleted

(iii) Clause 16.2(c) be deleted

RESOLVED FURTHER THAT except above, all other terms and conditions of the said scheme shall remain unchanged.

RESOLVED FURTHER THAT the Board of Directors/ Compensation Committee be and is hereby authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, ("the Act"), the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines"), or any statutory modification(s) or re-enactment of the Act, the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the Equity Shares of the Company are listed and subject to any other applicable approvals, consents, permissions and/or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, consents, permissions and/or sanctions, the approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any 'Compensation Committee' or any other 'Committee' of the Board authorised for the purpose), to introduce and implement an ESOP Scheme titled **"CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2012"** [**"ESOP 2012"** or the Scheme] and to grant, offer, issue and allot in one or more tranches at any time to or to the benefit of such permanent employees/Directors of the Company (other than Promoters or persons belonging to Promoter Group) as may be decided by the Board, an Option under ESOP-2012 exercisable or convertible into Equity Shares (hereinafter referred to as 'the securities') of the Company not exceeding in the aggregate 5% collectively for all ESOP Scheme of the issued, subscribed and paid up Equity Shares Capital of the Company as on 31st March, 2012 i.e. upto 9,00,000 (Nine Lacs) Equity Shares of ₹ 2/- each of the Company (or such other adjusted numbers of Shares for any bonus issue, consolidation, sub-division or other re-organisation of the capital structure of the Company as may be applicable from time to time), on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or any other applicable provisions as may be prevailing at that time.

RESOLVED FURTHER THAT the Exercise Price shall be ₹ 16/- per share of ₹ 2/- each i.e. ₹ 2/- per share towards nominal value of the share and ₹ 14/- per share towards share premium.

RESOLVED FURTHER THAT the Company shall be entitled to recover from the Employee any tax that may be levied upon or in relation to the Options (including but not limited to the Fringe Benefit Tax).

RESOLVED FURTHER THAT in case of any change in the capital structure as a result of right issue, bonus issue, merger and sale of division and others, if any, additional Equity Shares are required to be issued by the Company under ESOP 2012, the above ceiling of 9,00,000 (Nine Lacs) Equity Shares shall be deemed to be appropriately increased to the extent of such additional Equity Shares required to be issued by the Company.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the price of acquisition payable by the option grantees under ESOP 2012 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 2/- each per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT in case of any corporate action(s) like merger, sale of undertaking etc. or change in capital structure whether by issue of right/ bonus Shares, or other changes in the share capital whatsoever, the Board be and is hereby authorised to make such adjustments as it may deem fit to the quantum of Shares to be issued pursuant to the exercise of the options, the exercise price and other rights and obligations under the options.

RESOLVED FURTHER THAT the Equity Shares issued and allotted to the Employees/Directors upon exercise of options from time to time shall rank pari passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in ESOP 2012 as it may deem fit and or as may be suggested by one or more concerned authorities including but not limited to the Stock Exchange, from time to time, in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws, regulations and rules for the time being in force.

RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same, as described above under ESOP 2012, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue or allotment without being required to seek further consent or approval of the members."

By Order of the Board

ARPITA S. PATWARDHAN
Dy. Company Secretary

Place : Mumbai
Dated : 24th May, 2012

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 INSTRUMENT APPOINTING PROXY 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 u/s 173(2) of the Companies Act, 1956 in respect of business referred to under Item Nos. 6 to 9 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25th July, 2012 to 1st August, 2012 (both days inclusive).
4. The Dividend, if approved, will be paid within the stipulated period to those eligible shareholders whose names stand in the Register of Members as on 1st August, 2012.
5. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participants of the members. Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.
6. The Company, in compliance with new Clause 5AII of the Listing Agreement, will send reminders to the members in respect of shares which are lying unclaimed with the Company. The same shall be transferred to Unclaimed Suspense Account in case no response is received after sending three reminders at the address given and shall be dematerialized.
7. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
8. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
9. 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.
10. Members who are holding Shares in physical form are requested to get their Shares dematerialised with any Depository Participants in their own interest.
11. Members who have not encashed their Dividend Warrants for the financial year ended 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011 may approach the R & T Agent/Company for issuance of demand draft upon completion of necessary formalities in the said behalf in lieu of such warrants.

By Order of the Board

ARPITA S. PATWARDHAN
Dy. Company Secretary

Place : Mumbai
Dated : 24th May, 2012

ANNEXURE FORMING PART OF THE NOTICE

(Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956)

SPECIAL BUSINESS:

Item No. 6.

At the 17th Annual General Meeting held on 1st July, 2010, the Members of the Company had approved the re-appointment and terms of remuneration of Mr. Ashish S. Dandekar as Managing Director of the Company for a period of three years w.e.f. 1st September, 2010. Mr. Ashish S. Dandekar is responsible for the day-to-day operations of the Company under the overall superintendence, direction and control of the Board.

In view of significant improvement achieved by the Company in terms of turnover and profitability for the financial year 2011-12 which is expected to continue in future on a sustained basis and also that the salary structure of the managerial personnel has undergone a major upward change in the chemical industry, it is proposed to reappoint Mr. Ashish S. Dandekar as the Managing Director and to revise his remuneration package suitably for a period of 3 years w.e.f. 1st August, 2012. The proposed remuneration takes into account valuable contribution by Mr. Ashish S. Dandekar to the Company and is comparable with the remuneration being paid by other chemical companies in the similar position.

The proposed remuneration structure for re-appointment of Mr. Ashish S. Dandekar is given below:

Basic Salary:

₹ 6,25,000/- per month as a salary.

Perquisites and Other Allowances:

₹ 30,00,000/- per annum as perquisites and other allowances such as rent, gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone/mobile/communication facilities and he is also entitled to the benefit of personal accident insurance scheme and such other perquisites and allowances. Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

Annual increase not to exceed 20% of the salary and perquisites.

Commission:

The Managing Director may also be paid remuneration by way of commission (in addition to salary, house rent allowance, perquisites, other allowances) 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.

Provident, Superannuation and Gratuity Fund:

Company's contribution to the Provident Fund, Family Pension Scheme and Superannuation Fund as per the rules of the Company.

Gratuity payable as per the rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites.

Minimum Remuneration:

Notwithstanding anything to the contrary herein, where in any financial year, during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the above remuneration (including perquisites) shall be paid to Mr. Ashish S. Dandekar, Managing Director, as the minimum remuneration, subject to approval of the Central Government, if required.

Memorandum of Concern or Interest:

None of the Directors of the Company other than Mr. Ashish S. Dandekar is in any way concerned or interested in the above appointment. Mr. Ashish S. Dandekar shall not be entitled for sitting fees for attending Board/Committee Meetings. Mr. Ashish S. Dandekar shall not be liable to retire by rotation as a Managing Director, subject to provisions of Section 256 of the Companies Act, 1956.

General:

Managing Director shall devote the whole of his time and attention to the business and affairs of the Company during the normal business hours of the Company and shall use his best endeavours to promote its interest and welfare. He shall conduct the day-to-day management of the Company subject to the supervision, direction and control of the Board.

Term of Office:

For a period of three years from 1st August, 2012 to 31st July, 2015.

Other Terms and Conditions:

Mr. Ashish S. Dandekar shall not, during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatsoever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company and Mr. Ashish S. Dandekar during the continuance of his employment there under, shall also use his best endeavors to prevent any other person from doing so.

The employment of Mr. Ashish S. Dandekar under the Agreement shall forthwith determine if he shall become insolvent or makes any composition or arrangement with his creditors or shall cease to be a Director of the Company. As such, Mr. Ashish S. Dandekar shall not be liable to retire by rotation.

The Company or Mr. Ashish S. Dandekar shall be entitled to determine Agreement by giving three calendar month's notice in writing in that behalf to the other party and on the expiry of the period of such notice, the Agreement shall stand terminated. The Company shall also be entitled to terminate the Agreement on giving to Mr. Ashish S. Dandekar three months' salary in lieu of notice required to be given under this clause.

The Draft Agreement between the Company and the Managing Director setting out the terms and conditions of his appointment is 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.

Additional information relevant to the appointment of the Managing Director forming part to the explanatory statement as required under Schedule XIII of the Companies Act, 1956.

(I) General Information:

(a) Nature of Industry:

The Company is a Manufacturer of Food & Industrial grade Antioxidants, Food Ingredients and Industrial Products.

(b) Date of commencement of Commercial Production:

Camlin's Fine Chemicals Division since demerged into the Company pursuant to the Scheme of Arrangement was in operation since 1984. The name of the Company was changed from Camlin Fine Chemicals Ltd. to Camlin Fine Sciences Ltd. w.e.f. 27th August, 2011.

(c) Financial Performance based on given indicators as per Audited Financial Results for the year ended 31st March, 2012.

Particulars	(₹ in Lacs)
Net Sales & Other Income	25,562.02
Profit before Interest and Depreciation	3,913.12
Interest	1,620.11
Depreciation	648.94
Profit before tax	1,644.07
Profit after tax	1,014.03

(d) Export Performance and Foreign Exchange earned for the Financial Year ended 31st March, 2012:

During the year 2011-12, the Company's exports amounted to ₹ 21,112 Lacs.

(e) Foreign Investments or Collaborations, if any

During the year 2011-12 there were no Foreign Investments/Collaborations undertaken by the Company.

(II) Information about Managing Director:

(a) Background Detail:

Mr. Ashish S. Dandekar aged 49 years has done his B. A. in Economics and Management Studies from Temple University, USA. He has wide experience of 28 years in the field of Pharmaceuticals and Fine Chemical Products including Business Planning, Information Systems, Research & Development, Product Development and Marketing.

(b) Past Remuneration (2011-12):

Name of the Managing Director	(₹ In Lacs)
Mr. Ashish S. Dandekar	80.55*

* Inclusive of contribution to Provident Fund, Superannuation and Gratuity.

(c) Job Profile and Suitability:

Mr. Ashish S. Dandekar was appointed as a Managing Director of the Company for a period of three years from 1st September, 2010 to 31st August, 2013. Taking into consideration his qualification and experience in relevant field, the Managing Director is best suited for the responsibilities currently assigned to him by the Board of Directors.

(d) Remuneration Proposed:

Salary ₹ 6,25,000/- per month and ₹ 30,00,000/- per annum as perquisites and other allowances.

Annual Increment Not exceeding 20%.

Commission

Remuneration by way of commission in addition to salary, house rent allowance, perquisites and allowances calculated with reference to 5% of Net Profit of the Company, subject to overall ceiling laid down under the provisions of Section 198 and 309 read with the provisions of Schedule XIII of the Companies Act, 1956 or such amount as the Remuneration Committee/Board of Directors may determine within the aforesaid ceilings.

(e) 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 Managing Director, the responsibilities shouldered by him 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.

(f) Pecuniary relationship directly or indirectly with Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed and the remuneration payable to his wife Mrs. Leena A. Dandekar and related party transactions as disclosed in the Annual Report, the Managing Director does not have any other pecuniary relationship with the Company and its managerial personnel.

(III) Other Information:

(a) Reasons for loss or inadequate profits:

The Company has inadequate profits of ₹ 1,644.07 Lacs before tax. This was mainly due to steep increase in the crude oil prices globally, resulting into an increase in raw material consumption and volatility in foreign exchange and a recessionary environment dominating the economic scenario during the year ended 31st March, 2012.

(b) Steps taken or proposed to be taken for improvement:

The Company has laid out a growth strategy for the coming years based on enhancing the market share of existing core products, expanding the range of products to cater to wider areas of the Food, Health and also focusing on the development of technology for specialty chemicals with specialised applications with In-house R&D and Technology support.

(c) Expected increase in productivity and profits in measurable terms:

The Company has its bandwidth in terms of products, facility and technological support to take the output to 4000 tonnes per annum for all the existing and new products during the current year. As a result of this, the Company expects to improve both the top line and the bottom line growth.

(IV) Disclosures:

The information in respect of remuneration including commission along with performance criteria, service contract, notice period, stock options details if any have been given in the Corporate Government Report.

None of the Directors other than Mr. Ashish S. Dandekar, Managing Director, are concerned or interested in the resolution.

The Directors recommend the Special Resolution for your approval.

Item No. 7

The Committee of Corporate Governance constituted by the Securities and Exchange Board of India (SEBI) had recommended that compensation payable to the Non-Executive Directors of the Company should be adequate so as to encourage their active participation in the deliberations at the meetings of the board and the committees and should be such as to attract independent professionals on the Board of the Company.

Your Company's Non-Executive Directors as members of the various committees, spend a considerable amount of their time and attention towards the affairs of the Company. Further to comply with various requirements of the Corporate Governance, they are required to shoulder greater responsibilities in discharge of their duties.

Keeping in view, the increased responsibilities of Non-Executive Directors and the Corporate Governance regulations, it is appropriate that they are compensated reasonably, commensurate with their responsibilities and the contributions made by them.

It is therefore proposed to pass a special resolution enabling the Company to make payment of remuneration in the form of commission to the Non-Executive Directors up to an aggregate amount not exceeding 1% (One Percent) of the net profits in any financial year commencing from the financial year 2011-2012 for a period of 3 (three) years.

The quantum of Commission payable to each of the Non-Executive Directors will be decided by the Board of Directors each year having regard to the ceiling laid down.

All Non-Executive Directors of the Company are interested in the resolution.

The Directors recommend the Special Resolution for your approval.

Item No. 8

The Company has been granting stock options to eligible Employees/Directors of the Company (other than Promoters or persons belonging to Promoter Group) under the ESOP 2008 plan. Majority of these options were issued at significantly higher prices compared to then market price. Moreover the employees are also required to pay tax on the difference between the market price and value of shares as on the date of allotment. For these reasons the stock options issued to a large number of employees have become unattractive. It is therefore proposed to introduce new attractive ESOP Scheme and phase out current scheme which is however not possible under the provisions of Clause 16 of the present scheme which provides for reversion of options lapsed on account of cessation of employment for any reason. Therefore for closing the present scheme at a future date it is proposed to make suitable amendments to the said Clause 16.

None of the Directors of the Company are concerned or interested in the said resolution, except to the extent of the options granted to them under ESOP 2008.

The Directors recommend the Special Resolution for your approval.

Item No. 9

Employees play an important and vital role in the growth and success of any organisation. The Board of Directors of the Company have identified the need to reward the employees so as to enable them to participate in the growth of the Company.

The Board of Directors therefore, have proposed to offer the Employees/Directors of the Company (excluding the Promoters or persons belonging to the Promoter's Group), an option to acquire the Equity Shares of the Company under Camlin Fine Sciences Employees Stock Option Scheme 2012 (ESOP 2012 or the Scheme) which is more favorable to the employees and easy to administer so as to motivate, retain and reward eligible Employees for their individual performance and efforts to improve the overall business and financial performance of the Company.

The approval of the shareholders is being sought for granting stock options to the employees of the Company under the Scheme titled **"CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2012" ('ESOP 2012').**

The Company has already constituted a Compensation Committee to administer the Stock Option Scheme of the Company. The following are the salient features of the Scheme and various disclosures as required by Clause 6.2 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") and which has been approved by the Board at its meeting held on 24th May, 2012.

1. **Total number of options to be granted:**

   Options for up to 9,00,000 (Nine Lacs) Equity Shares of ₹ 2/- each at a price of ₹ 16/- per share i.e. ₹ 2/ per share towards nominal value of the share and ₹ 14/- per share towards share premium would be available for being granted to eligible Employees/Directors of the Company (other than Promoters or persons belonging to Promoter Group) under ESOP 2012. Each option when exercised would be converted into one Equity Share of ₹ 2/- each fully paid up. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would not be available for being re-granted at a future date. There is no lock-in period. Once the option is exercised and the Equity Shares are allotted, the Employees can sell the same in the market as per their choice. SEBI guidelines require that in case of any corporate action(s) or change in capital structure such as right issue, bonus issue, sub-division/consolidation of the nominal value of Shares, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are required to be issued for making such fair and reasonable adjustment, the ceiling of 9,00,000 (Nine Lacs) Equity Shares of ₹ 2/- each shall be deemed to be increased to the extent of such additional Equity Shares issued/to be issued. Further the Board and/ or Compensation Committee shall in such cases also have the power to make appropriate adjustments to the number of Shares to be allotted pursuant to the exercise of the Options, the Exercise price and other rights and obligation under the options granted.

2. **Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):**

   All permanent Employees/Directors of the Company, but excluding the promoters of the Company or persons belonging to the promoter group, as may be decided by the Board/Compensation Committee from time to time, would be entitled to be granted stock options under the ESOP 2012.

3. Transferability of employee stock options:

The stock options granted to an Employee/Directors will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death or permanent disability of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting, maximum period under which options can be vested:

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down the period of time and/or specify certain performance metrics on the achievement of which the granted options may vest (subject to the minimum vesting period as specified below). The vesting of the Options may also happen in tranches in accordance with the above mentioned conditions.

The options would vest not earlier than one year but not later than three years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Board/ Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options and may be customised for individual employees.

1st Year after the grant of option 50%.

2nd Year after the grant of option 25%.

3rd Year after the grant of option 25%.

5. Taxation:

The Company shall be entitled to recover from the Employee any tax that may be levied upon or in relation to the options (including but not limited to the Fringe Benefit Tax).

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of a period of upto three (3) years from the date of vesting of the options. The options shall become exercisable in part or in full within the overall exercise period permitted under the Plan. The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the Board/ Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period and would not be available for being re-granted in future.

7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Board/ Compensation Committee and will be based on criteria such as role/ designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate:

The aggregate number of options/underlying Shares that may be granted under the plan shall not exceed 9,00,000 (Nine Lacs) Equity Shares of ₹ 2/- each. Further, options under each Grant to an Employee shall not be less than 250 Equity Shares and shall not exceed 1.93% of the total issued capital of the Company in any year provided that the aggregate number of options granted per employee under the total tenure of the plan in any case shall not exceed 75,000 (Seventy Five Thousand) Equity Shares of ₹ 2/- each of options.

9. Accounting Policies:

The Company shall comply with the disclosure and the accounting policies as specified in Schedule I referred to in Clause 13.1 of SEBI Guidelines.

10. Method of Valuation of the Options:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted. In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

11. Interpretation:

In the event of any ambiguity with regard to the implementation of any provision of the Scheme, interpretations given by the Compensation Committee as per the powers vested in them shall be final and binding on all the eligible Employees. Camlin Fine Sciences Employees Stock Options Scheme (ESOP 2012) setting out the terms and conditions, is available for inspection of the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company. As the Employee Stock Option Scheme provides for issue of Equity Shares of the Company to be offered to persons other than existing Members of the Company, consent of the Members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval of Members is required by way of Special Resolution. Hence, this resolution is placed before you for approval.

None of the Directors of the Company are concerned or interested in the said resolution, except to the extent of the options to be granted to them under ESOP 2012.

The Directors recommend the Special Resolution for your approval.

By Order of the Board

ARPITA S. PATWARDHAN
Dy. Company Secretary

Place : Mumbai
Dated : 24th May, 2012

DIRECTORS' REPORT

Dear members

Your Directors are pleased to present the 19th Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2012.

Highlights of 2011-2012

Net Sales/Income from operations of the Company was ₹ 25,206.23 Lacs as against ₹ 16,475.96 Lacs in the previous year.

Profit before tax was ₹ 1,644.07 Lacs as compared to ₹ 841.85 Lacs in the previous year (increase by 95.29%).

Profit after tax was ₹ 1,014.03 Lacs as compared to ₹ 666.20 Lacs in the previous year.

Considering the profits available for distribution, Directors have recommended a dividend of ₹ 0.50 per share of ₹ 2/- each (i.e. 25%).

Financial Results:

(₹ in Lacs)

	2011-2012	2010-2011
Net Sales & Other Income	25,562.02	16,608.45
Profit before Interest & Depreciation	3,913.12	2,188.46
Interest	1,620.11	800.38
Depreciation	648.94	546.23
Profit before Tax	**1,644.07**	**841.85**
Less: Provision for Tax (Net)	630.04	175.65
Profit after Tax	**1,014.03**	**666.20**
Balance bought forward from last year	694.49	499.02
Balance available for Appropriation	**1,708.52**	**1,165.21**
Appropriations:		
Proposed Dividend	233.97	186.12
Corporate Dividend Tax	37.97	30.19
General Reserve	105.00	55.00
Balance Carried Forward	1,331.58	893.90
	1,708.52	1,165.21

Operational Performance:

The year under review for food antioxidants TBHQ and BHA business was a challenging one due to the pricing volatility of key raw material; Hydroquinone. The volatility and escalation in Hydroquinone prices forced the manufacturers of food antioxidants to adopt short term pricing strategy to protect their margins. In spite of these limitations, the Company has registered a higher growth at 53.91%, compared to its CAGR at 32.75% during the last 4 years, by increasing its market share of food antioxidants business globally. This was possible by a focused approach on the stability of supplies and also prices to the customers. Further, the backward integration due to acquisition of an Italian Company Borregaard Italia S.p.A (now known as CFS Europe S.p.A.) helped the Company to ensure stability in supplies of key raw material at the competitive prices. This has also contributed towards better realizations during the year.

The total income of the Company rose to ₹ 25,562.02 Lacs from ₹ 16,608.45 Lacs registering an impressive growth of 53.91%. Your Company was able to improve its profitability due to quantitative growth and higher sales realization achieved through tighter control over costs, enhancement in production capacity by process re-engineering and de-bottlenecking of plant/processes, by installation of critical equipments, productivity improvements and bringing in operational efficiency. These steps have resulted in improving the margins and finally the net profit after tax which stands at ₹ 1,014.03 Lacs as against ₹ 666.20 Lacs in the previous year thereby registering a growth at 52.25%.

The Company's product range has applications in 2 growing segments of the market, Food and Industrial. The Company created two major business divisions namely Food Ingredients Division and Industrial Products Division as planned in the last year. These business divisions have brought in a sharper focus on the food anti-oxidants and food ingredient business coupled with growing sections of fine chemicals market related to industrial products. This strategic change has been reflected in the growth in the customer base.

The Food Division, in spite of the volatility on pricing on account of HQ, has managed not only to hold on to the existing market share but has enlarged its market by adding new markets in China, Middle East and Latin America which have contributed significantly during the year under review. Further, the Company has successfully built a larger customer base in these markets as per the plans put in the earlier year's business strategy.

The strategy of appointing a commercial manager for Latin America, covering countries like Brazil, Argentina, Colombia, Chile, Peru, Ecuador, etc. has immensely benefited the Company to penetrate in these regions.

W.e.f. 27th August, 2011 name of the Company was changed from Camlin Fine Chemicals Limited to Camlin Fine Sciences Limited to give a broader business outlook of the Company.

Dividend:

Considering substantial growth in disposable profits, Your Directors are pleased to recommend payment of a dividend @ of ₹ 0.50 per equity share (i.e. 25%) on 46,794,390 Equity Shares of ₹ 2/- each for the year ended 31st March, 2012. If approved by the shareholders at the Annual General Meeting, the dividend will absorb ₹ 271.93 Lacs inclusive of Dividend Distribution Tax of ₹ 37.96 Lacs.

Employee Stock Option Scheme:

During the year under review, the Company allotted 264,375 Equity Shares upon exercise of stock options by the eligible employees under the Employee Stock Option Scheme. The applicable disclosure as stipulated under SEBI Guidelines as at 31st March, 2012 is given in Annexure A to this report.

Further your Directors are proposed to make suitable amendments to the Clause 16 of the said Scheme for closing the scheme at a future date.

It is also proposed to introduce a new Scheme for offering the employees of the Company (excluding the Promoter Director or persons belonging to the Promoter's Group), an option to acquire the Equity Shares of the Company under Camlin Fine Sciences Employees Stock Option Scheme 2012 (ESOP 2012 or the Scheme) on more favorable terms so as to motivate, retain and reward eligible Employees based on their individual performance and facilitating them to contribute in the overall business growth of the Company. Besides the proposed scheme shall also be easy to administer.

Fixed Deposits:

During the year under review, your Company has accepted fixed deposits of ₹ 696.90 Lacs from the Public and the Shareholders after complying with the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended. However, no new deposits are being accepted.

Subsidiaries:

- Dulcette Technologies LLC

  A 51% owned joint venture of the Company posted a total income of ₹ 184.40 Lacs for the financial year ended 31st March, 2012.

- CFCL Mauritius Pvt. Limited

  A 100% owned subsidiary of the Company incorporated on 25th January, 2011 primarily for the purpose of overseas investments.

- CFS Europe S.p.A. (formerly known as Borregaard Italia S.p.A)

  A 100% subsidiary of CFCL Mauritius Pvt. Ltd. since 8th March, 2011 engaged in manufacture and sale of key raw materials required by the Company.

In terms of approval granted by the Board of Directors at its meeting held on 6th February, 2012 Under Section 212(8) of the Companies Act, 1956, copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditors of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any member of the Company.

Directors:

Mr. Pramod M. Sapre and Mr. Sharad M. Kulkarni retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

None of the Directors are disqualified from being appointed as Directors, as specified in Section 274(1)(g) of the Companies Act, 1956.

As required under the Listing Agreement, particulars of Directors seeking re-appointment at the ensuing Annual General Meeting have been given under Corporate Governance Report.

Directors' Responsibility Statement:

Pursuant to the requirement u/s 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, 2012 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, 2012 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, 2012 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, 2012 on a 'going concern' basis.

Secretarial Audit:

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit has been carried out at the specified period, by a Practicing Company Secretary. The findings of the Secretarial Audit were entirely satisfactory.

Cost Audit:

The Company's Cost Records for the year ended 31st March, 2012 in respect of manufacturing activities are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

Auditors:

M/s. B. K. Khare & Co., Chartered Accountants, retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment as Statutory Auditors, if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956.

Members are requested to consider and re-appoint M/s. B. K. Khare & Co., Chartered Accountants, as the Statutory Auditors of the Company for the year 2012-2013.

Information Pursuant to Section 217 (2A) of the Companies Act, 1956:

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining copy of the said statement may write to the Company Secretary at the corporate office of the Company.

Information & Technology:

In line with the overall growth objective and strengthening our infrastructure base, the Company has invested in Information Technology (IT) viz. SAP Enterprising Resource Planning system for leveraging its business values. Through implementation of SAP the Company has improved its operational efficiencies, inventory minimisation and cost optimisation.

The Company views SAP as a strategic tool to enhance its operational efficiencies, through various functional integration.

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

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgoings respectively, is given in the annexure to this report.

Corporate Governance:

As required under Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is given as a part of Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

Management Discussion and Analysis:

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis Report which forms a part of this report.

Acknowledgment:

The Board wishes to place on record its appreciation of sincere efforts put in by the employees of the Company, in helping it reach its current growth levels. Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and governmental authorities.

For & on behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 24th May, 2012

ANNEXURE A TO DIRECTORS' REPORT

DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME & EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999.

(a)	Options granted	1535000
(b)	Exercise price	₹ 10/- & ₹ 12.40/- plus applicable taxes, as may be levied on the Company.
(c)	Option vested	615580
(d)	Options exercised	353350
(e)	Total number of shares arising as a result of exercise of options	353350
(f)	Option lapsed	365625
(g)	Variation in terms of option	Exercise Price for the Shares Issued in Tranche IV is ₹ 12.40/-
(h)	Money realized by exercise of options	₹ 35,73,700/-
(i)	Total number of options in force	8,16,025
(j)	Employee-wise details of options granted to	
	1. Senior Management Personnel/Director	Mr. D. R. Puranik – 50000 Mr. S. P. Padhya – 50000 Mr. P. K. Dhotre – 50000 Mr. A. V. Dukane –50000 Mr. P. M. Sapre – 50000 Mr. S. M. Kulkarni – 50000 Mr. A. E. Faizullabhoy – 50000 Mr. B. A. Patel – 50000 Mr. G. S. Satpute – 50000 Dr. A. P. Shanbhag – 50000 Mr. D. T. Ingle – 50000
	2. Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year.	None
	3. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
(k)	Diluted earning per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'earning per share'.	

For & on behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 24th May, 2012

ANNEXURE B TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The major steps taken towards energy conservation were the installation of:

(i) Steam Generation Equipment.

(ii) Shift from Light Diesel Oil (LDO) to Furnace Oil (FO).

(iii) Additional accessories to Boiler System.

(iv) Installation of biomass resources for generation of thermal energy.

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

Additional investments for installation of biomass resources for generation of thermal energy are envisaged. Steps are also taken to introduce improved operational methods, rationalization and better methods of lighting, aimed to save consumption of power and fuel.

(c) Impact of the above matters:

As a result of measures taken enumerated in (a) and (b) above further economy in conservation of energy coupled with reduction in cost of production shall be possible. Necessary measures are taken to make the change clean and environmental friendly by installation of additional accessories to Boiler System.

Substantial savings in steam generation cost will be felt due to the substitution of furnace oil with biomass resources.

(d) Total energy consumption and energy consumption per unit of production:

FORM A

Form of disclosure of particulars with respect of conservation of energy

A. Power and Fuel Consumption

	2011-2012	2010-2011
1. Electricity		
Purchased		
Units (KWH)	6,510,276	6,639,614
Total Amount (₹ in Lacs)	399.51	324.87
Rate/Unit (₹)	6.14	4.66
2. Furnace Oil		
Quantity in (K. Liters)	659,791	355,972
Total Amount (₹ in Lacs)	262.95	94.67
Rate/Unit (₹)	39.85	26.60
3. Steam (Briquettes)		
Steam Quantity (M.T.)	6,688.17	6,944.07
Total Amount (₹ in Lacs)	396.40	327.38
Cost per M.T. of Steam (₹)	5,926.88	4,714.48

B. Consumption per Unit of production (M.T.)

	2011-2012	2010-2011
	Standards (if any)	Standards (if any)
Electricity (KWH)	1,655.30	2,300.63
Furnace Oil (K. Litres)	167.76	123.64
Steam (Briquettes) (M. Ton)	1.70	2.41

B. TECHNOLOGY ABSORPTION

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

1. 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 Food and Industrial Grade Antioxidants, Food Ingredients & Industrial products aimed to achieve cost reduction, and improvement in quality.

(₹ in Lacs)

		2011-2012	2010-2011
4.	Expenditure on R & D:		
	(a) Capital	—	3.31
	(b) Recurring	149.55	115.90
	(c) Total	149.55	119.21
	(d) Total R & D Expenditure as a percentage of total turnover	0.58%	0.71%

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, Government of India, where continuous efforts are made to innovate new products and improve the quality of Bulk Drugs, Fine Chemicals and products manufactured/procured by the Company and to make the manufacturing process safe, cost effective and environment friendly. Technology imported from Italian subsidiary is under the process of absorption for commercialization of products during the year.
2. Benefits derived as a result of the above efforts, e.g. product development, import substitution, etc. : Technology, 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. The Company is heading towards global leadership in food grade antioxidants.
3. Technology Import : The Company has acquired technology for Tertiary Butyl Catechol (TBC), Guaiacol and Veratrole from its Italian subsidiary for Euro 1.08 million. These products have application as Polymerisation Inhibitor for Styrene and allied monomers, chemical intermediate for manufacturing aroma chemical Vanillin and API and pharmaceutical and agro chemical intermediates respectively.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activity relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company continued its participation in international exhibitions held in Europe and has appointed distributors in U.S.A., Europe, Africa, Latin America, Middle East, South East Asia and other countries.

For giving further boost to export sales, the presence in international exhibitions will be enhanced during the year.

The inspection of manufacturing facilities of the Company by multinational buyers is being organized to inspire the confidence of potential buyers.

(b) Total Foreign Exchange used and earned:

(₹ in Lacs)

	2011-2012	2010-2011
Foreign exchange used	16,256.49	8,596.90
Foreign exchange earned	21,112.31	14,254.77

For & On Behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 24th May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview:

The year under review for food antioxidants TBHQ and BHA was a challenging one due to the pricing volatility of key raw material; Hydroquinone (HQ). The escalation in Hydroquinone prices forced the manufacturers of food antioxidants to protect their margins and markets by adopting short term pricing strategy. This resulted in intense competition for market share. The situation was further worsened by currency fluctuations.

The Company has registered a high growth in this extremely volatile market situation and increased its market share of food antioxidants. This was possible by the focused approach on the stability of supplies and prices to the customers. The backward integration due to acquisition of an Italian Company Borregaard Italia S.p.A. (now known as CFS Europe S.p.A.) helped the Company to ensure competitive pricing of key raw material.

Business Strategy Analysis:

The Mission:

The Company started the year with the mission to be an integrated diphenol manufacturer after the acquisition of CFS Europe S.p.A., a manufacturer of two basic raw materials, HQ and Catechol.

The Strategy:

The business strategy was focused on developing down stream products from HQ and Catechol having applications in the food and industrial segments.

The Company created two major business divisions, namely, Food and Industrial Products. These divisions were created to bring a sharper focus on developing diphenol down stream products. This strategic change has resulted in significant increase in market share of both Food and Industrial Products.

The Company also in the year under review, developed four new Diphenol down stream products namely –

Vanillin, a flavor and aroma chemical having applications in the food industry.

Guaiacol, a chemical intermediate for manufacturing aroma chemical Vanillin and API Guafenesin.

Tertiary Butyl Catechol (TBC), Polymerisation Inhibitor for Styrene and allied monomers.

Guethol, a chemical intermediate to manufacture aroma and chemical compound.

The Company has commercialized the down-stream products like Guaiacol, Veratrole and TBC during the year and will launch commercial Vanillin during the first half of FY 2012-13.

The acquisition of CFS Europe S.p.A. was completed on 8th March, 2011. After initial shut-down, the Company is now fully operational and has reached 80% of the plant capacity during the year. The volume of production during this period of 11 months of the current financial year was 6990 MT. with value of around 23.66 million euro.

Way Forward:

The Company wants to build upon its core strength in the food segment by expanding its basket of products and to emerge as a leading food ingredient and solution providing Company to the food industry in the coming years.

The Company is expanding the capacity of the niche antioxidant, Ascorbyl Palmitate and Food antioxidants TBHQ and BHA to consolidate its position and improve market share.

In order to strengthen the food antioxidant portfolio, the Company is now focusing on developing new products and specialized product systems to improve the shelf life of processed foods.

The Company is in the process of setting up additional Distillation facility for enhancing its capacity of its existing and new products. This facility is expected to be commissioned in the first half of the financial year 2012-13.

The Company is also developing a basket of new ingredients to be added in the areas of bakery, confectionery, dairy and beverages industry.

The Company is also setting up a state of art food application laboratory and testing facility to offer developmental and solution providing capabilities to the customers of food industry in India. This will also enable the Company to penetrate other customers in Asia and Latin America and also to reach other customers worldwide.

Markets:

The Company is targeting to increase its market share in evolving markets like India, China, Latin America, Middle East and South East Asia, where the food processing industry has been growing at a rate of more than 10%. per annum. In the other markets globally which are expected to grow at around 3% per annum, the Company will consolidate its position in the existing markets like USA, Europe.

The customer centric focus:

The Company intends to have a deeper relationship with our customers and increase our market presence to consolidate our position with customers with improved service.

Market Reach & Penetration:

The Company is keen to expand its reach in the growing markets like China, Middle East, Latin America, Asia and India. For this, the Company intends to set up marketing and distribution hubs in these markets to ensure optimal logistical services to customers in this region.

During the year the Company has opened a marketing office in Brazil, Latin America for covering countries like Brazil, Argentina, Colombia, Chile, Peru and Ecuador. The Company is in the process of creating a distribution hub for Latin America to further improve the customer reach and penetration.

Risks and Concerns:

Risk is intrinsic to business and it is the de-risking ability of the Company which marks it successful. The strategy given above would take care of any such risk associated with business.

The availability of key raw materials from international sources at the right quantity and at right price are also risk factors associated with the business of the Company. However Company has taken care of this risk by acquiring an international Company, namely Borregaard Italia s.p.a (now known as CFS Europe S.p.A.), as a step towards backward integration, through its wholly owned subsidiary in Mauritius. The main raw material supplies will thus be available at the right quantity and at right price without any limitation. The risk of over dependence on few overseas suppliers besides price sensitivity has been mitigated by this acquisition.

Further, on the international currencies front, volatility of exchange rate is a matter of concern for a Company like us whose major sales are worldwide. However, the risk associated with currency fluctuation has been mitigated by effective forex management along with judicious use of natural hedge provided by exports and the Company adopts a very conservative and cautious approach in forex operations.

Increase in the cost structure is a risk that threatens profitability. The Company has taken suitable cost control steps at various levels and costs are being monitored to ensure that they are commensurate with the increase in the business.

Lack of clarity on future Government policies continues to be an area of major concern for the industry. The exact impact of this cannot be assessed until the proposed changes are actually introduced and implemented.

Internal Control Systems and their Adequacy:

The Company has adequate internal control procedures commensurate with its size and nature of business.
The Company has clearly laid down policies, guidelines and procedures that form a part of the internal control systems. The adequacy of Internal Control Systems, which encompass the Company's business processes and financial reporting systems, is examined by the management as well as by its internal auditors at regular intervals. The internal auditors carry out audits at regular intervals in order to identify weaknesses and suggest improvements for better functioning. The observations and recommendations of the Internal Auditors are discussed by the Audit Committee, to ensure effective corrective action.

Discussion on Financial Performance with Respect to Operational Performance:

Sales during the year ended 31st March, 2012 were higher at ₹ 25,206.23 Lacs as against ₹ 16,475.96 Lacs in the previous year. There was an increase of ₹ 8,730.27 Lacs in sales over the previous year thereby registering a growth of 52.98%. Profit before tax was ₹ 1,644.07 Lacs as against ₹ 841.85 Lacs showing an increase of ₹ 802.22 Lacs over the previous year thereby registering a growth of 95.29%.

Human Resources and Industrial Relations:

The Company constantly facilitates and encourages its employees at all levels to enhance their knowledge and skills and continuously seeks to inculcate within its employees, a strong sense of business ethics and social responsibility.

The Company has taken HR initiatives and partnered with Deloitte, one of the major HR Consulting firms in the world, to look at some critical areas in HR such as Organization Structure, Roles & Responsibilities, Performance Management System and Rewards Scheme and bring about changes in these systems in line with leading practices in the sector. The association with Deloitte should bring in close integration and performance based approach amongst the employees covered in the said exercise.

Relations with the employees at all levels remained cordial during the year. Your Company has 206 permanent employees as on 31st March, 2012.

For & On Behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 24th May, 2012

REPORT ON CORPORATE GOVERNANCE

Your Directors present the Company's Report on Corporate Governance as per Clause 49 of the Listing Agreement for the year ended 31st March, 2012.

1. Company's Philosophy on Code of Governance:

Camlin Fine Sciences philosophy of corporate governance is to conduct its business on the basis of ethical business value and maximise its value to all its stakeholders. The Company has inculcated a culture of transparency, accountability and integrity. The Company has already put in place systems and procedures and has complied with the revised Clause 49 of the Listing Agreement.

2. Board of Directors:

Composition

The Company has a Non-Executive Chairman and the number of Independent Directors is more than half of the total strength of the Board. The Company has complied with the requirements of Clause 49 of the Listing Agreement in respect of the Composition of the Board.

None of the Independent Directors have any material pecuniary relationship or transactions with the Company.

Necessary disclosures regarding composition of the Board, category, attendance of Directors at the Board Meetings and last Annual General Meeting, number of other Directorship and other Committee Memberships are given below:

Name & Designation of Directors	Category	No. of Board Meetings attended	No. of Directorships held in other Companies (*)	Attendance at last AGM	No. of Committee positions held in other Companies	
					Chairman of Committee	Member of Committee
Mr. Dilip D. Dandekar, *Chairman*	NED	3	8	No	Nil	1
Mr. Ashish S. Dandekar, *Managing Director*	ED	5	6	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	5	Nil	Yes	Nil	Nil
Mr. Sharad M. Kulkarni	NED (I)	5	9	Yes	5	3
Mr. Abeezar E. Faizullabhoy	NED (I)	4	1	No	Nil	Nil
Mr. Bhargav A. Patel	NED (I)	4	2	Yes	Nil	Nil

ED – Executive Director/NED (I) – Non Executive Director (Independent).

(*) Excludes Directorship in Private Limited Companies, Foreign Companies, Companies under Section 25 and Alternate Directorship.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees as specified in Clause 49, across all the Companies in which he is a Director.

Number of Board Meetings:

During the financial year 2011-2012, Five (5) Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	26th April, 2011	6	6
2.	25th May, 2011	6	5
3.	29th July, 2011	6	4
4.	10th November, 2011	6	5
5.	6th February, 2012	6	6

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board members and Senior Managerial Personnel of the Company. The Code of conduct is available on web-site of the Company at www.camlinfs.com.

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct and a declaration to that effect signed by the Managing Director has been obtained.

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS BEING RE-APPOINTED:

(A) Mr. Pramod M. Sapre

Mr. Pramod M. Sapre, aged 73 years, B. Sc and Diploma in Marketing Management, Director of the Company, since June, 2006, has long and varied experience in the field of Marketing of Pharmaceutical Products.

Other Directorships:

Name of the Company	Position
Kusum Healthcare Private Ltd.	Director

(B) Mr. Sharad M. Kulkarni

Mr. Sharad M. Kulkarni, aged 73 years, has a Degree in Engineering (B. E.) from University of Pune and is a Fellow of the Institute of Engineers India.

He acts as a Business Advisor and Management Consultant to several Indian and International companies and is also associated with several NGO's and Educational Trusts. He has held positions of CEO & President of major International and Indian Corporate entities during his career of 47 years.

His area of expertise covers Business development, International Alliance management, Strategic Planning, Management of Institutions of learning, Venture funding and Corporate Governance.

Other Directorships:

Name of the Company	Position
Bayer Cropscience Ltd.	Director
Hindustan Construction Co. Ltd.	Director
JM Financial Trustee Company Pvt. Ltd.	Director
KEC International Ltd.	Director
Ineos ABS (India) Ltd.	Director
Lavasa Corporation Ltd.	Director
Navin Fluorine International Ltd.	Director
Raychem RPG Ltd.	Director
RPG Enterprises Ltd.	Director
HCC Real Estate Ltd.	Director

Committees of the Board:

The Board of Directors has constituted four committees: Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration Committee and Compensation Committee. The role and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration Committee and Compensation Committee are placed before the Board periodically for its information and noting.
The details as to the composition, terms of reference, number of meeting and the related attendance etc., of these Committees are given below:

3. Audit Committee:

Composition, meetings and the attendance during the year:

The Audit Committee was constituted on 27th November, 2006. The Company has complied with all the requirements of Clause No. 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee.

During the financial year 2011-2012, four (4) meetings of the Audit Committee were held on the 25th May, 2011, 29th July, 2011, 10th November, 2011 and 6th February, 2012.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Sharad M. Kulkarni	Chairman	NED (I)	4
Mr. Pramod M. Sapre	Member	NED (I)	4
Mr. Abeezar E. Faizullabhoy	Member	NED (I)	3
Mr. Bhargav A. Patel	Member	NED (I)	3

The Audit Committee meetings were attended by the Non-Executive Chairman, Independent Directors, the Managing Director and the Chief Financial Officer. The representatives of the Internal Auditors, Statutory Auditors were also invited to the meeting. The Dy. Company Secretary acted as the Secretary to the Committee.

Terms of reference:

The terms of reference of the Committee, inter alia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as specified in Section 292(A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

4. Remuneration Committee:

Composition, meetings and the attendance during the year:

The Remuneration Committee was constituted on 27th November, 2006.

During the financial year 2011-2012, one (1) meetings of the Remuneration Committee was held on the 25th May, 2011.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Pramod M. Sapre	Chairman	NED (I)	1
Mr. Sharad M. Kulkarni	Member	NED (I)	1
Mr. Abeezar E. Faizullabhoy	Member	NED (I)	1
Mr. Bhargav A. Patel	Member	NED (I)	—

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognise their contribution and retain talent in the organisation and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

Remuneration to Directors:

(A) Managing Director:

Following is the Remuneration paid to the Managing Director during the financial year ended 31st March, 2012.

(₹ In Lacs)

Name	Salary including HRA	Perquisites #	Contribution to P.F. and Other Funds	Total
Mr. Ashish S. Dandekar	40.63	27.00	12.92	80.55

Perquisites inter alia, include reimbursement of expenses/allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone/fax facilities, benefit of personal accident insurance scheme etc.,

The Managing Director is also entitled to Company's contribution to provident fund, superannuation, gratuity and encashment of leave at the end of tenure as per the rules of the Company.

Agreement for a period of three (3) years w.e.f. 1st September, 2010 has been entered into with the Managing Director.

(B) Non-Executive Directors/Independent Directors:

During the financial year 2011-2012, the Company has paid remuneration to Mr. Dilip D. Dandekar. The detail of payment is given below:

Name	Category	Amount Paid
Mr. Dilip D. Dandekar	NED	₹ 18,00,000

Besides the above payment of remuneration, the Company pays sitting fees to Non-Executive Directors/Independent Directors for attending the meetings of the Board/Committees of the Board and reimbursement of conveyance for attending such meetings. Additionally subject to approval of members at the ensuing Annual General Meeting it is proposed to pay commission to Non-Executive Directors/Independent Directors except Mr. Dilip D. Dandekar. The details of payment of sitting fees and commission during the year 2011-2012 are given below:

(₹)

Name	Board	Audit Committee	Shareholders/ Investors Grievance Committee	Compensation Committee	Remuneration Committee	Total
Mr. Sharad M. Kulkarni	50000	40000	—	10000	5000	105000
Mr. Pramod M. Sapre	50000	40000	—	10000	5000	105000
Mr. Abeezar E. Faizullabhoy	40000	30000	20000	10000	5000	105000
Mr. Bhargav A. Patel	40000	30000	—	10000	—	80000
Mr. Dilip D. Dandekar	30000	—	15000	—	—	45000
GRAND TOTAL	210000	140000	35000	40000	15000	440000

Name	Category	Commission
Mr. Pramod M. Sapre	NED (I)	₹ 2,00,000
Mr. Sharad M. Kulkarni	NED (I)	₹ 2,00,000
Mr. Abeezar E. Faizullabhoy	NED (I)	₹ 2,00,000
Mr. Bhargav A. Patel	NED (I)	₹ 2,00,000

The Company has introduced the ESOP Scheme viz. "CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2008" to its permanent Employees/Directors in the financial year 2008-09.

Details of Shareholding of Non-Executive Director/Independent Directors as on 31st March, 2012:

Name	Shares held
Mr. Dilip D. Dandekar	713560
Mr. Pramod M. Sapre	39995
Mr. Sharad M. Kulkarni	28200
Mr. Abeezar E. Faizullabhoy	26500

5. Shareholders/Investors Grievance Committee:

Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted on 27th November, 2006 to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non-receipt of Annual Reports, and non-receipt of Dividend etc.

During the financial year 2011-2012 four (4) meeting were held on 25th May, 2011, 22nd July, 2011, 10th November, 2011 and 6th February, 2012.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Abeezar E. Faizullabhoy	Chairman	NED (I)	4
Mr. Dilip D. Dandekar	Member	NED	3
Mr. Ashish S. Dandekar	Member	ED	4

The Board has designated Ms. Arpita S. Patwardhan, Dy. Company Secretary as the Compliance Officer.

Complaints received and redressed by the Company during the financial year:

During the year, two (2) complaints about non receipt of Rights Issue form was received from shareholders, which were attended to promptly and resolved to the satisfaction of the concerned Shareholders. There were no pending complaints at the close of the Financial year.

6. Compensation Committee:

Composition, meeting and the attendance during the year:

The Compensation Committee was constituted on 29th April, 2008.

During the financial year, one (1) meeting was held on 10th November, 2011.

Details of Composition of the Committee and attendance of the members at the meeting are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Abeezar E. Faizullabhoy	Chairman	NED (I)	1
Mr. Dilip D. Dandekar	Member	NED	—
Mr. Ashish S. Dandekar	Member	ED	1
Mr. Pramod M. Sapre	Member	NED (I)	1
Mr. Sharad M. Kulkarni	Member	NED (I)	1
Mr. Bhargav A. Patel	Member	NED (I)	1

Terms of reference:

To formulate Employees Stock Option Scheme (ESOP) and its implementation.

To administer and supervise the compliance of the detailed terms and conditions in accordance with SEBI Guidelines.

7. General Body Meetings:

Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year	Venue	Date and Time
2010-2011	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020.	29th July, 2011 at 3.00 p.m.
2009-2010	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020.	1st July, 2010 at 3.30 p.m.
2008-2009	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020.	21st August, 2009 at 3.30 p.m.

Two Special Resolutions were passed at the 16th Annual General Meeting, two Special Resolutions were passed at the 17th Annual General Meeting and three Special Resolutions were passed at the 18th Annual General Meeting.

8. Postal Ballot:

The Company successfully completed the process of obtaining the approval of its members by way of Special & Ordinary Resolutions, details of the Resolutions passed under Postal Ballot are as under:

Notice Dated : 30th June, 2011

Special Resolution u/s 17 of the Companies Act, 1956 for alteration to the main object clause of Memorandum of Association of the Company

Particulars	No. of postal ballot forms	No. of shares	% to total valid votes cast
Total Postal Ballot Forms received	334	5500630	—
Less: Invalid Postal Ballot Forms (as per register)	11	1582	—
Net valid Postal Ballot Forms (as per register)	323	5499048	—
Postal Ballot Forms with assent for the Resolution	317	5498139	99.98
Postal Ballot Forms with dissent for the Resolution	9	909	0.02

Notice Dated : 10th November, 2011

Special Resolution u/s 17 of the Companies Act, 1956 for alteration to the main object clause of Memorandum of Association of the Company

Particulars	No. of postal ballot forms	No. of shares	% to total valid votes cast
Total Postal Ballot Forms received	389	6711680	—
Less: Invalid Postal Ballot Forms (as per register)	12	66722	—
Net valid Postal Ballot Forms (as per register)	377	6644958	—
Postal Ballot Forms with assent for the Resolution	371	6643655	99.98
Postal Ballot Forms with dissent for the Resolution	9	1303	0.02

Ordinary Resolution u/s 94 of the Companies Act, 1956 for Sub-division of Equity Shares from face value ₹ 10/- each to ₹ 2/- each and consequent alteration to the Memorandum of Association of the Company.

Particulars	No. of postal ballot forms	No. of shares	% to total valid votes cast
Total Postal Ballot Forms received	389	6711680	—
Less: Invalid Postal Ballot Forms (as per register)	12	66722	—
Net valid Postal Ballot Forms (as per register)	377	6644958	—
Postal Ballot Forms with assent for the Resolution	370	6643710	99.98
Postal Ballot Forms with dissent for the Resolution	9	1248	0.02

Special Resolution u/s 31 of the Companies Act, 1956 for consequent alteration to the Articles of Association of the Company for Sub-division of Equity Shares.

Particulars	No. of postal ballot forms	No. of shares	% to total valid votes cast
Total Postal Ballot Forms received	389	6711680	—
Less: Invalid Postal Ballot Forms (as per register)	12	66722	—
Net valid Postal Ballot Forms (as per register)	377	6644958	—
Postal Ballot Forms with assent for the Resolution	370	6643540	99.98
Postal Ballot Forms with dissent for the Resolution	9	1418	0.02

Special Resolution u/s 192A, 292, 372A of the Companies Act, 1956 authorising the Board of Directors to make/give loan(s), give guarantee(s) provide any security to any body/bodies corporate, which may or may not be subsidiary/ies of the Company.

Particulars	No. of postal ballot forms	No. of shares	% to total valid votes cast
Total Postal Ballot Forms received	389	6711473	—
Less: Invalid Postal Ballot Forms (as per register)	12	66722	—
Net valid Postal Ballot Forms (as per register)	375	6644751	—
Postal Ballot Forms with assent for the Resolution	352	6639610	99.92
Postal Ballot Forms with dissent for the Resolution	27	5141	0.08
Not Voted (Abstained)	2	207	—

Accordingly the said resolutions were approved by the members, with requisite and overwhelming majority.

M/s. J. H. Ranade & Associates, Practicing Company Secretary who was appointed as the Scrutinizer to carry out the postal ballot process in a fair and transparent manner. The results were announced on 12th August, 2011 & 4th January, 2012 respectively.

Mr. Dilip D. Dandekar, Chairman announced the Postal Ballot results as per the Scrutinizer report on 12th August, 2011 and 5th January, 2012 respectively and the said results were published in the news paper Free Press Journal and Navashakti.

Procedure for Postal Ballot:

After receiving the approval of the Board of Directors, the Notice, Explanatory Statement alongwith the postal ballot form and reply paid self addressed envelope, were dispatched to the members to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. The calendar of events of the postal ballot process was filed with the Registrar of Companies, Maharashtra within the stipulated period. After the last date of receipt of postal ballots the scrutinizer, after due verification, submitted his report. Thereafter the result of the Postal Ballot was declared by the chairman. The same were posted on the website of the Company and at the registered office of the Company.

None of the Resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

9. Disclosures

Related Party Transactions

The Company did not enter into any materially significant related party transactions, which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed under Schedule No. 29(iv) to the financial statements in the Annual Report.

Compliance with Regulations

The Company has complied with all the requirements of the Listing Agreements with the Bombay Stock Exchange Limited as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchange or any other statutory authority in any matter relating to capital markets after the listing of Shares on the Bombay Stock Exchange Ltd.

Accounting Standards

The Company has followed accounting treatment as prescribed in Accounting Standards applicable to the Company.

Risk Management

The Board regularly reviews the risk management strategy of the Company to ensure the effectiveness of the risk management policies and procedures.

CEO/CFO Certification

Managing Director and the Chief Financial Officer of the Company have furnished the requisite Certificates to the Board of Directors under Clause 49 (V) of the Listing Agreement.

10. Means of Communication:

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as Economic Times and Maharashtra Times.
- As per requirements of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc., is provided on the Company's web-site i.e. www.camlinfs.com within the time frame prescribed in this regard.

11. General Shareholder Information:

As indicated in the Notice to our Shareholders, the 19th Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai - 400 020 on Wednesday, the 1st August, 2012 at 3.00 p.m.

(i)	Financial Calendar:		Financial Reporting by:
	Unaudited Results for the quarter ending 30th June, 2012	:	14th August, 2012
	Unaudited Results for the quarter ending 30th September, 2012	:	15th October, 2012
	Unaudited Results for the quarter ending 31st December, 2012	:	14th January, 2013
	Audited Results for the year ending 31st March, 2013	:	end of May, 2013
(ii)	Date of Book Closure	:	From 25th July, 2012 to 1st August, 2012 (both days inclusive)
(iii)	Date of Dividend Payment	:	on or before 30th August, 2012
(iv)	Listing of Equity Shares on Stock Exchange	:	The Equity Shares of the Company are listed at Bombay Stock Exchange Limited (Stock Code 532834)
(v)	Demat ISIN in CDSL/NSDL	:	INE052I01024

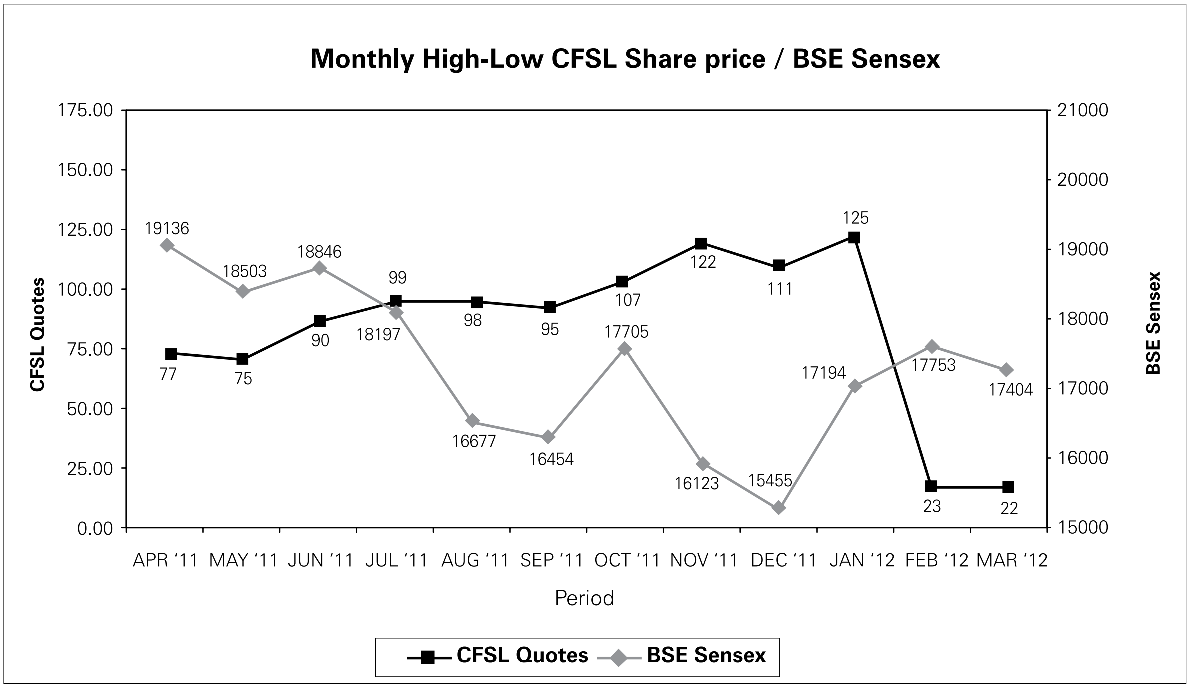
(vi) Share Price (High & Low) for the year 2011-2012 at BSE:

Month	High (₹)	Low (₹)
April, 2011	84.90	65.00
May, 2011	79.00	63.75
June, 2011	93.00	71.00
July, 2011	115.90	82.00
August, 2011	113.70	88.00
September, 2011	108.00	89.90
October, 2011	117.00	93.00
November, 2011	152.30	105.05
December, 2011	125.00	105.50
January, 2012	129.00	107.10
February, 2012	144.00	21.85
March, 2012	24.85	20.10

Note: Stock Split from ₹ 10/- to ₹ 2/- w.e.f. 17th February, 2012.

Stock Performance:

The performance of the Company's share in comparison to BSE Sensex is given in the Chart below:



(vii) Registrars and Share Transfer Agents for Shares:

M/s. Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072.

(viii) Share Transfer System:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agent and approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgment, subject to the transfer instrument being valid and complete in all respects.

(ix) Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Up to 500	2614	43.45	790920	1.69
501 - 1000	1680	27.93	1547442	3.31
1001 - 2000	868	14.43	1324774	2.83
2001 – 3000	353	5.87	823513	1.76
3001 - 4000	107	1.78	379628	0.81
4001 - 5000	91	1.51	429513	0.92
5001 - 10000	124	2.06	915535	1.96
10001 and above	179	2.97	40583065	86.72
TOTAL	**6016**	**100.00**	**46794390**	**100.00**

(x) Shareholding Pattern as on 31st March, 2012:

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/Hindu Undivided Family	13	21,109,145
(b)	Central Government/State Government(s)	—	—
(c)	Bodies Corporate	3	3,007,410
(d)	Financial Institutions/Banks	—	—
(e)	Any Other (specify)	—	—
	SUB-TOTAL (A) (1)	**16**	**24,116,555**
(2)	Foreign		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	1	586,400
(b)	Bodies Corporate	—	—
(c)	Institutions	—	—
(d)	Any Other (specify)	—	—
	SUB-TOTAL (A)(2)	**1**	**586,400**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**17**	**24,702,955**
(B)	Public Shareholding		
(1)	Institutions		
(a)	Mutual Funds/UTI	—	—
(b)	Financial Institutions/Banks	4	2,250
(c)	Central Government/State Government(s)	—	—
(d)	Venture Capital Funds	—	—
(e)	Insurance Companies	—	—
(f)	Foreign Institutions Investors	—	—
(g)	Foreign Venture Capital Investors	—	—
(h)	Any Other (specify)	—	—
	SUB-TOTAL (B)(1)	**4**	**2,250**
(2)	Non-institutional		
(a)	Bodies Corporate	163	4,053,500
(b)	Individuals		
	Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,755	12,362,221
	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	29	5,496,055
(c)	Non-Resident (Non-Rep)	14	45,729
	Non-Resident (Rep)	34	131,680
	Trust	—	—
	SUB-TOTAL (B)(2)	**5,995**	**22,089,185**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**5,999**	**22,091,435**
	TOTAL (A)+(B)	**6,016**	**46,794,390**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	—	—
GRAND TOTAL (A)+(B)+(C)		**6,016**	**46,794,390**

(xi) **Dematerialisation of Shares:**

The Company's Equity Shares are held in dematerialised form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN No. INE052I01024. As on 31st March, 2012, 96.39% of the totals shares of the Company have been dematerialised.

(xii) **Outstanding: GDR/ADR/Warrants/Options:**

As of date, the Company has not issued GDRs/ADRs/Options.

The Company has issued 2,64,375 Equity Shares of ₹ 2/- each to its employees under the ESOP Scheme - 2008 at a price of ₹ 10/- & ₹ 12.40 per Share on 26th August, 2011, 8th December, 2012 & 26th March, 2012.

(xiii) **Subsidiary Company:**

The Company does not have any materially unlisted Indian Subsidiary Company and hence is not required to have an Independent Director of the Company on the Board of such Subsidiary.

(xiv) **Plant Location:** D-2/3 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.
N/165 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.

(xv) **Address for correspondence:**

Registered Office	:	Plot No.F/11 & F/12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri East, Mumbai 400 093.
Tel No.	:	022-6700 1000
Fax No.	:	022-28324404
E-mail	:	secretarial@camlinfs.com

(xvi) **Secretarial Department:**

The Company's Secretarial Department, headed by the Dy. Company Secretary, is situated at the Registered Office mentioned above. Shareholders/Investors may contact the Company Secretary for any assistance they may need.

11. Non Mandatory Requirements:

Non Executive Chairman's Office:

The Chairman of the Company is a Non Executive Chairman

Remuneration Committee:

The Company has a Remuneration Committee, the details of which are provided in this report under the section Remuneration Committee.

Shareholders rights:

The Quarterly, Half Yearly and Annual Financial Results of the Company are published in the Newspaper and also posted on the Company's website. The complete Annual Report is sent to each and every Shareholder of the Company.

Audit Qualifications:

There are no Audit qualifications in the Company's financial statement for the year under reference.

For & On Behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 24th May, 2012

Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of Camlin Fine Sciences limited

We have examined the compliance of conditions of Corporate Governance by Camlin Fine Sciences Ltd. for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars and Transfer Agents and reviewed by the Shareholders Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For B. K. KHARE & COMPANY
Chartered Accountants
Firm Registration No. 105102W

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 24th May, 2012

AUDITORS' REPORT

TO

THE MEMBERS OF CAMLIN FINE SCIENCES LIMITED

1. We have audited the attached Balance Sheet of CAMLIN FINE SCIENCES LIMITED as at 31st March, 2012, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.

4. Further to our comments in the Annexure referred above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (ii) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

   (iii) The Balance Sheet and Statement of Profit and Loss and Cash Flow dealt with by this Reports are in agreement with the books of account.

   (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards Statement referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   (v) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012,

      (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and

      (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. KHARE & COMPANY
Chartered Accountants
Firm Registration No. 105102W

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 24th May, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, all the assets have not been physically verified by the Management during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, during the year, the Company has not disposed of substantial part of fixed assets.

(ii) (a) Physical verification of inventory was conducted by the Management at reasonable intervals during the year. In respect of stocks lying with vendors the management has obtained confirmations as on the date of Balance Sheet.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.

(iii) (a) The Company had granted unsecured loans to subsidiary and associate companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 2,028.28 Lacs and balance outstanding at the end of the year is ₹ 2,028.28 Lacs.

(b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loan given to the company listed in the register maintained under Section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us, during the year ended March 31, 2012 the company has taken unsecured loans from companies and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 200.00 Lacs and balance outstanding at the end of the year is ₹ Nil.

(d) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loans taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.

(v) (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies act, 1956 have been entered in the register required to be maintained under that section;

(b) In our opinion and according to the information and explanation given to us, in respect of transactions which have been made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and exceeding the value of ₹ 5,00,000 in respect of any party during the year, we are not in the position to compare the prices with the prevailing market prices or prices charged to other parties as there have been no other such purchases or sales of exact type of goods, materials or sales of services and hence we have relied on managements representation as to reasonableness of such prices.

(vi) The Company had accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA and the relevant provisions of the Companies Act, 1956 and rules framed thereunder, where applicable, have been complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) The Central Government has prescribed maintenance of cost records under Sections 209(1)(d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

(ix) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31st March, 2012 for a period of more than six months from the date they became payable except repayment of deferred sales tax loan which is overdue amounting to ₹ 0.73 lacs.

(c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute.

(x) The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.

(xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has given corporate guarantee for loans taken by its subsidiary company from bank, the terms and conditions thereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the company were, prima-facie, applied by the company during the year for the purposes for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow of the Company, the funds raised on short-term basis have not been utilized for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures during the year.

(xx) During the year the Company has not raised any money by way of public issue.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For B. K. KHARE & COMPANY
Chartered Accountants
Firm Registration No. 105102W

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 24th May, 2012

Balance Sheet As at 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	935.89	930.60
(b) Reserve & Surplus	3	3,988.93	3,219.26
		4,924.82	4,149.86
2. Non-current liabilities			
(a) Long-term Borrowings	4	3,299.07	3,999.92
(b) Deferred tax liabilities	5	332.11	293.46
		3,631.18	4,293.38
3. Current liabilities			
(a) Short-term Borrowings	6	5,067.26	2,337.41
(b) Trade payables	7	5,720.96	3,667.65
(c) Other current liabilities	8	1,246.28	554.82
(d) Short-term provisions	9	505.50	366.38
		12,540.00	6,926.26
TOTAL		21,096.00	15,369.50
II. ASSETS			
Non-current assets			
1. (a) Fixed assets			
(i) Tangible assets	10	3,670.03	3,754.67
(ii) Intangible assets	10	1,171.58	239.73
(iii) Capital work-in-progress		223.22	330.00
		5,064.83	4,324.40
(b) Non-current Investments	11	133.31	147.86
(c) Long-term loans and advances	12	136.73	118.55
2. Current assets			
(a) Inventories	13	4,846.39	2,897.62
(b) Trade receivables	14	6,279.56	4,025.10
(c) Cash and Cash Equivalents	15	707.97	872.37
(d) Short-term loans and advances	16	3,927.21	2,983.60
		15,761.13	10,778.69
TOTAL		21,096.00	15,369.50
Significant Accounting Policies	1		
Notes to the Financial Statements	25-38		

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

D. D. Dandekar	*Chairman*
A. S. Dandekar	*Mg. Director*
S. M. Kulkarni	*Director*
P. M. Sapre	*Director*
B. A. Patel	*Director*
D. R. Puranik	*Chief Financial Officer*
Arpita Patwardhan	*Dy. Company Secretary*

Statement of Profit and Loss For the Year ended 31st March, 2012

(₹ in Lacs)

Particulars Continuing Operations	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
I. Income			
Revenue from operations (Gross)		25,620.94	16,684.90
Less: Excise Duty		414.71	208.95
Revenue from operations (Net)	17	25,206.23	16,475.95
II. Other Income	18	355.79	132.49
III. Total Revenue (I + II)		25,562.02	16,608.44
IV. EXPENDITURE:			
Cost of materials consumed	19	14,720.66	11,186.60
Purchase of stock-in-trade	20	2,332.58	115.87
Changes in Inventories of finished goods/WIP/stock-in-trade	21	(566.76)	(603.43)
Employee benefits expense	22	945.46	812.79
Finance cost	23	1,620.11	800.38
Depreciation and amortisation expense		648.94	546.23
Other expenses	24	4,216.96	3,124.67
		23,917.95	15,983.11
Less: Relating to Product Development Capitalised		—	216.52
		23,917.95	15,766.59
V. Profit before tax (III - IV)		1,644.07	841.85
VI. Less: Tax expense			
— Current tax [including relating to prior years ₹ 54.19 (Previous year ₹ Nil)]		591.38	218.65
— Deferred tax		38.66	(43.00)
VII. Profit for the period (V-VI)		1,014.03	666.20
VIII. Earnings per equity share of face value of ₹ 2/- each	29 (i)		
Basic		2.18	1.50
Diluted (Previous year earnings restated for share split)		2.16	1.48
Significant Accounting Policies	1		
Notes to the Financial Statements	25-38		

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

D. D. Dandekar *Chairman*
A. S. Dandekar *Mg. Director*
S. M. Kulkarni *Director*
P. M. Sapre *Director*
B. A. Patel *Director*
D. R. Puranik *Chief Financial Officer*
Arpita Patwardhan *Dy. Company Secretary*

Cash Flow Statement For the Year ended 31st March, 2012

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation	1,644.07	841.84
Adjustments for:		
Depreciation on Fixed Assets	648.94	546.23
Deferred employee compensation expenses amortised	6.03	1.53
Foreign Exchange loss/(gain) (Unrealised)	(39.82)	35.53
(Profit)/Loss on Sale of Fixed Assets	(179.36)	0.27
Provision for Doubtful Debts (Net)	46.52	17.88
Provision for leave encashment	16.80	10.25
Interest Expenses	1,620.11	800.39
Interest Received/Dividend Received	(163.76)	(73.16)
Operating Profit before Working Capital changes	**3,599.53**	**2,180.76**
Adjustments for:		
(Increase)/Decrease in inventories	(1,948.77)	(593.73)
(Increase)/Decrease in trade receivables	(2,261.12)	(749.84)
(Increase)/Decrease in short term loans and advances	(943.61)	(2,210.35)
(Increase)/Decrease in long term loans and advances	(18.19)	5.76
(Increase)/Decrease in trade payable	2,053.32	637.79
(Increase)/Decrease in other payable	829.82	31.53
Cash Generated/(used) in Operations	**1,310.98**	**(698.08)**
Direct taxes paid	(524.79)	(190.60)
Net cash used from Operating Activities	**786.19**	**(888.68)**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,538.41)	(918.53)
Sale of Fixed Assets	328.40	0.05
(Purchase)/Sale of Investments	14.55	(66.73)
Interest received	163.66	73.06
Dividend received	0.10	0.10
Net cash used in Investing Activities	**(1,031.70)**	**(912.05)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	2,301.31	2,329.96
Proceeds from Share Capital	32.15	551.89
Proceeds from Unsecured Loan	(425.00)	417.76
Interest Paid	(1,613.41)	(791.79)
Dividend Paid	(183.75)	(114.08)
Tax on Dividend	(30.19)	(19.76)
Net cash generated from Financing Activities	**81.11**	**2,373.98**

Cash Flow Statement For the Year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(164.40)	573.25
Opening Cash and Cash Equivalents		
Cash in hand	7.72	2.40
Bank balances	864.65	289.95
Cash and Bank Balance acquired pursuant to the Scheme of Amalgamation	—	6.77
Closing Cash and Cash Equivalents		
Cash in hand	6.87	7.72
Bank balances	701.10	864.65
	707.97	872.37

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

D. D. Dandekar *Chairman*
A. S. Dandekar *Mg. Director*
S. M. Kulkarni *Director*
P. M. Sapre *Director*
B. A. Patel *Director*
D. R. Puranik *Chief Financial Officer*
Arpita Patwardhan *Dy. Company Secretary*

Notes to the Financial Statements For the Year Ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in all material respects with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(i) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the year in which the results are known/materialised.

(ii) Presentation and Disclosure of Financial Statements

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the revised Schedule VI notified under the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as 12 months for the purpose of current & non-current classification of assets & liabilities.

(iii) Tangible and Intangible Fixed Assets

(a) Fixed assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of CENVAT and VAT). All direct expenses attributable to acquisition of Fixed Assets are capitalised.

(b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The up gradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.

(c) Intangible assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

(iv) Impairment of Assets

The carrying amount of Cash Generating Units/Assets is reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(v) Depreciation

(a) Depreciation on all assets of the Company except leasehold land and improvements to leasehold premises, is provided on Straight-Line basis as applicable under the Companies Act, 1956.

(b) Leasehold land and improvements to leasehold premises are depreciated over respective period of lease.

(c) Capitalised ERP Hardware/Software, Technical Knowhow and development expenditure of projects/products incurred is amortised over the estimated period of benefits, not exceeding five years.

(vi) Investments

Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments.

Current investments are stated at cost or fair value whichever is lower.

(vii) Inventories

A.	Raw Material and Packing Materials.	At weighted average cost
B.	Work-in-progress and finished goods.	At Cost or Net Realisable Value whichever is lower. Cost includes cost of materials, labour and appropriate manufacturing overheads.

Notes to the Financial Statements For the Year Ended 31st March, 2012

(viii) Excise Duty

Excise duty on finished goods manufactured is accounted on clearance of goods from the factory premises and also in respect of year-end stocks in bonded warehouse, wherever applicable. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs and booking of the invoices in respect thereof.

(ix) Foreign Currency Transactions

(a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year-end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract.

(c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

(x) Research and Development

Revenue expenditure on Research and Development is included under the natural heads of expenditure.

Capital expenditure on Research and Development (R&D) is capitalised as fixed assets. Development cost including legal expenses and/or in relation to patent/trade marks relating to the new and improved product and/or process development is recognised as an intangible asset to the extent that it is expected that such asset will generate future economical benefits.

(xi) Employee Stock Option Scheme

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(xii) Employee Retirement Benefits

(a) Short-Term Employee benefits

All short-term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit & loss account.

(b) Defined Contribution Plan

The Company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner and contribution of the company is charged to the profit & loss account on accrual basis.

The Company has a scheme of Superannuation with LIC of India and contribution of the company is charged to the profit & loss account on accrual basis.

(c) Defined Benefit Plan

The Company's liability towards gratuity to its employees is covered by a group gratuity policy with an insurance company. The contribution paid/payable to insurance company is debited to Profit & Loss Account on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to Profit & Loss Account on accrual basis. Charge to the Profit and Loss Account includes premium paid, current service cost, interest cost, expected return on plan assets and gain/loss in actuarial valuation during the year net of fund value of plan asset as on the balance sheet date.

(d) Other long-term benefits

Liability towards leave salary is provided on actuarial basis using the Projected Unit Credit method and it is unfunded.

(xiii) Revenue/Expense Recognition

(a) Revenue from the sale of products is recognized when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding collectability of the amount due, associated costs or the possible return of goods.

Notes to the Financial Statements For the Year Ended 31st March, 2012

(b) Revenue in respect of overdue interest, insurance claim, export benefits, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.

(c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.

(d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

(xiv) Contingent Liabilities

Liabilities are disclosed by way of Notes appended to the Balance Sheet in case there is an obligation that may probably not require cash outflow.

(xv) Income Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(xvi) Earning Per Share

Basic earning per equity share is computed by dividing net profit by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding adjusted for the effects of all dilutive potential equity shares.

(xvii) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(xviii) Leasehold Improvements

Expenditure incurred on improvements to leasehold premises is classified into Capital and Revenue. Additions of assets are capitalized under Fixed Assets and balance expenditure, if any, is recognized as expenditure in Profit and Loss Account.

(xix) Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

(xx) Lease

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(xxi) Segment Reporting

The Company operates in two business segments: Manufactured Products and Traded Products. These segments have been identified and reported taking into account the differential risks and return of the segments, the organisation structure and the internal financial reporting systems.

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under "Unallocable Expenses". Assets and Liabilities which relate to the enterprise as a whole but not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
2. SHARE CAPITAL		
Details of authorised, issued and subscribed share capital		
Authorised Share Capital		
670,50,000 Equity Shares of ₹ 2/- each (Previous Year 135,00,000 equity shares of ₹ 10/- each)	1,350.00	1,350.00
Issued, subscribed and fully paid-up share capital		
4,67,94,390 Equity Shares of ₹ 2/- each (Previous Year 93,06,003 equity shares of ₹ 10/- each)	935.89	930.60
	935.89	**930.60**
(a) Pursuant to approval of the members dated 5th January 2012 through postal ballots, one equity share having face value of ₹ 10/- each has been sub-divided into five equity shares of ₹ 2/- each.		
(b) Terms/Rights attached to equity shares		
The Company has only one clause of shares referred to as equity shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.		
The Company declares and pays dividends in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.		
The Board of Directors in their meeting held on 24th May 2012 proposed dividend of ₹ 0.50/- per equity shares of face value of ₹ 2/- (Previous Year ₹ 2/- per equity share of face value of ₹ 10/-).		
In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the share holders.		

(c) Reconciliation of number of shares

Equity Shares

(₹ in Lacs)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
Face value per share (in ₹)		2		10
Shares outstanding at the beginning of the year	46,530,015	930.60	5,814,480	581.45
Add: Issued during the year	—	—	3,488,208	348.82
Add: Additions due to issue of ESOPs	264,375	5.29	3,315	0.33
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	46,794,390	935.89	9,306,003	930.60

Notes to the Financial Statements For the Year Ended 31st March, 2012

2. SHARE CAPITAL (Contd.)

(d) **Details of Shareholders Holding more than 5% shares in the company.**

(₹ in Lacs)

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
Ashish S. Dandekar	5,558,295	11.88	896,659	9.64
Ashish S. Dandekar (Huf)	3,667,170	7.84	733,434	7.88
Leena A. Dandekar	2,861,280	6.11	572,256	6.15
Abha A. Dandekar	3,800,000	8.12	760,000	8.17
Vivek A. Dandekar	3,800,000	8.12	760,000	8.17
Camart Industries Ltd.	2,659,680	5.68	531,936	5.72
	22,346,425	**47.75**	**4,254,285**	**45.72**

(e) **Details of Shares allotted as fully paid up pursuant to contracts without payment being received in cash**

During financial year ended 31st March, 2007 the company had issued 48,00,000 equity shares of ₹ 10/- each as fully paid up to the shareholders of Camlin Limited pursuant the Scheme of Arrangement without payment being received in cash.

(f) **Shares reserved for issue under options**

For details of shares reserved for issue under employees stock option (ESOP) plan of the company, refer note 26.

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
3. RESERVES AND SURPLUS		
(a) Capital Reserves	**80.60**	**80.60**
(b) Securities Premium Account		
Opening Balance	608.45	406.22
Add: Right issue (Refer note 25)	—	200.57
Add: Esop Exercise (Refer note 26)	26.86	1.66
Closing Balance	**635.31**	**608.45**
(c) Employees Stock Options Outstanding (Refer Note 26)		
(a) Employee Stock Option Outstanding –		
Opening Balance	22.78	19.04
Add: Fresh grant of options.	—	8.96
Less: Amount transfer to securities premium/option lapsed.	(5.71)	(5.22)
Closing Balance	**17.07**	**22.78**
Less:		
(b) Deffered employee compensation expenses.		
Opening Balance	13.96	11.08
Add: Fresh grant of options		8.96
Less: Amount transfer to employee compensation/option lapsed	(6.42)	(6.08)
Closing Balance	7.54	13.96
TOTAL (a-b)	**9.53**	**8.82**

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
3. RESERVES AND SURPLUS (Contd.)		
(d) **General Reserves**		
Opening Balance (refer note below)	1,826.90	1,755.55
Add: Employees Stock Option Vested but Lapsed	—	0.35
Add: Transfer on Amalgamation (refer note below)	—	16.00
Add: Transfer from Surplus	105.00	55.00
Closing Balance	1,931.90	1,826.90
(e) **Surplus**		
Opening	694.49	499.02
Add: Profit for the Year	1,014.03	666.18
Less: Debit balance in profit & loss account of Sangam Laboratories Ltd. transferred on amalgamation	—	(199.40)
	1,708.52	965.80
Less: Appropriations		
Proposed Dividend on Equity Shares	(233.97)	(186.12)
Tax on Proposed Dividends	(37.96)	(30.19)
Transfer to General Reserves	(105.00)	(55.00)
Total Appropriations	(376.93)	(271.31)
Closing	1,331.59	694.49
GRAND TOTAL	3,988.93	3,219.26

Note:

Opening balance as of 01.04.2011 includes ₹ 16 lacs transferred on account of amalgamation of Sangam Laboratories Ltd. in financial year 2010-11 which is not available for distribution of dividends.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
4. LONG-TERM BORROWINGS				
SECURED				
(a) **Foreign currency term loans:**				
(i) From Banks	1,381.47	1,352.04	73.77	—
(b) **Term loans:**				
(i) From Banks	1,143.29	2,524.03	215.88	447.37
(c) **Long-term maturities of finance lease obligations**	77.40	118.59	41.19	36.16
TOTAL	2,602.16	3,994.66	330.84	483.53
UNSECURED				
(a) Deposits from Public	696.91	—	—	—
(b) Deferred Sales Tax Loan	—	5.26	5.99	0.73
TOTAL	696.91	5.26	5.99	0.73
GRAND TOTAL	3,299.07	3,999.92	336.83	484.26
Current Maturities of Long Term Borrowings have been disclosed under the head "Current Liabilities" Refer Note 8.			336.83	484.26

Notes to the Financial Statements For the Year Ended 31st March, 2012

4. LONG-TERM BORROWINGS (Contd.)

(a) Foreign currency term loans:

Foreign currency term loan from Exim Bank is repayable in 21 substantially equal quarterly installments commencing after a moratorium of 24 months from the date of 1st disbursement i.e 03.03.2013. The Loan is secured by (a) First pari passu mortgage and charge on the entire immoveable properties and moveable fixed assets of the company, both present and future, (b) Pledge of 100% equity stake of the SVP of CFSL set up in Mauritius, (c) ledge of 100% equity stake of the CFS EUROPE S.p.A, Italy held by the Mauritius SPV of CFSL.

(b) Term loans from Bank

Term loan from Exim Bank is repayable in 28 equal quarterly installments commencing after a moratorium period of one year from the date of first disbursement commencing from May,13 2010. The loan is secured by First pari passu charge on all the fixed assets of the Company, both present and future.

Term loan from State Bank of Patiala is repayable in 26 equal quarterly installments commencing from 31.12.2013. The loan is secured by a) First pari passu charge on all the fixed assets of the Company, both present and future including Mortgage of MIDC lease hold land at Tarapur, (b) Assets including land and building of Tarapur Pharma Chem Pvt Ltd. plant comprising of 4050 sq mts land & bldg. plant & machinery. Collateral Security: Second pari passu Charge on the entire Current assets of the Company.

Term loan from HDFC Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles.

Term loan from ICICI Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles.

(c) Finance lease obligations

Loan against lease assets from L&T Finance Ltd. is repayable in maximum tenure of three years. The loan is secured by furniture & fixture taken on lease.

(d) Deposits from Public

Deposits from public is repayable in maximum tenure of three years.

(e) Deferred Sales Tax Loan

Deferred sales tax loan pertains to financial year 1997-1998 to 2002-2003. The said loan is interest free and payable in six yearly installments starting from May 2010 and last installment payable before March 2021.

Years	₹ in Lacs
1-2	0.60
2-3	0.85
3-4	1.00
Beyond 4	2.20
	4.65

Total outstanding includes overdue amount of ₹ 0.73 Lacs pertaining to financial years 2010-11 & 2011-12. However, the Company has prepaid entired amount before balance sheet date irrespective of repayment schedule and hence the entire outstanding is considered as currents borrowings.

5. DEFERRED TAX LIABILITY (Net)

The major components of deferred tax liability/asset as recognized in the financial statement is as follows:

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liability		
Depreciation	376.68	319.17
Gratuity (Prepaid)	7.80	5.03
Lease Payments	15.49	8.47
Sub Total	**399.97**	**332.67**
Deferred Tax Asset		
Provision for Doubtful Debts	30.60	15.88
Leave Encashment	25.36	20.34
Other Disallowances under Income Tax Act	11.90	2.99
Sub Total	**67.86**	**39.21**
Net Deferred Tax Liability	**332.11**	**293.46**

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
6. SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand		
Cash Credit from Bank	5,067.26	1,912.41
TOTAL	5,067.26	1,912.41
UNSECURED		
Inter Corporate Deposit	—	425.00
TOTAL	—	425.00
TOTAL	5,067.26	2,337.41
Cash credit from banks		
Cash credit from banks is repayable on demand and is secured by primary charge over company's inventory of Raw Material, Packing Material Semi Finished Goods and book debts and further by way of Collateral Security in the form of Equitable Mortgage of factory land & building at Tarapur MIDC, Boisar.		
7. TRADE PAYABLES		
Trade Payables*		
Due to Micro and Small Enterprises	—	—
Other than Micro and Small Enterprises	5,720.96	3,667.65
	5,720.96	3,667.65
* Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of Micro, Small & Medium Enterprises Development Act, 2006 as on 31st March 2012.		
8. OTHER CURRENT LIABILITIES		
Current maturities of foreign currency debt	73.77	—
Current maturities of long-term debt	221.87	448.10
Current maturities of finance lease obligations	41.19	36.16
Interest accrued but not due on borrowings	17.87	11.17
Creditors for purchase of Fixed Assets	738.18	—
Unpaid dividends #	7.55	5.17
Share Application money received for allotment of securities and due for refund	0.39	0.50
Deposits	1.19	1.26
TDS Payable	101.20	23.76
Other statutory dues	43.07	28.70
TOTAL	1,246.28	554.82
# Does not include any amount due and outstanding to be credited to Investor Education and Protection Fund		
9. SHORT-TERM PROVISIONS		
Provision for employee benefits:		
Leave encashment	78.04	61.24
Others:		
Provision for taxation	155.53	88.83
Proposed dividend	233.97	186.12
Tax on proposed dividend	37.96	30.19
TOTAL	**505.50**	**366.38**

Notes to the Financial Statements For the Year Ended 31st March, 2012

10. FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	As at April 1, 2011	Additions (Deletions) during the Year	Acquired through business combinations	Disposal/ Adjustment	As at March 31, 2012	As at April 1, 2011	Depreciation charge for the year	Acquired through business combinations	Adjustments on disposals	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets												
Free Hold Land *	190.38	—	—	—	190.38	—	—	—	—	—	190.38	190.38
Leasehold Land	2.67	—	—	—	2.67	0.88	0.03	—	—	0.91	1.76	1.79
Factory & Other Building	1,021.43	—	—	172.78	848.65	237.00	55.43	—	31.53	260.90	587.75	784.43
Site Development	37.55	—	—	—	37.55	5.02	0.61	—		5.63	31.92	32.53
Plant, Equipment & Machinery	4,843.58	476.12	—	42.55	5,277.15	2,504.40	424.53	—	35.09	2,893.84	2,383.31	2,339.18
Furniture & Fixtures												
Owned	152.76	33.20	—	0.46	185.50	22.44	18.81	—	0.33	40.92	144.58	130.32
Leased	198.62	—	—		198.62	18.38	13.90	—	—	32.28	166.34	180.24
Vehicles	78.06	83.48	—		161.54	29.01	9.43	—	—	38.44	123.10	49.05
ERP Hardware Cost	111.11	7.00	—	23.00	95.11	64.36	12.65	—	22.80	54.21	40.90	46.75
TOTAL	**6,636.16**	**599.80**	**—**	**238.79**	**6,997.17**	**2,881.49**	**535.39**	**—**	**89.75**	**3,327.13**	**3,670.04**	**3,754.67**
Intangible Assets												
ERP Software Cost	93.08	8.68	—	—	101.76	44.21	15.58	—	—	59.80	41.96	48.87
Technical Know-How	212.00	1,036.72	—	—	1,248.72	21.14	97.97	—	—	119.11	1,129.61	190.86
TOTAL	**305.08**	**1,045.40**	**—**	**—**	**1,350.48**	**65.35**	**113.55**	**—**	**—**	**178.91**	**1,171.57**	**239.73**
Current Years Total	**6,941.26**	**1,645.20**	**—**	**238.79**	**8,347.65**	**2,946.86**	**648.94**	**—**	**89.75**	**3,506.04**	**4,841.61**	**3,994.40**
Previous Year	6,045.90	752.40	143.55	0.60	6,941.26	2,323.69	546.23	77.21	0.28	2,946.86	3,994.40	

* In respect of Land transferred pursuant to Scheme of Arrangement, the company is in the process of transferring it in its name.

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
11. NON-CURRENT INVESTMENTS		
A. Trade Investments (Valued at cost unless stated otherwise)		
(a) Investment in Equity instruments (Unquoted)		
Investment in Subsidiaries		
– CFCL Mauritius Pvt. Ltd.	59.73	59.73
1,32,000 equity shares of USD 1 fully paid (Previous year 1,32,000 equity of USD 1 fully paid)		
– Dulcette Technologies LLC	32.53	32.53
Capital Contribution USD 76,000 (Previous year capital contribution USD 76,000)		
Investment in Associates		
– Fine Lifestyle Brand Ltd.	25.50	25.50
2,55,000 equity shares of ₹ 10/- each fully paid (Previous year 2,55,000 equity shares of ₹ 10/- each fully paid)		
Other non-current investments		
– Fine Renewable Energy Ltd.	5.10	5.10
51,000 equity shares of ₹ 10/- each fully paid (Previous year 51,000 equity shares of ₹ 10/- each fully paid)		
– Chemolutions Chemicals Ltd.	9.95	24.50
99,500 equity shares of ₹ 10/- each fully paid (Previous year 2,45,000 equity shares of ₹ 10/- each fully paid)		
	132.81	**147.36**
B. Non-Trade Investments		
Investment in Equity instruments (Unquoted)		
– Saraswat Co-op. Bank Ltd.	0.50	0.50
5,000 equity shares of ₹ 10/- each fully paid (Previous year 5,000 equity shares of ₹ 10/- each fully paid)		
	0.50	**0.50**
TOTAL (A+B)	133.31	147.86
Aggregate amount of unquoted investments	**133.31**	**147.86**

Note: Chemolution Chemicals Ltd., ceased to be an associate company during the year.

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
12. LONG-TERM LOANS AND ADVANCES		
(a) Capital Advances		
Unsecured, considered good	50.20	24.38
	50.20	24.38
(b) Security Deposits		
Unsecured, considered good	86.53	94.17
	86.53	94.17
TOTAL	136.73	118.55
13. INVENTORIES (valued at lower of cost or net realisable value)		
(a) Raw Materials and components (including packing materials)	1,685.10	303.09
(b) Work-in-progress	2,058.08	2,487.62
(c) Finished goods	1,071.99	91.31
(d) Stock-in-trade	15.13	15.60
(e) Consumables	16.09	—
TOTAL	4,846.39	2,897.62
14. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	—	—
Unsecured, considered good	834.23	813.59
Doubtful	94.27	47.79
	928.50	861.38
Less: Provision for doubtful debts	(94.27)	(47.79)
	834.23	813.59
Trade receivables outstanding for a period less than six months		
Secured, considered good	—	—
Unsecured, considered good [Net of Bills Discounted ₹ 3,213.28 Lacs (Previous year ₹ 2,490.42 Lacs]	5,445.33	3,211.51
	5,445.33	3,211.51
TOTAL	6,279.56	4,025.10

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
15. CASH AND BANK BALANCES		
Cash & Cash equivalents		
(a) Balances with banks		
In Current account	89.70	128.52
Unpaid Dividend/Interest Account	8.15	5.68
(b) Cash on hand	6.87	7.72
	104.72	141.92
Other Bank Balances		
Margin Money Deposits	603.25	730.45
TOTAL	707.97	872.37
16. SHORT-TERM LOANS AND ADVANCES		
(a) Loans and advances to related parties (refer note no. 27) (Unsecured, considered good)	2,028.28	2,362.83
	2,028.28	2,362.83
(b) Other Loan & Advances (Unsecured, considered good)		
Loans to Company	1,386.36	136.94
Prepaid Expenses	54.48	90.42
Loans to Employees	15.38	10.16
Gratuity	24.08	15.15
Balance with Statutory/Government Authorities	356.85	308.37
Deposits	61.36	57.25
Others	0.42	2.48
	1,898.93	620.77
TOTAL	3,927.21	2,983.60

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
17. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished goods	22,895.65	16,207.30
Traded goods	2,694.46	164.20
Sale of services	20.03	21.63
Other operating revenues		
— Sale of Process Know-How	—	200.00
— Export Benefits	3.73	—
— Scrap sales	7.07	9.12
— Other Operating Receipt	—	82.65
Revenue from operations (gross)	25,620.94	16,684.90
Less: Excise Duty	414.71	208.95
TOTAL	**25,206.23**	**16,475.95**
18. OTHER INCOME		
Interest Income	163.66	73.05
Dividend Income	0.10	0.10
Profit on Sale of Fixed Assets (Net)	179.36	—
Gain on Foreign Exchange Fluctuations	—	14.47
Miscellaneous Receipts	12.67	44.87
TOTAL	**355.79**	**132.49**
19. COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	303.09	277.57
Add: Purchases of Raw Materials	16,102.67	11,212.14
Less: Closing Stock of Raw Materials	1,685.10	303.09
TOTAL	**14,720.66**	**11,186.60**
20. PURCHASE OF STOCK-IN-TRADE		
Purchases of stock in trade for resale	2,332.58	115.87
	2,332.58	**115.87**

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
21. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS		
Opening Inventory		
Finished Goods	106.91	51.09
Work-In-Progress	2,487.62	1,940.01
	2,594.53	1,991.10
Closing Inventory		
Finished Goods	1,103.21	106.91
Work-In-Progress	2,058.08	2,487.62
	3,161.29	2,594.53
TOTAL	(566.76)	(603.43)
22. EMPLOYEE BENEFIT EXPENSES		
Salaries and incentives	812.84	704.41
Contributions to:		
Provident fund	51.75	42.60
Gratuity fund	25.06	7.60
Expense on Employee Stock Option Scheme (ESOP)	6.03	1.53
Staff welfare expenses	49.78	56.65
TOTAL	945.46	812.79
23. FINANCE COST		
Interest	1,215.99	606.10
Bank Charges	307.04	194.28
Exchange Difference to the extent considered as an adjustment to borrowing cost	97.08	—
TOTAL	1,620.11	800.38
24. OTHER EXPENSES		
Consumption of stores and Spares	92.58	133.45
Power and Fuel	1,068.02	871.24
Rent	172.55	102.97
Repairs		
— Building	—	0.02
— Machinery	116.57	33.73
— Others	111.23	155.94
Insurance	83.76	52.59
Rates and Taxes	4.63	8.91
Sub Contracting Charges	441.03	255.75

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
24. OTHER EXPENSES (Contd.)		
Labour Charges	235.73	190.15
Advertisement and Sales Promotion	245.25	114.65
Transport & Forwarding Charges	274.57	320.40
Commission/Discount/Service Charges on Sales	126.20	121.64
Travelling & Conveyance	286.78	187.72
Directors Meeting Fees	5.21	6.24
Auditor's Remuneration	18.56	12.64
Legal & Professional fees	220.16	192.65
Bad Debts Written Off	54.74	—
Add: Provision for Doubtful Debts	74.97	17.88
Less: Provision Written Back	28.45	—
	101.26	17.88
Loss on Sale/Discarding of Assets		0.27
Loss on Foreign Exchange Fluctuations	101.56	—
Miscellaneous Expenses	511.31	345.83
TOTAL	4,216.96	3,124.67
Note:		
Payment to Auditor		
As Auditor :		
Audit Fees Standalone	8.00	7.50
Audit Fees Consolidation	2.00	—
Tax Audit Fee	2.00	1.50
In Other Capacity		
Taxation Matters	2.00	—
Certification	1.81	—
Other Services	2.60	3.50
Reimbursement of Expenses	0.15	0.14
TOTAL	18.56	12.64

Notes to the Financial Statements For the Year Ended 31st March, 2012

25. RIGHT ISSUE

During the financial year 2010-2011, the company raised ₹ 549.39 Lacs through issue of 34.88 Lacs equity shares of face value of ₹ 10/- each at premium of ₹ 5.75 per share on right basis. The proceeds (net of expenses of ₹ 18.37 Lacs) of the right issue had been utilised for meeting capital expenditure for development of plant process and de-bottlenecking as mentioned in the Letter of Offer.

26. EMPLOYEE STOCK OPTIONS

The Company has Employee Stock Option Scheme called "Camlin Fine Sciences Employees Stock Option Scheme, 2008" which was approved on 8th August 2008. The scheme is an employee share based payment plan administered through Employee Stock Option. Each option under the scheme will entitle one fully paid up equity share of ₹ 2 each of the Company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010
Number of Options granted	970,500	83,500	161,000	320,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant			
Exercise Price (per share)	₹ 10	₹ 10	₹ 10	₹ 12.40
Method of settlement	By issue of Shares at Exercise Price			
Vesting Conditions	10% On expiry of 12 months from the date of grant;			
	15% On expiry of 24 months from the date of grant;			
	20% On expiry of 36 months from the date of grant;			
	25% On expiry of 48 months from the date of grant;			
	30% On expiry of 60 months from the date of grant;			

Details of Stock Options are as follows:

Summary of Stock Options	No. of Stock Options			
	Tranche I	Tranche II	Tranche III	Tranche IV
Options outstanding on 1st April, 2011	714,275	22,250	142,250	217,000
Option granted during the year	Nil	Nil	Nil	Nil
Options forfeited/lapsed during the year	5,125	Nil	Nil	9,800
Options vested but lapsed	Nil	Nil	450	Nil
Options exercised during the year	240,400	4,875	2,350	16,750
Options outstanding on 31st March, 2012	468,750	17,375	139,900	190,000
Options vested but not exercised on 31st March, 2012	101,525	4,450	33,047	4,150

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV
Average Share Price *	₹ 14.67	Nil	₹ 14.67	₹ 14.67
Exercise/Grant Price **	₹ 10.00	₹ 10.00	₹ 10.00	₹ 12.40
Market Price ***	₹ 12.00	₹ 9.00	₹ 11.70	₹ 15.20

* Being, the average share price at the Recognized Stock Exchange on the date of exercise of the option.

** Exercise price is the price payable by employee for exercising the option granted.

*** Market price is the latest available closing price, prior to the date of the meeting of board of directors in which options are granted.

Notes to the Financial Statements For the Year Ended 31st March, 2012

The Company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares is based on the latest available closing market price, prior to the date of meeting of the board of directors, in which the options were granted, on the stock exchange in which the shares of the company are listed. The difference between the intrinsic value and the exercise price is being amortised as employee compensation cost over the vesting period. The details thereof are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Opening unamortized amount	666,657	Nil	173,308	556,967
Total amount to be amortised over the vesting period	Nil	Nil	Nil	Nil
Charge to Profit and Loss Account for the year	406,407	Nil	50,429	147,000
ESOP Lapsed	10,250	Nil	Nil	28,700
Unamortised amount carried forward	250,000	Nil	122,879	381,267

Accordingly, during the year, 264,375 equity shares of ₹ 2/- each (Previous Year 3,315 equity shares of ₹ 10/- each) have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 26.86 lacs has been accounted.

27. DETAILS OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO SUBSIDIARIES AND ASSOCIATES

(₹ in Lacs)

Particulars	Balance at the year end	Maximum amount outstanding during the year
CFCL Mauritius Pvt. Ltd. (Subsidiary)	1,953.88	1,953.88
	(1,644.97)	(3,026.07)
Chemolution Chemicals Limited	Nil	(Nil)
	(542.71)	(542.71)
CFS EUROPE S.p.A. Italy (Step Down Subsidiary)	34.64	34.64
	(Nil)	(Nil)
Fine Lifestyle Brands Limited (Associate)	39.73	39.73
	(33.00)	(33.00)

28. COMMISSION TO DIRECTORS

During the year the Company has made a provision towards commission payable to Non-executive Directors @ 1% of net profits of the Company for the financial year 2011-2012 subject to overall ceiling of ₹ 8.00 lacs. As required by Section 309(4)(b) of the Companies Act, 1956 the Company will obtain necessary approval of members by passing special resolution in the ensuing Annual General Meeting.

29. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS ISSUED BY INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(i) Earnings Per Share (Basic and Diluted)

Particulars	2011-12	2010-11
Net Profit/(Loss) after Tax as per profit and loss account available for equity shareholders (₹ Lacs)	1,014.03	666.21
Weighted average no. of equity shares used in computing basic earnings per share	46,611,495	8,908,533
Effect of potential ordinary shares on conversion of stock options.	413,517	80,992

Notes to the Financial Statements For the Year Ended 31st March, 2012

Particulars	2011-12	2010-11
Weighted average no. of equity shares used in computing diluted earnings per share. — Basic Earnings per Share (₹) — Diluted Earnings per Share (₹)	47,025,012 2.18 2.16	8,989,525 7.48 7.41
Weighted average no. of equity shares used in computing basic earnings per share restated for Share Split. — Basic Earnings per Share (₹)	—	44,542,665 1.50
Weighted average no. of equity shares used in computing diluted earnings per share restated for Share Split. — Diluted Earnings per Share (₹)	—	44,947,625 1.48

EPS for financial year 2010-2011 has been restated for split of share from ₹ 10/- per share to ₹ 2/- per share

(ii) Foreign Currency Transactions:
Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Profit & Loss Account is ₹ 110.38 Lacs (Previous Year Profit of ₹ 14.47 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2012 is as follows:

(Currency in Lacs)

Particulars	Currency	2011-12	2010-11
(a) Trade Receivable	USD	63.41	40.35
	EURO	7.23	4.76
(b) Trade Payable	USD	52.00	56.12
	EURO	30.69	Nil
(c) Term Loan	USD	28.45	30.28
(d) Advance Receivable	USD	35.15	35.15

There are no outstanding hedged exposures in foreign currency transactions as on March 31, 2012.

(iii) Retirement Benefits:

(a) Defined Contribution Plans
Company's Contribution paid/payable during the year to Provident Fund, Superannuation Fund are charged to the Profit & Loss Account.

(b) Defined Benefit Plans

(i) Gratuity as per Actuarial valuation:

(₹ in Lacs)

No. Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
I. Expense recognised in the Statement of Profit and Loss Account:					
1. Current Service Cost	6.75	5.72	5.7	6.94	4.43
2. Interest	8.49	7	6.23	5.67	4.7
3. Expected Return on plan assets	(9.44)	(7.01)	(7.29)	(6.89)	(6.94)
4. Actuarial (Gain)/Loss	18.45	1.6	9	12.26	8.16
5. Total expense	24.25	7.31	13.64	17.98	10.35

Notes to the Financial Statements For the Year Ended 31st March, 2012

No.	Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
II.	Net Asset/(Liability) recognised in the Balance Sheet:					
	1. Present Value of Defined Benefit Obligation at end of the year	118.06	102.9	84.89	77.31	70.49
	2. Fair Value of plan assets at the end of the year	142.15	118.05	87.64	81.45	92.61
	3. Funded status [Surplus/(Deficit)]	24.08	15.15	2.75	4.14	22.12
	4. Net Asset/(Liability) at the end of the year	24.08	15.15	2.75	4.14	22.12
III.	Change in the obligation during the year:					
	1. Present Value of Defined Benefit Obligation at the beginning of the year	102.9	84.89	77.31	70.49	60.49
	2. Current Service Cost	6.76	5.72	5.7	6.94	4.43
	3. Interest Cost	8.49	7.00	6.23	5.67	4.7
	4. Actuarial (Gain)/Loss	9.01	11.71	0.89	7.21	13.34
	5. Benefit payments	(9.09)	(6.42)	(5.25)	(13.00)	(12.47)
	6. Present Value of Defined Benefit Obligation at the end of the year	118.07	102.9	84.88	77.31	70.49
IV.	Change in Fair Value of Assets during the year ended:					
	1. Fair Value of plan assets at the beginning of the year	118.05	87.64	81.45	92.61	82.25
	2. Expected return on plan assets	9.44	7.01	7.28	6.89	6.94
	3. Contributions by employer	33.19	19.71	12.27	0	10.7
	4. Actual benefits paid	(9.09)	(6.42)	(5.25)	(13.00)	(12.47)
	5. Actuarial Gain/(Loss) on Plan Assets	(9.44)	10.11	(8.11)	(5.05)	(5.19)
	6. Fair Value of plan assets at the end of the year.	142.15	118.05	87.64	81.45	92.61
V.	The major categories of plan assets as a percentage of total plan:					
	Funded with LIC	100%	100%	100%	100%	100%
VI.	Actuarial assumptions.					
	1. Discount Rate	8.50%	8.25%	7.50%	7.50%	8%
	2. Expected rate of return on plan assets	8.60%	8%	8%	8%	8%

Notes to the Financial Statements For the Year Ended 31st March, 2012

(ii) Leave Encashment:
The accumulated balance of Leave Encashment (Unfunded) provided in the books as at 31st March 2012 ₹ 78.04 Lacs (Previous year ₹ 61.24 Lacs), determined on actuarial basis using projected unit credit method.

(iv) Related Party Disclosures:

(a) Subsidiaries, Joint Venture & Associate Companies:

Name of the Related Party	Nature of Relationship
CFCL Mauritius Private Limited	Subsidiary Company
CFS Europe S.p.A	Step down Subsidiary
Dulcette Technologies LLC	Subsidiary Company (Joint Venture with Viachem LLC with 51% stake)
Fine Lifestyle Brands Ltd.	Associate Company
Fine Lifestyle Solutions Ltd.	Associate Company
Fine Renewable Energy Ltd.	Associate Company
Focussed Event Management Pvt. Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company
Abana Medisys Pvt. Ltd.	Associate Company

Note: Chemolutions Chemicals Ltd ceased to be Associate Company with effect from September 5, 2011.

(b) Key Management Personnel & their relatives:

Name of the Person	Nature of Relationship
Mr. A. S. Dandekar	Managing Director
Mr. S. D. Dandekar	Management Consultant
Mr. D. D. Dandekar	Chairman
Mrs. R. S. Dandekar	Management Consultant
Mrs. L. A. Dandekar	Promoter Group
Master Vivek A. Dandekar	Promoter Group
Ms. Abha A. Dandekar	Promoter Group

(c) Transactions with Related Parties:

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Venture	Associate Companies	Key Management Personnel & their Relatives
1.	**Purchases/Expenses:**			
	i. Goods	6,280.48 (Nil)	13.76 (0.85)	Nil (Nil)
	ii. Fixed Asset	738.20 (Nil)	Nil (Nil)	Nil (Nil)
	iii. Services	20.75 (Nil)	Nil (Nil)	5.55 (2.40)
	iv. Salaries	Nil (Nil)	Nil (Nil)	12.13 (12.13)

Notes to the Financial Statements For the Year Ended 31st March, 2012

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Venture	Associate Companies	Key Management Personnel & their Relatives
2.	Sales:			
	i. Goods	233.12	2.46	Nil
		(Nil)	(Nil)	(Nil)
3.	Investments:			
	i. Purchases	Nil	Nil	Nil
		(59.73)	(Nil)	(Nil)
	ii. Sales	Nil	Nil	Nil
		(1.00)	(Nil)	(Nil)
4.	Finance:			
	i. Inter Corporate Loans Given	Nil	330.10	Nil
		(1,372.76)	(Nil)	(Nil)
	ii. Loan Taken from Directors	Nil	Nil	200.00
		(Nil)	(Nil)	(320.00)
	iii. Interest Received	Nil	48.46	Nil
		(5.56)	(6.85)	(Nil)
	iv. Inter Corporate Loans Taken	Nil	Nil	Nil
		(Nil)	(125.00)	(Nil)
	v. Interest Paid	Nil	Nil	7.56
		(Nil)	(2.44)	(3.42)
5.	Other Transactions:			
	i. Reimbursement received from parties	Nil	8.32	Nil
		(5.32)	(6.57)	(Nil)
6.	Outstanding:			
	i. Payable	772.37	Nil	Nil
		(Nil)	(Nil)	(Nil)
	ii. Receivable	190.35	39.72	Nil
		(136.41)	(198.16)	(Nil)
	iii. Inter Corporate Loans Given	1,798.18	39.73	Nil
		(1,644.97)	(575.71)	(Nil)
7.	Managerial Remuneration:	Nil	Nil	98.55
		(Nil)	(Nil)	(60.10)

Notes to the Financial Statements For the Year Ended 31st March, 2012

(d) Significant Transactions with Related Parties:

(₹ Lacs)

Particulars	March 31, 2012	March 31, 2011
Subsidiary Companies		
(i) Purchase		
Goods		
CFS Europe S.p.A	6,280.48	Nil
Fixed Assets		
CFS Europe S.p.A	820.18	Nil
(ii) Sales		
CFS Europe S.p.A	184.17	Nil
(iii) Services		
Dulcette Technologies LLC	20.75	Nil
(iv) Finance		
a) Inter Corporate Loans Given		
CFCL Mauritius Pvt. Ltd.	153.21	1,644.97
(v) Outstanding		
Inter Corporate Loans Given		
CFCL Mauritius Pvt. Ltd.	1,798.18	1,644.97
(vi) Receivables		
CFCL Mauritus Pvt. Ltd.	155.7	Nil
Associate Companies		
(i) Purchases		
Chemolutions Chemicals Ltd.	13.76	Nil
(ii) Sales		
Chemolutions Chemicals Ltd.	2.47	98.60
(iii) Finance:		
Inter Corporate Loans Given		
Chemolutions Chemicals Ltd.	330.10	270.50
Interest Received		
Chemolutions Chemicals Ltd.	44.15	52.79
Key Management Personnel		
(i) Managerial Remuneration		
(a) Mr. A. S. Dandekar	80.55	48.10
(b) Mr. D. D. Dandekar	18.00	12.00

Notes to the Financial Statements For the Year Ended 31st March, 2012

(v) Leases

Particulars	Finance Lease	
	March 31, 2012	March 31, 2011
Total Minimum Lease Payments at the year end	54.77	54.77
Less: Amount Representing finance charges	18.61	22.94
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	36.16	31.83
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 41.19 Lacs as on 31.03.2012 (₹ 36.16 as on 31.03.2011)]	54.77	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 77.40 Lacs as on 31.03.2012 (₹ 118.59 as on 31.03.2011)]	87.01	142.8
Later than five years [For finance lease : Present value ₹ Nil as on 31.03.2012 (₹ Nil as on 31.03.2011)]	—	—

(vi) Segmental Reporting

The Company predominantly deals in manufacture of food and industrial antioxidants and has enhanced its product portfolio to include those used in food chemistry, biotechnology, biochemistry etc. During the year, the Company has increased business by trading in these products. Accordingly, as per the provisions of AS-17, Segmental Reporting, the Company now operates in two business segments namely Manufactured and Traded Products. There are no inter segment transaction during the year. Prior to the current year, the Company's operations consisted predominantly of sale of manufactured products and hence comparative segmental disclosures for earlier corresponding year are not provided.

Sr. No.	Particulars	March 31, 2012
(1)	**Segment Revenue (Net of Excise & Trade Discount)/Income from Operations:**	
	(a) Manufactured Products	22,480.93
	(b) Traded Products	2,694.46
	Net Sales/Income from Operations	**25,175.40**
(2)	**Segement Results:**	
	Profit (+)/Loss (-) before Interest & Tax	
	(a) Manufactured Products	4,107.31
	(b) Traded Products	308.00
		4,415.31
	Less: (i) Interest	1,620.11
	(ii) Unallocable Corporate Expenses net of unallocable corporate income	1,151.13
	Profit (+)/Loss (-) before Tax	**1,644.07**
(3)	**Capital Employed:**	
	(Segment Assets – Segment Liabilities)	
	(a) Manufactured Products	2,140.32
	(b) Traded Products	314.20
	(c) Unallocated	2,470.30
	Total Capital Employed:	**4,924.82**

Notes to the Financial Statements For the Year Ended 31st March, 2012

30. CONTINGENT LIABILITIES

(₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
(a) In respect of Bills of Exchange/cheque discounted with the Bankers	3,213.28	2,490.42
(b) In respect of Bank Guarantees issued to VAT and Custom Authorities	364.99	364.99
(c) In respect of Corporate Bank Guarantees issued against the borrowings of:		
(i) CFS Europe S.p.A. - Subsidiary Company	1,900.00	—
(ii) Chemolutions Chemicals Ltd.	500.00	500.00

31. COMMITMENTS

(a) Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 12.99 Lacs. (Previous year ₹ 25.40 Lacs).

(b) The total investment in the joint venture company Dulcette Technologies LLC, USA with Viachem Company LLC, USA is expected to be to the tune of USD 3,00,000 with Camlin Fine Sciences Ltd's share of 51%. Total capital contribution of the company as on March 31, 2012 is USD 76,000 equivalent to ₹ 32.53 Lacs.

(c) The information in respect of commitment has been given only in the respect of capital commitment in order to avoid providing excess details that may not assist user of financial statements.

32. DETAIL OF SALES

(₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Food Antioxidants/Ingredients	21,457.61	15,622.20
Industrial Products (Including Traded)	3,638.93	257.88
Sugar Free Products	78.85	282.48
TOTAL	**25,175.39**	**16,162.56**

33. CONSUMPTION OF RAW MATERIALS, PACKING MATERIALS AND TRADED GOODS

(₹ In Lacs)

Particulars	March 31, 2012	March 31, 2011
Hydroquinone	10,244.56	7,242.19
Tertiary Butyl Alchohol	1,865.66	1,279.78
Toluene	1,107.15	1,104.42
Others	3,820.74	1,776.36
TOTAL	**17,038.11**	**11,402.75**

34. IMPORTED AND INDIGENOUS RAW MATERIALS, STOCK-IN-TRADE, COMPONENTS AND SPARE PARTS CONSUMED

	% of total consumption	Value (₹ in Lacs)	% of total consumption	Value (₹ in Lacs)
	March 31, 2012		March 31, 2011	
Imported	79%	13,455.39	76%	8,609.47
Indigenously obtained	21%	3,582.72	24%	2,793.28
	100%	**17,038.11**	**100%**	**11,402.75**

Notes to the Financial Statements For the Year Ended 31st March, 2012

35. VALUE OF IMPORTS ON CIF BASIS

(₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Raw Material	13,082.44	8,326.35
Purchase of Traded Goods	2,069.44	43.73
	15,151.88	8,370.08

36. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	March 31, 201	March 31, 2011
Professional Fees	38.20	73.79
Commission and Sales Promotion	189.16	125.77
Travel	57.25	27.26
Technical Know how	738.20	—
	1,022.81	226.82

37. EARNINGS IN FOREIGN EXCHANGE

(₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Exports at F.O.B. Value (Including Trading)	21,112.31	14,254.77

38. The financial statements for the year ended March 31, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Financial Statements for the year ended March 31, 2012 has been prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

D. D. Dandekar *Chairman*
A. S. Dandekar *Mg. Director*
S. M. Kulkarni *Director*
P. M. Sapre *Director*
B. A. Patel *Director*
D. R. Puranik *Chief Financial Officer*
Arpita Patwardhan *Dy. Company Secretary*

STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Lacs)

Name of Subsidiary	Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	CFS Europe S.p.A
1. Financial year of the subsidiary Company ends on	31st December, 2011	31st March, 2012	31st March, 2012
2. Holding Company's interest:			
I. No. of shares held	N.A.	1,32,000	20,00,000
II. Percentage of shareholding	61%	100%	100%
3. The net aggregate amount of the subsidiary's profit/(loss) so far as it concerns members of the Holding Company and is not dealt with in the Holding Company's a/cs:			
I. For the financial year of the subsidiary.	(23.59)	(2.93)	118.76
II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	(19.48)	(8.01)	(74.19)
4. The net aggregate amount of the subsidiary's profit/(loss) dealt with in the Holding Company's a/cs:			
I. For the financial year of the subsidiary:	Nil	Nil	Nil
II. For the previous financial year of the subsidiary since it became the Holding Company's subsidiary.	Nil	Nil	Nil

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

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A. S. Dandekar	*Mg. Director*
S. M. Kulkarni	*Director*
P. M. Sapre	*Director*
B. A. Patel	*Director*
D. R. Puranik	*Chief Financial Officer*
Arpita Patwardhan	*Dy. Company Secretary*

DETAILS OF SUBSIDIARY COMPANIES AS PROVIDED PURSUANT TO THE DIRECTIONS OF THE DEPARTMENT OF COMPANY AFFAIRS (WHILE GRANTING PERMISSION TO THE COMPANY) UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

(₹ in Lacs)

Sr. No.	Name of Subsidiary	Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	CFS Europe S.p.A**
1.	Capital	52.43	66.39	1,366.81
2.	Reserves	(145.25)	(9.98)	640.30
3.	Total Assets	73.76	1,980.02	10,893.36
4.	Total Liabilities	166.58	1,923.61	8,886.25
5.	Details of Investments	Nil	842.20	96.89
6.	Turnover	164.26	Nil	14,667.99
7.	Profit/(Loss) Before Taxation	(38.67)	(2.93)	118.76
8.	Provision For Taxation	Nil	Nil	64.03
9.	Profit/(Loss) After Taxation	(38.67)	(2.93)	54.73
10.	Proposed Dividend	Nil	Nil	Nil

* Exchange Rate as on 31st March 2012 — 1 EURO = ₹ 68.3403.

** CFS Europe S.p.A is step down subsidiary of Camiln Fine Sciences Limited in which CFCL Mauritius Limited a subsidiary of Camlin Fine Sciences Limited holds 100% of equity shares.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CAMLIN FINE SCIENCES LIMITED

1. We have audited the attached Consolidated Balance Sheet of Camlin Fine Sciences Limited (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These consolidated financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ₹ 12,947.14 lacs as at 31st March, 2012, total revenue of ₹ 14,832.25 lacs and cash flows amounting to ₹ 548.63 lacs for the year then ended and financial statements of associates in which the share of loss of the Group is ₹ 8.28 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, and Accounting Standard 23 Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules 2006.

5. Based on our audit as aforesaid and on consideration of reports of other auditors on the separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

   (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For B. K. KHARE & COMPANY
Chartered Accountants
Firm Registration No. 105102W

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 24th May, 2012

Consolidated Balance Sheet As at 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	935.89	930.60
(b) Reserve & Surplus	3	4,354.69	3,714.67
		5,290.58	**4,645.27**
2. Non-current liabilities			
(a) Long-term Borrowings	4	3,299.06	4,000.65
(b) Deferred tax liabilities	5	330.16	293.46
		3,629.22	**4,294.11**
3. Current liabilities			
(a) Short-term Borrowings	6	8,853.09	2,337.41
(b) Trade payables	7	8,722.17	5,953.27
(c) Other current liabilities	8	1,129.08	554.10
(d) Short-term provisions	9	935.94	646.47
		19,640.28	**9,491.25**
TOTAL		**28,560.08**	**18,430.63**
II. ASSETS			
Non-current assets			
1. (a) Fixed Assets			
(i) Tangible assets	10	6,597.55	6,618.83
(ii) Intangible assets	10	784.40	266.55
(iii) Capital work-in-progress		223.23	330.00
		7,605.18	**7,215.38**
(b) Non-current Investments	11	124.01	122.34
(c) Long-term loans and advances	12	136.73	117.14
2. Current assets			
(a) Inventories	13	8,435.74	3,311.74
(b) Trade receivables	14	9,016.62	5,032.81
(c) Cash and Cash Equivalents	15	1,023.39	1,313.24
(d) Short-term loans and advances	16	2,218.41	1,317.98
		20,694.16	**10,975.77**
TOTAL		**28,560.08**	**18,430.63**
Significant Accounting Policies	1		
Notes to the Financial Statements	25-35		

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

D. D. Dandekar	*Chairman*
A. S. Dandekar	*Mg. Director*
S. M. Kulkarni	*Director*
P. M. Sapre	*Director*
B. A. Patel	*Director*
D. R. Puranik	*Chief Financial Officer*
Arpita Patwardhan	*Dy. Company Secretary*

Consolidated Statement of Profit and Loss For the Year ended 31st March, 2012

(₹ in Lacs)

Particulars Continuing Operations	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
I. INCOME			
Revenue from operations (Gross)		33,939.59	17,384.05
Less: Excise Duty		414.71	216.78
Revenue from operations (Net)	17	33,524.88	17,167.27
II. Other Income	18	1,156.01	179.67
III. Total Revenue (I + II)		34,680.89	17,346.94
IV. EXPENDITURE:			
Cost of materials consumed	19	17,336.48	11,832.70
Purchase of stock-in-trade	20	2,471.72	111.61
Changes in Inventories of finished goods/WIP/stock-in-trade	21	(3,056.03)	(603.43)
Employee benefits expense	22	2,427.30	1,041.19
Finance cost	23	1,669.00	917.45
Depreciation and amortisation expense		1,351.32	564.59
Other expenses	24	11,565.32	3,572.24
		33,765.11	17,436.35
Less: Relating to Product Development Capitalised		151.31	341.61
		33,613.80	17,094.74
V. Profit before Exceptional Items		1,067.09	252.20
VI. Exceptional Items [refer note no. 26(b)]		14.55	663.94
Net Profit/(Loss) before Tax		1,081.64	916.14
VII. Less: Tax expense			
– Current tax [including relating to prior years ₹ 54.19 (Previous year ₹ Nil)]		657.29	218.65
– Deferred tax		36.78	(43.00)
VIII. Profit after Tax (V-VI)		387.57	740.49
Add: Share of Profit of Associates for the year		(8.28)	(29.65)
Profit for the period		379.29	710.84
IX. Earnings per equity share of face value of ₹ 2/- each	34a		
(1) Basic		0.81	1.60
(2) Diluted (Previous Year earnings restated for share split)		0.81	1.58
Significant Accounting Policies	1		
Notes to the Financial Statements	25-35		

As per our report of even date annexed
For B. K. Khare & Co.
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Arpita Patwardhan *Dy. Company Secretary*

Consolidated Cash Flow Statement For the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation	1,067.09	252.20
Adjustments for:		
Depreciation on Fixed Assets	1,351.32	564.58
Deferred employee compensation expenses amortised	6.03	1.53
Foreign Exchange loss/(gain) (Unrealised)	(39.82)	35.51
Profit on Sale of Fixed Assets	(179.36)	0.27
Provision for Doubtful Debts (Net)	46.52	17.88
Provision for leave encashment	63.73	10.25
Interest Expenses	1,669.00	917.46
Interest Received/Dividend Received	(265.99)	(73.16)
Operating Profit before Working Capital changes	**3,718.52**	**1,726.52**
Adjustments for:		
(Increase)/Decrease in inventories	(5,124.00)	(786.69)
(Increase)/Decrease in trade receivables	(3,982.50)	(580.07)
(Increase)/Decrease in short-term loans and advances	(741.75)	(691.42)
(Increase)/Decrease in long-term loans and advances	(19.59)	—
(Increase)/Decrease in trade payable	2,768.91	844.77
(Increase)/Decrease in other payable	718.70	95.45
Cash used in Operations	**(2,661.71)**	**608.56**
Direct taxes paid	(524.79)	(190.60)
Net cash used from Operating Activities	**(3,186.50)**	**417.96**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,436.66)	(1,294.88)
Sale of Fixed Assets	354.46	0.05
(Purchase)/Sale of Investments	(104.34)	(524.08)
Interest received	265.89	73.06
Dividend received	0.10	0.10
Net cash used in Investing Activities	**(920.55)**	**(1,745.75)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	6,086.40	2,363.30
Proceeds from Share Capital	32.04	564.38
Proceeds from Unsecured Loan	(425.00)	417.76
Interest Paid	(1,662.30)	(908.87)
Dividend Paid	(183.75)	(114.08)
Tax on Dividend	(30.19)	(19.76)
Net cash generated from Financing Activities	**3,817.20**	**2,302.73**

Consolidated Cash Flow Statement For the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(289.85)	974.94
Opening Cash and Cash Equivalents		
Cash in hand	8.05	18.17
Bank balances	1,305.19	320.13
Closing Cash and Cash Equivalents		
Cash in hand	6.87	8.05
Bank balances	1,016.52	1,305.19
	1,023.39	1,313.24

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

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D. R. Puranik	*Chief Financial Officer*
Arpita Patwardhan	*Dy. Company Secretary*

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012

1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

Accounting convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in all material respects with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(i) USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the year in which the results are known/materialised.

(ii) PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the revised Schedule VI notified under the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as 12 months for the purpose of current & non-current classification of assets & liabilities.

(iii) FIXED ASSETS

(a) Fixed assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of CENVAT and VAT). All direct expenses attributable to acquisition of Fixed Assets are capitalised.

(b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The up gradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.

(c) Intangible assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

(iv) IMPAIRMENT OF ASSETS

The carrying amount of Cash Generating Units/Assets is reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(v) DEPRECIATION

(a) Depreciation on all assets of the Company except leasehold land and improvements to leasehold premises, is provided on Straight-Line basis as applicable under the Companies Act, 1956.

(b) Leasehold land and improvements to leasehold premises are depreciated over respective period of lease.

(c) Capitalised ERP Hardware/Software, Technical Knowhow and development expenditure of projects/products incurred is amortised over the estimated period of benefits, not exceeding five years.

(vi) INVESTMENTS

Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments.

Current investments are stated at cost or fair value whichever is lower.

(vii) VALUATION OF INVENTORIES

A	Raw Material and Packing Materials.	At weighted average cost
B	Work in progress and finished goods.	At Cost or Net Realisable Value whichever is lower. Cost includes cost of materials, labour and appropriate manufacturing overheads.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(viii) EXCISE DUTY

Excise duty on finished goods manufactured is accounted on clearance of goods from the factory premises and also in respect of year-end stocks in bonded warehouse, wherever applicable. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs and booking of the invoices in respect thereof.

(ix) FOREIGN CURRENCY TRANSACTIONS

(a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year-end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract.

(c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

(x) RESEARCH AND DEVELOPMENT

Revenue expenditure on Research and Development is included under the natural heads of expenditure.

Capital expenditure on Research and Development (R&D) is capitalised as fixed assets. Development cost including legal expenses and/or in relation to patent/trade marks relating to the new and improved product and/or process development is recognised as an intangible asset to the extent that it is expected that such asset will generate future economical benefits.

(xi) EMPLOYEE STOCK OPTION SCHEME

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(xii) RETIREMENT BENEFITS

(a) Short-Term Employee benefits

All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the profit & loss account.

(b) Defined Contribution Plan

The Company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner and contribution of the company is charged to the profit & loss account on accrual basis.

The Company has a scheme of Superannuation with LIC of India and contribution of the company is charged to the profit & loss account on accrual basis.

(c) Defined Benefit Plan

The Company's liability towards gratuity to its employees is covered by a group gratuity policy with an insurance company. The contribution paid/payable to insurance company is debited to Profit & Loss Account on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to Profit & Loss Account on accrual basis. Charge to the Profit and Loss Account includes premium paid, current service cost, interest cost, expected return on plan assets and gain/loss in actuarial valuation during the year net of fund value of plan asset as on the balance sheet date.

(d) Other long-term benefits

Liability towards leave salary is provided on actuarial basis using the Projected Unit Credit method and it is unfunded.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(xiii) REVENUE/EXPENSE RECOGNITION

(a) Revenue from the sale of products is recognized when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding collectability of the amount due, associated costs or the possible return of goods.

(b) Revenue in respect of overdue interest, insurance claim, export benefits, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.

(c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.

(d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

(xiv) CONTINGENT LIABILITIES

Liabilities are disclosed by way of Notes appended to the Balance Sheet in case there is an obligation that may probably not require cash outflow.

(xv) ACCOUNTING FOR TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(xvi) EARNING PER SHARE

Basic earning per equity share is computed by dividing net profit by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding adjusted for the effects of all dilutive potential equity shares.

(xvii) BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(xviii) LEASEHOLD IMPROVEMENTS

Expenditure incurred on improvements to leasehold premises is classified into Capital and Revenue. Additions of assets are capitalized under Fixed Assets and balance expenditure, if any, is recognized as expenditure in Profit and Loss Account.

(xix) CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

(xx) LEASE

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
2. SHARE CAPITAL		
Details of authorised, issued and subscribed share capital		
Authorised Capital		
670,50,000 Equity Shares of ₹ 2/- each (Previous Year 135,00,000 equity shares of ₹ 10/- each)	1,350.00	1,350.00
Issued, subscribed and fully paid-up share capital		
4,67,94,390 Equity Shares of ₹ 2/- each (Previous Year 93,06,003 equity shares of ₹ 10/- each)	935.89	930.60
	935.89	**930.60**
(a) Pursuant to approval of the members dated 5th January 2012 through postal ballots, one equity share having face value of ₹ 10/- each has been sub-divided into five equity shares of ₹ 2/- each.		
(b) Terms/Rights attached to equity shares		
The group has only one clause of shares referred to as equity shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.		
The group declares and pays dividends in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.		
The Board of Directors in their meeting held on 24th May 2012 proposed dividend of ₹ 0.50/- per equity shares of face value of ₹ 2/- each. (₹ 2/- per equity share of face value of ₹ 10/- in the previous year).		
In the event of liquidation of group the holders of equity shares will be entitled to receive any of the reaming assets of the group after distribution of all preferencial amount. However no such preferencial amounts exist currently. The distribution will be in proportion to number of equity shares held by the share holders.		

(c) Reconciliation of number of shares

Equity Shares

(₹ in Lacs)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
Face value per share (in ₹)		2		10
Shares outstanding at the beginning of the year	46,530,015	930.60	5,814,480	581.45
Add: Issued during the year	—	—	3,488,208	348.82
Add: Additions due to issue of ESOPs	264,375	5.29	3,315	0.33
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	**46,794,390**	**935.89**	**9,306,003**	**930.60**

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

2. SHARE CAPITAL (Contd.)

(d) Details of Shareholders Holding more than 5% shares in the group

(₹ in Lacs)

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
Ashish S. Dandekar	5,558,295	11.88	896,659	9.64
Ashish S. Dandekar (Huf)	3,667,170	7.84	733,434	7.88
Leena A. Dandekar	2,861,280	6.11	572,256	6.15
Abha A. Dandekar	3,800,000	8.12	760,000	8.17
Vivek A. Dandekar	3,800,000	8.12	760,000	8.17
Camart Industries Ltd.	2,659,680	5.68	531,936	5.72
	22,346,425	**47.75**	**4,254,285**	**45.72**

(e) Details of Shares allotted as fully paid up pursuant to contracts without payment being received in cash

During financial year ended 31st March, 2007 the group had issued 48,00,000 equity shares of ₹ 10/- each as fully paid up to the shareholders of Camlin Limited pursuant the Scheme of Arrangement without payment being received in cash.

(f) Shares reserved for issue under options

For details of shares reserved for issue under employees stock option (ESOP) plan of the group, refer note 31.

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
3. RESERVES AND SURPLUS		
(a) Capital Reserves	80.60	80.60
(b) Capital Reserve on Consolidation		
Opening Balance	684.95	—
Add: Addition/Adjustment	395.68	684.95
Closing Balance	**1,080.63**	**684.95**
(c) Foreign Currency Translation Reserve	109.41	—
(d) Securities Premium Account		
Opening Balance	608.45	406.22
Add: Right issue (Refer note 30)	—	200.57
Add: Esop Exercise (Refer note 31)	26.86	1.66
Closing Balance	**635.31**	**608.45**
(e) Employees Stock Options Outstanding (Refer Note 31)		
(a) Employee Stock Option Outstanding		
Opening Balance	22.78	19.04
Add: fresh grant of options.	—	8.96
Less: Amount transfer to securities premium/option lapsed	5.71	5.22
Closing Balance	17.07	22.78
Less:		
(b) Differed employee compensation expenses		
Opening Balance	13.96	11.08
Add: fresh grant of options	—	8.96
Less: Amount transfer to employee compensation/option lapsed	6.42	6.08
Closing Balance	7.54	13.96
TOTAL (a-b)	**9.53**	**8.82**

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
3. RESERVES AND SURPLUS (CONTD.)		
(f) General Reserves		
Opening Balance (refer note below)	1,826.90	1,755.55
Add: Employees Stock Option Vested but Lapsed	—	0.35
Add: Transfer on Amalgamation (refer note below)	—	16.00
Add: Transfer from Surplus	105.00	55.00
Closing Balance	**1,931.90**	**1,826.90**
(g) Surplus		
Opening	504.95	81.42
Add: Profit for the Year	379.29	710.84
Less: Transferred to General Reserve on amalgamation of Sangam Labaratories Ltd.	—	(16.00)
	884.24	776.26
Appropriations		
Proposed Dividend on Equity Shares	(233.97)	(186.12)
Tax on Proposed Dividends	(37.96)	(30.19)
Transfer to General Reserves	(105.00)	(55.00)
Total Appropriations	(376.93)	(271.31)
Closing	507.31	504.95
GRAND TOTAL	4,354.69	3,714.67

Note:
Opening balance as of 01.04.2011 includes ₹ 16 lacs transferred on account of amalgamation of Sangam Laboratories Ltd. in financial year 2010-11 which is not available for distribution of dividends.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
4. LONG-TERM BORROWINGS				
SECURED				
(a) Foreign currency term loans:				
(i) From Banks	1,381.47	1,352.04	73.77	—
(b) Term loans:				
(i) From Banks	1,143.29	2,524.03	215.88	447.37
(c) Long-term maturities of finance lease obligations	77.40	118.59	41.19	36.16
TOTAL	2,602.16	3,994.66	330.84	483.53
UNSECURED				
(a) Deposits from Public	696.90	—	—	—
(b) Sales Tax Deferral	—	5.99	5.99	—
TOTAL	696.90	5.99	5.99	—
TOTAL	3,299.06	4,000.65	336.83	483.53

Current Maturities of Long Term Borrowings have been disclosed under the head "Current Liabilities" Refer Note 8.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

4. LONG-TERM BORROWINGS (CONTD.)

(a) Foreign currency term loans

Foreign currency term loan from Exim Bank is repayable in 21 substantially equal quarterly installments commencing after a moratorium of 24 months from the date of 1st disbursement i.e 03.03.2013. The Loan is secured by (a) First pari passu mortgage and charge on the entire immoveable properties and moveable fixed assets of the company, both present and future, (b) Pledge of 100% equity stake of the SVP of CFSL set up in Mauritius, (c) Pledge of 100% equity stake of the CFS EUROPE S.p.A. Italy held by the Mauritius SPV of CFSL.

(b) Term loans from Bank

Term loan from Exim Bank is repayable in 28 equal quarterly installments commencing after a moratorium period of one year for the date of first disbursement commencing from May,13 2010.The loan is secured by First pari passu charge on all the fixed assets of the Company, both present and future.

Term loan from State Bank of Patiala is repayable in 26 equal quarterly installments commencing from 31.12.2013. The loan is secured by (a) First pari passu charge on all the fixed assets of the Company, both present and future including Moorgate of MIDC lease hold land at Tarapur. (b) Assets including land and building of Tarapur Pharma Chem Pvt. Ltd. plant comprising of 4050 sq mts land & bldg. plant & machinery. Collateral Security: Second pari passu Charge on the entire Current assets of the Company.

Term loan from HDFC Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles.

Term loan from ICICI Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles.

(c) Finance lease obligations

Loan against lease assets from from L&T Finance Ltd. is repayable in maximum tenure of three years. The loan is secured by furniture & fixture taken on lease.

(d) Deposits from Public

Deposits from public is repayable in maximum tenure of three years.

(e) Deferred Sales Tax Loan

Deferred sales tax loan pertains to financial year 1997-1998 to 2002-2003. The said loan is interest free and payable in six yearly installments starting from May 2010 and last installment payable before March 2021.

Years	₹ in Lacs
1-2	0.60
2-3	0.85
3-4	1.00
Beyond 4	2.20
	4.65

Total outstanding includes overdue amount of ₹ 0.73 Lacs pertaining to financial years 2010-11 & 2011-12. However the Company has prepaid entire amount before balance sheet date irrespective of repayment schedule and hence the entire outstanding is considered as currents borrowings.

5. DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

The major components of deferred tax liability/asset as recognized in the financial statement is as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liability		
Depreciation	376.68	319.17
Gratuity (Prepaid)	7.80	5.03
Lease Payments	15.49	8.47
Sub Total	**399.97**	**332.67**
Deferred Tax Asset		
Provision for Doubtful Debts	30.60	15.88
Leave Encashment	25.36	20.34
Other Disallowances under Income Tax Act	13.85	2.99
Sub Total	**69.81**	**39.21**
Net Deferred Tax Liability	**330.16**	**293.46**

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
6. SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand		
Working Capital loans from Bank	8,853.09	1,912.41
TOTAL	**8,853.09**	**1,912.41**
UNSECURED		
Inter Corporate Deposit	—	425.00
TOTAL	—	425.00
TOTAL	**8,853.09**	**2,337.41**
Working capital loans from banks include		
Cash credit from banks is repayable on demand and is secured by primary charge over company's inventory of Raw Material, Packing Material Semi Finished Goods and book debts and further by way of Collateral Security in the form of Equitable Mortgage of factory land & building at Tarapur MIDC, Boisar.		
7. TRADE PAYABLES		
Trade Payables*		
Due to Micro and Small Enterprises	—	—
Other than Micro and Small Enterprises	8,722.17	5,953.27
TOTAL	**8,722.17**	**5,953.27**
* Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of Micro, Small & Medium Enterprises Development Act, 2006 as on 31st March 2012.		
8. OTHER CURRENT LIABILITIES		
Current maturities of foreign currency debt	73.77	—
Current maturities of long-term debt	215.88	447.37
Current maturities of finance lease obligations	41.19	36.16
Interest accrued but not due on borrowings	17.87	11.17
Unpaid dividends #	7.55	5.17
Share Application money received for allotment of securities and due for refund	0.39	0.50
Deposits	1.19	1.26
TDS Payable	101.20	23.77
Other statutory dues	670.04	28.70
TOTAL	**1,129.08**	**554.10**
# Does not include any amount due and outstanding to be credited to Investor Education and Protection Fund		
9. SHORT-TERM PROVISIONS		
Provision for employee benefits:		
Leave encashment	405.06	341.33
Others:		
Provision for taxation	258.95	88.83
Proposed dividend	233.97	186.12
Tax on proposed dividend	37.96	30.19
TOTAL	**935.94**	**646.47**

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

10. FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	As at April 1, 2011	Additions (Deletions) during the Year	Acquired through business combinations	Disposal/ Adjustment	As at March 31, 2012	As at April 1, 2011	Depreciation charge for the year	Acquired through business combinations	Adjustments on disposals	s at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets												
Free Hold Land *	190.38	—	—		190.38	—	—	—	—	—	190.38	190.38
Leasehold Land	2.67	—	—		2.67	0.88	0.03	—	—	0.91	1.76	1.79
Factory & Other Building	1,631.79	—	—	172.78	1,459.01	656.76	87.80	—	31.53	713.03	745.98	975.03
Site Development	37.55				37.55	5.02	0.61			5.63	31.92	32.53
Plant, Equipment & Machinery	18,447.86	1,189.39	—	419.51	19,217.74	13,435.57	1,015.91	—	385.99	14,065.49	5,152.25	5,012.30
Furniture & Fixtures											—	—
Owned	152.76	33.20	—	0.46	185.50	22.44	18.81		0.33	40.92	144.58	130.32
Leased	198.62	—	—		198.62	18.38	13.90			32.28	166.34	180.24
Vehicles	86.87	83.48	—		170.35	37.37	9.54	—	—	46.91	123.44	49.50
ERP Hardware Cost	111.11	7.00	—	23.00	95.11	64.36	12.65	—	22.80	54.21	40.90	46.75
TOTAL	**20,859.61**	**1,313.07**	**—**	**615.75**	**21,556.93**	**14,240.78**	**1,159.25**	**—**	**440.65**	**14,959.38**	**6,597.55**	**6,618.83**
Intangible Assets												
ERP Software Cost	93.08	8.69	—		101.77	44.22	15.58	—	—	59.80	41.97	48.87
Technical Know-How	212.00	323.68	—		535.68	21.14	96.63	—	—	117.77	417.91	190.86
Patents and other Intangible Assets	36.53	377.55	—	—	414.08	9.70	79.86	—	—	89.56	324.52	26.83
TOTAL	**341.61**	**709.92**	**—**	**—**	**1,051.53**	**75.06**	**192.07**	**—**	**—**	**267.13**	**784.40**	**266.55**
Current Years Total	**21,201.22**	**2,022.99**	**—**	**615.75**	**22,608.46**	**14,315.84**	**1,351.32**	**—**	**440.65**	**15,226.51**	**7,381.95**	**6,885.38**
Previous Year	6,189.45	752.38	14,259.99	0.60	21,201.22	2,400.91	546.22	11,368.99	0.28	14,315.84	6,885.38	

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
11. NON-CURRENT INVESTMENTS		
A. Trade Investments (Valued at cost unless stated otherwise)		
(a) Investment in Equity instruments (Unquoted)		
– Fine Renewable Energy Ltd.	5.10	5.10
51,000 equity shares of ₹ 10/- each fully paid (Previous year 51,000 equity shares of ₹ 10/- each fully paid)		
– Chemolutions Chemicals Ltd.	9.95	—
99,500 equity shares of ₹ 10/- each fully paid (Previous year 2,45,000 equity shares of ₹ 10/- each fully paid)		
– Fine Lifestyle Brand Ltd.	12.07	20.35
2,55,000 equity shares of ₹ 10/- each fully paid (Previous year 2,55,000 equity shares of ₹ 10/- each fully paid)		
– Borealis Pvt. Ltd.	96.39	96.39
	123.51	**121.84**
B. Non Trade Investments		
(a) Investment in Equity instruments (Unquoted)		
– Saraswat Co-op. Bank Ltd. (5000 equity shares of ₹ 10/- each fully paid)	0.50	0.50
	0.50	**0.50**
TOTAL (A+B)	**124.01**	**122.34**
Aggregate amount of unquoted investments	**124.01**	**122.34**

Note:
Chemolutions Chemicals Ltd., ceased to be associate company during the year.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
12. LONG-TERM LOANS AND ADVANCES		
(a) Capital Advances		
Unsecured, considered good	50.20	24.38
	50.20	24.38
(b) Security Deposits		
Unsecured, considered good	86.53	92.76
	86.53	92.76
TOTAL	136.73	117.14
13. INVENTORIES (valued at lower of cost or net realisable value)		
(a) Raw Materials and components (including packing materials)	2,508.73	461.22
(b) Work-in-progress	2,276.65	2,732.85
(c) Finished goods	3,619.14	102.06
(d) Stock-in-trade	15.13	15.61
(e) Consumables	16.09	—
TOTAL	8,435.74	3,311.74
14. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Secured, considered good		
Unsecured, considered good	834.23	813.59
Doubtful	94.27	47.79
	928.50	861.38
Less: Provision for doubtful debts	(94.27)	(47.79)
	834.23	813.59
Trade receivables outstanding for a period less than six months		
Secured, considered good	—	—
Unsecured, considered good [Net of Bills Discounted ₹ 3,213.28 Lacs (Previous year ₹ 2,490.42 Lacs)]	8,182.39	4,219.22
	8,182.39	4,219.22
TOTAL	9,016.62	5,032.81

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
15. CASH AND BANK BALANCES		
Cash & Cash equivalents		
(a) Balances with banks		
In Current account	405.12	946.14
Unpaid Dividend/ Interest Account	8.15	5.68
(b) Cash on hand	6.87	8.05
	420.14	959.87
Other Bank Balances		
Margin Money Deposits	603.25	353.37
TOTAL	**1,023.39**	**1,313.24**
16. SHORT-TERM LOANS AND ADVANCES		
(a) Loans and advances to related parties (refer note no. 32)		
Unsecured, considered good	39.72	33.00
	39.72	33.00
(b) Other Loan & Advances		
(Unsecured consider good)		
Loans to Company	1385.52	569.53
Prepaid Expenses	83.45	90.42
Loans to Employees	15.38	10.16
Gratuity	24.08	15.15
Balance with Statutory/Government Authorities	356.85	308.37
Balances with Tax Authorities	100.29	232.69
Deposits	62.97	58.66
Others	150.15	—
	2,178.69	1,284.98
TOTAL	2,218.41	1,317.98

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
17. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products:		
Finished goods	31,050.04	16,977.25
Traded goods	2,858.72	—
Sale of services	20.03	21.63
Other operating revenues:		
– Sale of Process Know-How	—	200.00
– Export Benefits	3.73	—
– Scrap sales	7.07	—
– Other Operating Receipt	—	185.17
Revenue from operations (gross)	33,939.59	17,384.05
Less: Excise Duty	414.71	216.78
TOTAL	33,524.88	17,167.27
18. OTHER INCOME		
Interest Income	265.89	73.06
Dividend Income	0.10	0.10
Profit on Sale of Fixed Assets (Net)	179.36	—
Gain on Foreign Exchange Fluctuations	—	51.34
Miscellaneous Receipts	710.66	55.17
TOTAL	1,156.01	179.67
19. COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	446.67	347.26
Add: Stock taken over on Acquisition	—	311.73
Add: Purchases of Raw Materials	19,398.54	11,620.38
Less: Closing Stock of Raw Materials	2,508.73	446.67
TOTAL	17,336.48	11,832.70
20. PURCHASE OF STOCK-IN-TRADE		
Purchases of finished goods for resale	2,471.72	111.61
TOTAL	2,471.72	111.61
21. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS		
Opening Inventory:		
Finished Goods	106.91	1,940.01
Work-In-Progress	2,732.85	296.32
	2,839.76	2,236.33
Closing Inventory:		
Finished Goods	3,619.14	106.91
Work-In-Progress	2,276.65	2,732.85
	5,895.79	2,839.76
TOTAL	(3,056.03)	(603.43)

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
22. EMPLOYEE BENEFIT EXPENSES		
Salaries and incentives	2,294.68	921.93
Contributions to:		
Provident fund	51.75	45.45
Gratuity fund	25.06	—
Expense on Employee Stock Option Scheme (ESOP)	6.03	1.53
Staff welfare expenses	49.78	72.28
TOTAL	2,427.30	1,041.19
23. FINANCE COST		
Interest	1,264.80	723.17
Bank Charges	307.12	194.28
Exchange Difference to the extents consider as an adjustment to borrowing cost	97.08	—
TOTAL	1,669.00	917.45
24. OTHER EXPENSES		
Consumption of stores and Spares	333.01	133.45
Power and Fuel	5,564.87	871.37
Rent	246.42	186.37
Repairs:		
– Building	—	0.02
– Machinery	168.70	37.73
– Others	111.23	160.06
Insurance	156.03	61.44
Rates and Taxes	13.37	8.91
Sub Contracting Charges	441.03	278.71
Labour Charges	235.73	288.83
Advertisement and Sales Promotion	259.77	126.90
Transport & Forwarding Charges	278.06	336.38
Commission/Discount/Service Charges on Sales	134.70	173.25
Travelling & Conveyance	314.11	210.72
Directors Meeting Fees	5.21	6.24
Auditor's Remuneration	27.81	12.64
Legal & Professional fees	451.62	210.22
Bad Debts Written Off	54.74	—
Add: Provision for Doubtful Debts	74.97	17.88
Less: Provision Written Back	(28.45)	—
	101.26	17.88
Loss on Sale/Discarding of Assets	—	0.27
Loss on Foreign Exchange Fluctuations	102.13	—
Miscellaneous Expenses	2,620.26	450.85
TOTAL	11,565.32	3,572.24
Note: Payment to Auditor		
As Auditor:		
Audit Fees	19.25	7.50
Tax Audit Fee	2.00	1.50
In Other Capacity:		
Taxation Matters	2.00	—
Certification	1.81	—
Other Services	2.60	3.50
Reimbursement of Expenses	0.15	0.14
TOTAL	27.81	12.64

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

25. PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements (CFS) comprises the Financial Statements of Camlin Fine Sciences Limited and its subsidiaries, joint venture and associates as at 31.03.2012. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) “Consolidated financial statements”, Accounting Standard (AS-23) “Accounting for Investment in Associate in Consolidated Financial Statement” and Accounting Standard (AS-27) Financial Reporting of Interests in Joint Ventures” notified by companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on following basis.

(i) The financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's separate financial statements.

(ii) The difference between the costs of investment in the subsidiaries over the Company’s portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve.

(iii) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of date of disposal is recognised in the Profit and Loss Account as profit or loss on disposal of investment in subsidiary. Similarly Deemed divesture gain or loss on de-subsidiarisation of subsidiaries is also recognized in profit and loss account.

(iv) The subsidiaries (which along with Camlin Fine Sciences Limited, the parent, constitute the group) and associate considered in the presentation of these consolidated Financial Statements are:

Name of the Entities	Nature	Country of Incorporation	% Shareholding 31.03.12	% Shareholding 31.03.11
Dulcette Technologies LLC	Subsidiary	USA	61%	61%
CFCL Mauritius Pvt. Ltd.	Subsidiary	Mauritius	100%	100%
CFS Europe S.p.A., Italy (Erstwhile Borregaard Italia S.p.A)	Step down subsidiary	Italy	100% Held by CFCL Mauritius Pvt. Ltd.	100% Held by CFCL Mauritius Pvt. Ltd.
Fine Lifestyle Brands Limited	Associate	India	49.04	49.04
Fine Lifestyle Solutions Limited	Associate	India	75% held by Fine Lifestyle Brands Ltd.	75% held by Fine Lifestyle Brands Ltd.
Chemolutions Chemicals Ltd. (Associate till 05.09.2011)		India	19.90%	49%

(a) The statutory accounting year of Dulcette Technologies LLC is January to December every year, which is different from that of Camlin Fine Sciences Limited. However, for the purpose of consolidation Dulecette Technologies LLC has prepared financial statements for the year ended March 31, 2012.

(b) Notes on Accounts of the financial statement of the Company and all the subsidiaries are set out in their respective financial statements.

(c) Capital Reserve: Capital Reserve represents the difference between the Group’s share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. For this purpose, the Group’s share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

(d) Minority interest in the net assets of the consolidated subsidiaries consist of:

(1) Amount of equity attributable at the date on which investment in subsidiaries is made and

(2) The minorities share of movements in equity since the date the parent subsidiary relationship comes into existence.

26. CHANGES IN GROUP STRUCTURE:

During the year ended 31st March 2012, the following changes in Group Structure have taken place and the same have been appropriately dealt with in the consolidated financial statement.

(a) During the year, the Company through its wholly owned subsidiary CFCL Mauritius Pvt. Ltd. invested a further sum of ₹ 120 Lacs equivalent to EURO 174838 (net of EURO 425162 being price adjustment in terms of share purchase agreement with shareholders of Borregaard Italia S.p.A.). Post this investment, CFS Europe S.p.A. remains wholly owned subsidiary of CFCL Mautirius Pvt. Ltd.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(b) On 5th September 2011, the Company sold shares of Chemolutions Chemicals Limited, pursuant to which it ceased to be an associate from the aforesaid date. The deemed divestiture gain of ₹ 14.55 Lacs arising on sale of stake in Chemolutions Chemicals Ltd. has been accounted for as an exception item.

27. MINORITY INTEREST:

Owing to losses attributable to the minority exceeding the minority interest in the equity of the subsidiary, the excess has been adjusted against the majority interest.

28. CONTINGENT LIABILITIES:

Particulars	March 31, 2012	March 31, 2011
(a) In respect of Bills of Exchange/cheque discounted with the Bankers	3,213.28	2,490.42
(b) In respect of Bank Guarantees issued to VAT and Custom Authorities	364.99	364.99
(c) In respect of Corporate Bank Guarantees issued against the borrowings of:		
Chemolutions Chemicals Ltd.	500.00	500.00

29. COMMITMENTS:

(a) Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 12.99 Lacs. (Previous year ₹ 4.97 Lacs).

(b) The information in respect of commitment has been given only in the respect of capital commitment in order to avoid providing excess details that may not assist user of financial statements.

30. RIGHT ISSUE:

During the financial year 2010-2011, the company had raised ₹ 549.39 Lacs through issue of 34.88 Lacs equity shares of face value of ₹ 10/- each at premium of ₹ 5.75 per share on right basis. The proceeds (net of expenses of ₹ 18.37 Lacs) of the right issue had been utilised for meeting capital expenditure for development of plant process and de-bottlenecking as mentioned in the Letter of Offer.

31. EMPLOYEE STOCK OPTION SCHEME:

The Company has Employee Stock Option Scheme called "Camlin Fine Sciences Employees Stock Option Scheme, 2008" which was approved on 8th August 2008. The scheme is an employee share based payment plan administered through Employee Stock Option. Each option under the scheme will entitle one fully paid up equity share of ₹ 2 each of the Company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Grant Date	9th August 2008	13th October 2008	23rd October 2009	25th October 2010
Number of Options granted	9,70,500	83,500	1,61,000	3,20,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant			
Exercise Price (per share)	₹ 10	₹ 10	₹ 10	₹ 12.40
Method of settlement	By issue of Shares at Exercise Price			
Vesting Conditions	10% On expiry of 12 months from the date of grant;			
	15% On expiry of 24 months from the date of grant;			
	20% On expiry of 36 months from the date of grant;			
	25% On expiry of 48 months from the date of grant;			
	30% On expiry of 60 months from the date of grant;			

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

Details of Stock Options are as follows:

Summary of Stock Options	No. of Stock Options			
	Tranche I	Tranche II	Tranche III	Tranche IV
Options outstanding on 1st April, 2011	7,14,275	22,250	1,42,250	2,17,000
Option granted during the year	Nil	Nil	Nil	Nil
Options forfeited/lapsed during the year	5,125	Nil	Nil	9,800
Options vested but lapsed	Nil	Nil	450	Nil
Options exercised during the year	2,40,400	4,875	2,350	16,750
Options outstanding on 31st March, 2012	4,68,750	17,375	1,39,900	1,90,000
Options vested but not exercised on 31st March, 2012	1,01,525	4,450	33,047	4,150

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV
Average Share Price *	₹ 14.67	Nil	₹ 14.67	—
Exercise/Grant Price **	₹ 10.00	₹ 10.00	₹ 10.00	₹ 12.40
Market Price ***	₹ 12.00	₹ 9.00	₹ 11.70	₹ 15.20

* Being, the average share price at the Recognized Stock Exchange on the date of exercise of the option.

** Exercise price is the price payable by employee for exercising the option granted.

*** Market price is the latest available closing price, prior to the date of the meeting of board of directors in which options are granted.

The Company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares is based on the latest available closing market price, prior to the date of meeting of the board of directors, in which the options were granted, on the stock exchange in which the shares of the company are listed. The difference between the intrinsic value and the exercise price is being amortised as employee compensation cost over the vesting period. The details thereof are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Opening unamortized amount	6,66,657	Nil	1,73,308	5,56,967
Total amount to be amortised over the vesting period	Nil	Nil	Nil	Nil
Charge to Profit and Loss Account for the year	4,06,407	Nil	50,429	1,47,000
ESOP Lapsed	10,250	Nil	Nil	28,700
Unamortised amount carried forward	2,50,000	Nil	1,22,879	3,81,267

Accordingly, during the year, 2,64,375 equity shares of ₹ 2/- each (Previous Year 3,315 equity shares of ₹ 10/- each) have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 26.86 Lacs (Previous Year ₹ 1.66 Lacs) has been accounted.

32. DETAILS OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO ASSOCIATES:

Particulars	Balance at the year end	Maximum amount outstanding during the year
Fine Lifestyle Brands Ltd. (Associate)	39.72	39.72
	(33.00)	(33.00)

33. COMMISSION TO DIRECTORS:

During the year Camlin Fine Sciences Ltd. (the Company) has made a provision towards commission payable to Non-executive Directors @ 1% of net profits of the Company for the financial year 2011-2012 subject to overall ceiling of ₹ 8.00 Lacs. As required by Section 309(4)(b) of the Companies Act, 1956 the Company will obtain necessary approval of members by passing special resolution in the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

34. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS ISSUED BY INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

(a) Earnings Per Share (Basic and Diluted)

Particulars	2011-12	2010-11
Net Profit/(Loss) after Tax as per profit and loss account available for equity shareholders (₹ Lacs)	379.29	710.84
Weighted average no. of equity shares used in computing basic earnings per share	4,66,11,495	89,08,533
Effect of potential ordinary shares on conversion of stock options	4,13,517	80,992
Weighted average no. of equity shares used in computing diluted earnings per share	4,70,25,012	89,89,525
– Basic Earnings per Share (₹)	0.81	7.98
– Diluted Earnings per Share (₹)	0.81	7.91
Weighted average no. of equity shares used in computing basic earnings per share restated for Share Split		4,45,42,665
– Basic Earnings per Share (₹)		1.60
Weighted average no. of equity shares used in computing diluted earnings per share restated for Share Split.		4,49,47,625
– Diluted Earnings per Share (₹)		1.58

(b) Segmental Reporting

The Company predominantly deals in manufacture of food and industrial antioxidants and has enhanced its product portfolio to include those used in food chemistry, biotechnology, biochemistry etc. During the year, the Company has increased business by trading in these products. Accordingly, the Company now operates in two business segments namely Manufactured and Traded Products. However disclosures as required by AS 17 Segment Reporting have not been disclosed since these segments do not meet the criteria set out in the aforesaid Accounting Standard to identify a reportable segment.

(c) Foreign Currency Transactions:

Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Profit & Loss Account is ₹ 102.13 Lacs (Previous Year Profit of ₹ 51.34 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2012 is as follows:

(Currency in Lacs)

Particulars	Currency	2011-12	2010-11
(a) Trade Receivable	USD	63.41	40.35
	EURO	7.23	4.76
(b) Trade Payable	USD	52.00	56.12
(c) Term Loan	USD	28.45	30.28

There are no outstanding hedged exposures in foreign currency transactions as on March 31, 2012.

(d) Related Party Disclosures

(a)

Name of the Related Party
Chemolutions Chemicals Ltd. (till 5th September 2011)
Fine Lifestyle Brands Ltd.
Fine Lifestyle Solutions Ltd.
Focussed Event Management Pvt. Ltd.
Vibha Agencies Pvt. Ltd.
Abana Medisys Pvt. Ltd.
Pagoda Advisors Pvt. Ltd.

(b) Key Management Personnel & their relatives

Name of the Person	Nature of Relationship
Mr. A. S. Dandekar	Managing Director
Mr. S. D. Dandekar	Management Consultant
Mr. D. D. Dandekar	Chairman
Mrs. L. A. Dandekar	Promoter Group
Mr. Vivek A. Dandekar	Promoter Group
Ms. Abha A. Dandekar	Promoter Group
Mr. Amar Bheenick	Director
Mr. Dharmesh Naik	Director
Mr. Mariano Correale	Managing Director
Mr. Antonio Menezes	Joint Managing Director
Mr. Nicola Paglietti	Director
Mr. Dattatraya Puranik	Director

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(c) Transactions with Related Parties

Sr. No.	Nature of Transactions	Associate Companies	Key Management Personnel & their Relatives
1.	Purchases/Expenses:		
	(i) Goods	13.76	Nil
		0.85	(Nil)
	(ii) Services	(Nil)	5.55
		(Nil)	(2.40)
	(iii) Salaries	(Nil)	12.13
		(Nil)	(12.13)
2.	Sales		
	Goods	2.46	(Nil)
		(Nil)	(Nil)
3.	Finance:		
	(i) Inter Corporate Loan Given	330.10	(Nil)
		(Nil)	(Nil)
	(ii) Loan Taken	Nil	(200.00)
		(125.00)	(320.00)
	(iii) Interest Received	48.46	Nil
		(6.85)	(Nil)
	(iv) Interest Paid	Nil	7.56
		(2.44)	(3.42)
4.	Other Transactions		
	Reimbursement received from parties	8.32	Nil
		(6.57)	(Nil)
5.	Outstanding:		
	(i) Payable	Nil	Nil
		(Nil)	(Nil)
	(ii) Receivable	39.72	Nil
		(198.16)	(Nil)
	(iii) Inter Corporate Loans Given	39.73	Nil
		(575.71)	(Nil)
6.	Managerial Remuneration	Nil	98.55
		(Nil)	(60.10)

Figures for Previous Year are Nil, except for those applicable, specified in brackets.

(d) Significant Transactions with Related Parties

(₹ Lacs)

Particulars		2011-12	2010-11
Associate Companies			
(i)	Purchases:		
	Chemolutions Chemicals Ltd.	13.76	Nil
(ii)	Sales:		
	Chemolutions Chemicals Ltd.	2.47	98.60
(iii)	Finance:		
	Interest Received		
	Chemolutions Chemicals Ltd.	44.15	52.79
(iv)	Outstanding:		
	Inter Corporate Loans Given		
	Fine Lifestyle Brands Limited	39.73	33.00
Key Management Personnel			
	Managerial Remuneration		
	Mr. A. S. Dandekar	98.55	68.10

Notes to the Consolidated Financial Statements For the year ended 31st March, 2012 *(Contd.)*

(e) Leases

Particulars	Finance Lease	
	2012	2011
Total Minimum Lease Payments at the year end	54.77	54.77
Less: Amount Representing finance charges	18.61	22.94
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	36.16	31.83
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 36.16 Lacs as on 31.03.2012 (₹ 31.59 as on 31.03.2011)]	54.77	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 119.13 Lacs as on 31.03.2012 (₹ 154.75 as on 31.03.2011)]	87.01	142.8
Later than five years [For finance lease: Present value ₹ Nil as on 31.03.2012 (₹ Nil as on 31.03.2011)]	—	—

(f) Investment in Associates

Name	No. of Equity Shares Held	% of Holding	Cost of Investment (Equity Shares)	Goodwill/ (Capital Reserve)	Share in Accumulated Profit/(Loss)/ Reserves	Carrying Cost
Unquoted.						
Fine Lifestyle Brands Ltd.	2,55,000	49.04%	25.50	13.43	(8.28)	12.07
	2,55,000	**49.04%**	**25.50**	**20.35**	**(5.15)**	**20.35**

35. The financial statements for the year ended March 31, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Financial Statements for the year ended March 31, 2012 has been prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 24th May, 2012

D. D. Dandekar	*Chairman*
A. S. Dandekar	*Mg. Director*
S. M. Kulkarni	*Director*
P. M. Sapre	*Director*
B. A. Patel	*Director*
D. R. Puranik	*Chief Financial Officer*
Arpita Patwardhan	*Dy. Company Secretary*

Camlin Fine Sciences Limited

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