



Camlin Fine Sciences Limited

Annual Report 2013-14

# Integration Powering Growth

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## Forward Looking Statement

In this Annual Report, we have shared information and made forward looking statements to enable investors to know our product portfolio, business logic and direction and thereby comprehend our prospects. Such and other statements – written and oral – that we may periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised although we believe we have been prudent in our assumptions. The achievement of results is subject to uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

CAMLIN FINE SCIENCES HAS  
EMBARKED ON A GROWTH  
PATH WHICH IS POWERED  
BY INTEGRATING THE CORE  
STRENGTHS OF DOWNSTREAM  
MANUFACTURING FACILITIES,  
STRONG PROCESS DEVELOPMENT  
AND R&D TEAM, KNOWLEDGE  
BASE OF MARKETS, APPLICATION  
OF PRODUCTS WITH A **STRONG**  
**CUSTOMER CENTRIC FOCUS.**



# Integration Powering Growth

The starting point in the plan for growth was to enhance diphenol capacity in our facility in Italy.

The capacity enhancement of above 50%, upto 11,000 mt annually has been achieved in the shortest amount of time by de-bottlenecking the capacity with minimal capital expenditure. The capacity enhancement has led to substantial cost reductions and has presented an opportunity to grow downstream businesses.



### Growth through Customer – centric focus

To get a sharper customer centric focus we have now started our operations in Brazil through our 100% subsidiary company Solentus Do Brazil. This focus will result in expanding our base in key markets with value added products. Through our 100% subsidiary Solentus North America, the Company is approaching customer base in USA and Canada. Similar strategic approaches will be adopted in other global key markets in the next few years.

### Growth through Technology

The Company's focus has consistently been to develop new products, improve processes and technologies to gain competitive edge in the market. To enhance the developmental abilities, the Company is setting up a dedicated R&D and Process Development facility in Tarapur with state of the art equipments and infrastructure. It is our intent to use our knowledge to further enhance process efficiencies including development of Green Processes, new products and creating IPRs to ensure growth for the future.

### Growth through Customers

The Company's culture is highly customer centric, very focused on delivering best services to our customers with a keen eye on costs.

### Growth from Products

The diphenol capacity enhancement will support the growth strategy planned on the downstream products in food and industrial divisions of the Company.

The capacity enhancement will result in offering stability of supply and costs, a critical factor for the growth of downstream products.



The Food Division is leveraging its global leadership position in Bulk food antioxidants by launching a wide range of customised antioxidants blends which will be a major growth driver in the next few years.

The Process Development and R&D teams have made a breakthrough by development of a "Green Process" for Guaiacol, a key raw material intermediate for pharmaceutical applications and Vanillin. The new Green Process is currently at the stage of world wide patent application. With this process innovation, the Company will have a strategic edge in the market.

The roll-out of the new Green Process for Guaiacol with the capacity of 3,600 mt per annum is under way.

The strength of being a producer of Catechol coupled with the new Green Process for Guaiacol will give a distinct competitive and strategic edge in the market for Vanillin.

Based on this strategic advantage, the Company has planned an aggressive growth strategy for Vanillin.

We have enhanced our manufacturing capacity of TBC in excess of 50%, totalling upto 1,200 mt annually, by de-bottlenecking the process. TBC is an important product in the Industrial Products Division of the Company having application as an industrial antioxidant and is also poised for growth due to competitive advantage.


The portfolio of Industrial Products Division will be further boosted up by the addition of new downstream products which have similar application as industrial antioxidant.

**The Process Development and R&D teams have made a breakthrough by development of a "Green Process" for Guaiacol**

# Managing Director's Message

I am pleased to announce once again that your Company has delivered another year of high growth. I would attribute this primarily to leveraging our strength of backward and forward integration which kept the momentum of growth going in the challenging macro-economic situation prevailing in the markets.





At CFS, we believe integration is powering our growth and this is not just limited to the backward and forward integration, but also integration of key areas like R&D, Process Development, knowledge of markets, products and people.

Our Company's culture is highly customer centric and very focused on delivering best services to our customers with a keen eye on costs. With this focus in mind, we are transforming ourselves into a multinational and a multicultural organisation. We feel by achieving this CFS will come closer to customers, focus on customer's needs, relationships, ensuring longevity of business. I am pleased to inform you that your Company has started manufacturing operations in Brazil through our 100% subsidiary company Solentus do Brazil servicing customers in Latin America. Going forward, we will approach customer bases in USA and Canada through our 100% subsidiary Solentus North America. With the development of the new Green Process for Guaiacol and expansion in capacities for industrial application products, we see great expectation for future growth.

The strength of integration was the reason the Company delivered exceptional performance and I would like to share the highlights:

- Gross Sales from operations of the Company were ₹ 38,289.10 Lacs as compared to ₹ 32,276.48 Lacs in the previous year, registering a growth of 18.62%.
- Profit before tax was ₹ 2,920.58 Lacs as compared to ₹ 2,252.77 Lacs in the previous year, registering a growth of 29.60%.

- Profit after tax was ₹ 1,896.86 Lacs as compared to ₹ 1,475.91 Lacs in the previous year, registering a growth of 28.52%.
- Consolidated Gross Sales of the Company were ₹ 51,716.91 Lacs as compared to ₹ 38,285.35 Lacs in the previous year, registering a growth of 35.08%.
- Consolidated Profit after tax was ₹ 2,873.77 Lacs as compared to ₹ 1,512.34 Lacs in the previous year, registering a growth of 90.02%.

Considering the profits available for distribution, the Directors of your Company have recommended a dividend of ₹ 0.70 per share of ₹ 2/- each (i.e. 35%).

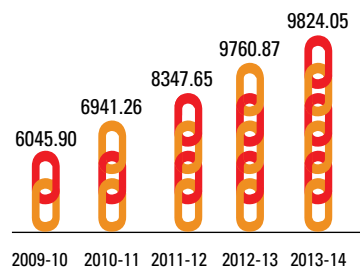
CFS is bringing in a stronger emphasis in R&D and process development which will give us a long term competitive advantage. We are consciously nurturing talent, identifying and supporting emerging leaders. We are building a decentralised strategy of management which supports entrepreneurial spirit and allows freedom for our people to grow.

On behalf of the board of directors, I thank all our employees, customers, partners, bankers, investors and shareholders for their trust and faith bestowed in the company and assure you we will continue to keep the momentum going with our central theme of integration powering growth.

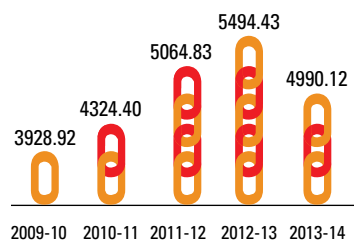
Yours truly

Ashish S. Dandekar

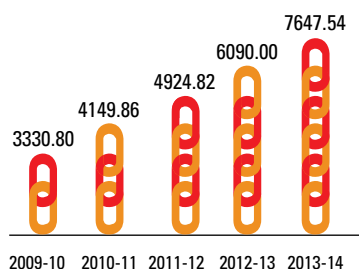
# Financial Highlights



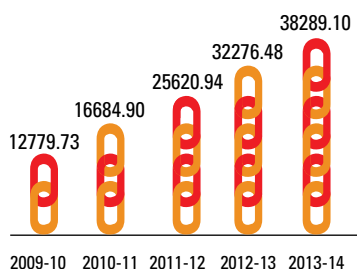
**Fixed Assets Gross block**  
(₹ in Lacs)



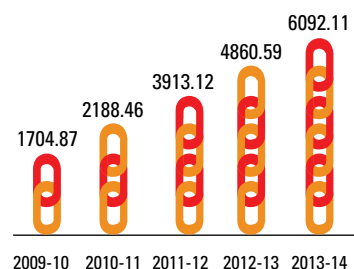
**Net Fixed Assets**  
(₹ in Lacs)



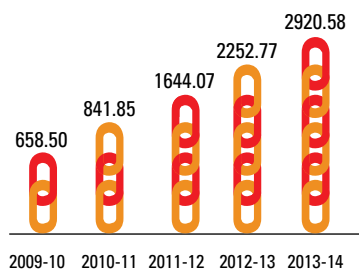
**Shareholders Funds**  
(₹ in Lacs)



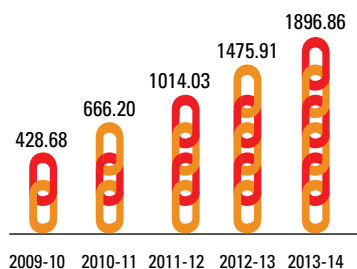
**Gross Sales/Other Operating Income**  
(₹ in Lacs)



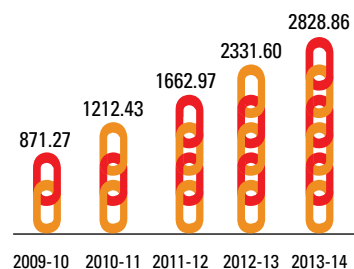
**Profit Before Interest Depreciation and Tax**  
(₹ in Lacs)



**Profit Before Tax**  
(₹ in Lacs)



**Profit After Tax**  
(₹ in Lacs)



**Cash Accruals**  
(₹ in Lacs)



₹ in Lacs

Year Ending 31st March	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Assets Employed</b>					
<b>Fixed Assets</b>					
Gross Block	9824.05	9760.87	8347.65	6941.26	6045.90
Less: Depreciation	5034.04	4342.46	3506.04	2946.86	2323.69
Net Block	4790.01	5418.41	4841.61	3994.40	3722.21
Capital Work In Progress	200.11	76.02	223.22	330.00	206.71
Net Fixed Assets	4990.12	5494.43	5064.83	4324.40	3928.92
Net Current Assets	5389.10	4458.02	3221.13	3852.43	3429.42
Others	515.19	231.82	270.04	266.41	339.88
<b>Total</b>	<b>10894.41</b>	<b>10184.27</b>	<b>8556.00</b>	<b>8443.24</b>	<b>7698.22</b>
<b>Financed By</b>					
Equity Share Capital	944.08	938.88	935.89	930.60	581.45
Share Warrants	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus	6683.13	5141.60	3979.40	3210.44	2741.39
Employee Stock Options Outstanding	20.34	9.52	9.53	8.82	7.96
Shareholder's Funds	7647.55	6090.00	4924.82	4149.86	3330.80
Loan Funds	2852.46	3766.98	3299.07	3999.92	4036.95
Deferred Tax Liability	394.40	327.29	332.11	293.46	330.47
<b>Total</b>	<b>10894.41</b>	<b>10184.27</b>	<b>8556.00</b>	<b>8443.24</b>	<b>7698.22</b>
<b>Sales &amp; Profitability</b>					
Gross Sales/Other Operating Income	38289.10	32276.48	25620.94	16684.90	12779.73
Less: Excise Duty/Discount	849.83	923.01	414.71	208.95	257.70
Net Sales/Other Operating Income	37439.27	31353.47	25206.23	16475.95	12522.03
Other Income	232.70	286.50	355.79	132.49	111.91
Total Income	37671.97	31639.97	25562.02	16608.44	12633.94
Operating Profit (EBIDTA)	6092.11	4860.59	3913.12	2188.46	1704.87
Finance Cost	2239.53	1752.13	1620.11	800.38	603.78
Profit Before Depreciation & Tax	3852.58	3108.46	2293.01	1388.08	1101.09
Depreciation	932.00	855.69	648.94	546.23	442.59
Profit Before Tax	2920.58	2252.77	1644.07	841.85	658.50
Taxes	1023.72	776.86	630.04	175.65	229.82
Profit After Tax	1896.86	1475.91	1014.03	666.20	428.68
Dividend & tax on Dividend	388.23	329.51	271.93	216.31	136.05
Retained Earnings	1508.63	1146.40	742.10	449.89	292.63
Cash Accruals	2828.86	2331.60	1662.97	1212.43	871.27
<b>Per Share Information</b>					
Earning Per Share (Basic)	4.03 *	3.15 *	2.18 *	1.50 *	7.39
Earning Per Share (Diluted)	4.02 *	3.13 *	2.16 *	1.48 *	7.30
Book Value Per Share (₹)	16.20 *	12.97 *	10.53 *	8.92 *	57.28
Dividend Per Share (₹)	0.70 *	0.60 *	0.50 *	0.40 *	2.00
(Excluding Tax on Dividend)					

NOTE \*

Calculated with reference to face value of Equity Share post split from ₹ 10/- to ₹ 2/-.



# 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. Faizullahoy – Director  
Mr. Bhargav A. Patel – Director  
Mr. Dattatraya R. Puranik – Executive Director &  
Chief Financial Officer

Mr. Rahul D. Sawale – 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](http://www.camlinfs.com)  
Email: [secretarial@camlinfs.com](mailto:secretarial@camlinfs.com)  
CIN-L74100MH1993PLC075361

## 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  
Bank of India  
Oriental Bank of Commerce  
State Bank of India  
State Bank of Travancore  
Export Import Bank Limited  
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 Centre, 912, Raheja Centre,  
Free Press Journal Road, Nariman Point,  
Mumbai 400 002.

# NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Camlin Fine Sciences Limited, will be held on Monday the 4th August, 2014 at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA), Oricon House, 6th Floor, 12, K. Dubhash Marg, Near Kala Ghoda, Fort, Mumbai - 400 001 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2014, including the audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. Dattatraya R. Puranik (DIN: 02909122), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. B. K. Khare and Co., Chartered Accountants (F.R. No.: 105102W), as Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Pramod M. Sapre (DIN: 01972457), Director of the Company who retires by rotation at the forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of (5) five consecutive years from the date of this Annual General Meeting."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Sharad M. Kulkarni (DIN: 00003640), Director of the Company who retires by rotation at the forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of (5) five consecutive years from the date of this Annual General Meeting."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Bhargav A. Patel (DIN: 00318051), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of (5) five consecutive years from the date of this Annual General Meeting."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules

made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Abeezer E. Faizullahoy (DIN: 00264422), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of (5) five consecutive years from the date of this Annual General Meeting."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Atul R. Pradhan (DIN: 00171022) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for (2) two consecutive years for a term upto the conclusion of the 23rd Annual General Meeting of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nicola A. Paglietti in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for (2) two consecutive years for a term upto the conclusion of the 23rd Annual General Meeting of the Company."

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

**"RESOLVED THAT** pursuant to provisions of Section 152, 160 and other applicable provisions of the companies Act, 2013, Company do appoint Mr. Nirmal V. Momaya (DIN: 01641934) as a Non-Executive Director of the Company being liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company."

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

**"RESOLVED THAT** pursuant to provisions of Section 152, 160 and other applicable provisions of the Companies Act, 2013, Company do appoint Mr. Ajit S. Deshmukh (DIN: 00203706) as a Non-Executive Director of the Company being liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company."

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

**"RESOLVED THAT** pursuant to the provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to Article 12 of the Articles of Association of the Company, consent of the Members be and is hereby accorded for sub-division of the Equity Shares of the Company including the paid up shares such that existing 1 Equity Share of the Company of the face value of ₹ 2/- (Rupees Two) each be sub-divided into (2) Two Equity Shares of the face value of ₹ 1/- (Rupee One) each and that consequent to the sub-division of the Equity Shares of the Company becoming effective, present Authorised Share Capital of the Company being ₹ 13,50,00,000 (Rupees Thirteen Crores Fifty Lacs) divided into 6,75,00,000 (Six Crores Seventy Five Lacs) Equity Shares of ₹ 2/- (Rupees Two) each now would comprise of ₹ 13,50,00,000 (Rupees Thirteen Crores Fifty Lacs) divided into 13,50,00,000 (Thirteen Crores Fifty Lacs) Equity Shares of ₹ 1/- (Rupee One) each and the existing clause V of Memorandum of Association of the Company be substituted by new clause as follows:

- V. "The Authorised Share Capital of the Company is ₹ 13,50,00,000 (Rupees Thirteen Crores Fifty Lacs Only) divided into 13,50,00,000 (Thirteen Crores Fifty Lacs) Equity Shares of ₹ 1/- (Rupee One) each, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto such preferential, deferred, qualified, guaranteed or special rights, privileges or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or the Articles of the Company for the time being."

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall include a Committee thereof) and/or the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the above resolution including but not limited to filing of necessary forms with Ministry of Corporate Affairs and other deeds/documents/writings as may be required by Depositories/Stock Exchanges, issue of new Share Certificates representing the sub-divided Equity Shares with new distinctive numbers and/or crediting the Members' Dematerialisation Accounts maintained by them with their respective Depositories, subject to the provisions laid down under the Companies (Share Capital and Debentures) Rules, 2014 and the Articles of Association of the Company and to delegate all or any of the powers herein vested to the officials of the Company, for giving effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board and/or the Company Secretary be and are hereby authorised on behalf of the Company, to take all necessary actions which in its absolute discretion deem necessary, to resolve and settle all questions and difficulties that may arise in the sub-division of Equity Shares, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

**"RESOLVED THAT** consequent to subdivision of shares becoming effective and pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time

being in force), the existing Article 3 of the Articles of Association of the Company be substituted by new Article as follows:

"The Authorised Share Capital of the Company is ₹ 13,50,00,000 (Rupees Thirteen Crores Fifty Lacs Only) divided into 13,50,00,000 (Thirteen Crores Fifty Lacs) Equity Shares of ₹ 1/- (Rupee One) each with power for the Company to increase or reduce its capital, and to issue any part of the capital, original or increased with or without any preference, priority or special privilege or subject to any postponement of rights to any conditions or restrictions."

**RESOLVED FURTHER THAT** the Board of Directors of the Company, which expression shall include a Committee thereof) and/or the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the above resolution including but not limited to filing of necessary forms with Ministry of Corporate Affairs and other deeds/documents/writings as may be required by Depositories/Stock Exchanges."

15. 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 62, and all other applicable provisions, if any, of the Companies Act, 2013, ("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, 2014" ["ESOP 2014" 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 of the Company as may be decided by the Board, an Option under ESOP-2014





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, 2014 i.e. upto 20,00,000 (Twenty Lacs) Equity Shares of ₹ 1/- (Rupee One) 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 per share shall be the market price of the Equity Shares on the Exchange(s) on the date of grant of ESOP i.e. ₹ 1/- per share shall be towards nominal value of the Equity Share and the difference between the grant price and nominal value of Equity Share shall be towards share premium.

**RESOLVED FURTHER THAT** the Company shall be entitled to recover from the Employees 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 2014, the above ceiling of 20,00,000 (Twenty 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 2014 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 1/- 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 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 2014 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, 2013, the Memorandum and Articles of Association of the Company, SEBI Guidelines and 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 2014, the Board be and is hereby authorised 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 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."

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company do ratify appointment of V R & Associates, Cost Accountants, as Cost Auditor appointed by the Board of Directors of the Company, to audit cost accounts maintained by the Company for the financial year ending 31st March, 2015 on Audit Fees of ₹ 90,000/- plus service tax as applicable and reimbursement of out of pocket expenses."

**RESOLVED FURTHER THAT** the Board of Directors and/or Company Secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

**Rahul Sawale**  
Company Secretary

Place : Mumbai,  
Dated : 17th June, 2014

## Note:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% (Ten percent) of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from Monday, 28th July, 2014 to Monday, 4th August, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the dividend for 2014.
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 28th July, 2014.
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 advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
6. Members who have not encashed their Dividend Warrants for the financial years ended 31st March, 2008 to 31st March, 2013 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.
7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
8. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
9. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a print copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode. Members are requested to register/update their email address for receiving all communication including Annual Report, Notices etc. from the Company electronically.
10. Electronic copy of the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website [www.camlinfs.com](http://www.camlinfs.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
12. 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.



13. 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.
14. Members who are holding Shares in physical form are requested to get their Shares dematerialised with any Depository Participants in their own interest.
15. Voting through electronic means :  
In compliance with provisions of Section 108 of the Companies Act, 2013 (the "Act") and Rule 20 of the Companies (Management and Administration) Rules, 2014 (the "Rules") the Company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The instructions for e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s):
    1. Open the attached PDF file "CFSL 21st AGM e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password.
    2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
    3. Click on "Shareholder - Login".
    4. Put User ID and password as initial password noted in step (1) above and Click Login.
    5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
    6. Home page of "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
    7. Select "EVEN" of Camlin Fine Sciences Limited. Members can cast their vote online from 29th July, 2014 (9:00 am) till 31st July, 2014 (6:00 pm).
    8. Note: e-Voting shall not be allowed beyond said time.
    9. Now you are ready for "e-Voting" as "Cast Vote" page opens.
    10. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.

11. Once you have voted on the resolution, you will not be allowed to modify your vote.
  12. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [cfsl.scrutinizer@gmail.com](mailto:cfsl.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s)] or requesting physical copy.
1. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN (E Voting Event Number) USER ID PASSWORD/PIN
  2. Please follow all steps from Sl. No. 2 to Sl. No. 9 above, to cast vote.
  3. In case of any queries, you may refer the Frequently Asked Questions available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) (FAQs) for Shareholders and e-voting user manual for Shareholders.
  4. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password/PIN for casting your vote.

Please note that:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Telephone No.: 022-2499 4600.



16. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 30th June, 2014.
17. Mr. J. H. Ranade, Partner of M/s. J. H. Ranade and Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
18. The Scrutinizer shall within a period not exceeding (3) three working days from the conclusion of the e-voting period unblock the votes in the presence of at least (2) two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
19. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizers report shall be placed on the Company's website [www.camlinfs.com](http://www.camlinfs.com) and on the website of NSDL within (2) two days of passing the resolutions at the AGM of the Company and communicated to the BSE Limited.
20. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board

**Rahul Sawale**

*Company Secretary*

Place : Mumbai,  
Dated : 17th June, 2014



# ANNEXURE FORMING PART OF THE NOTICE

(Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013)

## SPECIAL BUSINESS

### Item No's. 5 to 8:

Mr. Pramod M. Sapre, Mr. Sharad M. Kulkarni, Mr. Bhargav A. Patel and Mr. Abeezar E. Faizullahoy are current Non-Executive Independent Directors of the Company, whose office is liable to retirement by rotation, hold office for more than (5) five years.

In the opinion of the Board, these Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends resolutions in relation to their appointment as Independent Directors for a period of (5) five consecutive years, for the approval by the members of the Company.

Details of the Directors along with their brief resume have been given in the Corporate Governance Report for the information of Members. Copies of the draft letters of their appointment as Independent Directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letters received from the Directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Company has received notices in writing from member(s) along with requisite deposit proposing candidature of each of the Directors under reference.

Except the concerned Directors, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions.

The Board recommends resolutions for your approval.

### Item No. 9:

Mr. Atul R. Pradhan holding diploma in Electronics and Electrical Communication Engineering and MBA has more than 25 years of professional experience in Management Consultancy and Industry at senior level. His brief resume is given in Corporate Governance Report for the information of the Members.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Pradhan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of (2) two consecutive years upto the conclusion of the 23rd Annual General Meeting of the Company.

In the opinion of the Board, Mr. Pradhan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Pradhan as an Independent Director will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letter received from Mr. Pradhan will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A notice along with requisite deposit has been received from a member proposing Mr. Pradhan as a candidate for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Pradhan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Pradhan as an Independent Director, for the approval by the Members of the Company.

Except Mr. Pradhan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested.

The Board recommends the resolution for your approval.

#### Item No. 10

Mr. Nicola A. Paglietti, an Italian National holding Masters in Law is a member of the Bar of New York and Rome. He possesses over 20 years of professional experience in Contracts and Corporate Laws. His brief resume is given in Corporate Governance Report for the information of the Members.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Paglietti being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of (2) two consecutive years upto the conclusion of the 23rd Annual General Meeting of the Company.

In the opinion of the Board, Mr. Paglietti fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Paglietti as an Independent Director will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letter received from Mr. Paglietti will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A notice along with requisite deposit has been received from a member proposing Mr. Paglietti as a candidate for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Paglietti as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Paglietti as an Independent Director, for the approval by the Members of the Company.

Except Mr. Paglietti, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested.

The Board recommends the resolution for your approval.

#### Item No. 11

Mr. Nirmal V. Momaya, Chartered Accountant possesses over 25 years of professional experience in finance, taxation, audit and management consultancy. His brief resume is given in Corporate Governance Report for the information of the Members.

In terms of Section 152, 160 and other applicable provisions of the Companies Act, 2013, Mr. Momaya being eligible and offering himself for appointment, is proposed to be appointed as a Non-Executive Director liable to retire by rotation.

Copy of the Consent letter received from Mr. Momaya will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A notice has been received from a member along with requisite deposit proposing Mr. Momaya as a candidate for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Momaya as a Non-Executive Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Momaya as a Non-Executive Director liable to retire by rotation, for the approval by the Members of the Company.

Except Mr. Momaya, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested.

The Board recommends the resolution for your approval.

#### Item No. 12

Mr. Ajit S. Deshmukh, BE in Electronics and Post Graduate from NCST, possesses over 20 years experience in management and leadership of IT and Investment Banking Industry. His brief resume is given in Corporate Governance Report for the information of the Members.

In terms of Section 152, 160 and other applicable provisions of the Companies Act, 2013, Mr. Deshmukh being eligible and offering himself for appointment, is proposed to be appointed as a Non-Executive Director liable to retire by rotation.

Copy of the Consent letter received from Mr. Deshmukh will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A notice has been received from a member along with requisite deposit proposing Mr. Deshmukh as a candidate for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Deshmukh as a Non-Executive Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Deshmukh as a Non-Executive Director liable to retire by rotation, for the approval by the Members of the Company.

Except Mr. Deshmukh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested.

The Board recommends the resolution for your approval.



**Item No. 13 and 14:**

For facilitating more trading on the stock exchange in the Company's Scrip through enhancement in liquidity it is proposed to sub-divide Equity Shares from present ₹ 2/- each to ₹ 1/- each and for this purpose Capital Clause of Memorandum and Articles of Association of the Company are proposed to be amended.

None of the Directors is concerned or interested in the resolution.

Copy of Memorandum and Articles of Association incorporating amendments will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board recommends the resolutions for your approval.

**Item No. 15:**

Employees play an important and vital role in the growth and success of any organisation. The Board of Directors of the Company has 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 of the Company, an option to acquire the Equity Shares of the Company under Camlin Fine Sciences Employees Stock Option Scheme 2014 (ESOP 2014 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 Members is being sought for granting stock options to the employees of the Company under the Scheme titled "CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2014" ('ESOP 2014').

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 29th May, 2014.

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

Options for up to 20,00,000 (Twenty Lacs) Equity Shares which shall be exercised at the market price of the Equity Shares on the Exchange(s) on the date of grant of ESOP i.e. ₹ 1/- per share towards nominal value of

the Equity Share and the difference between the grant price and nominal value of Equity Share being towards share premium, which is the exercise price would be available for being granted to eligible Employees of the Company under ESOP 2014. Each option when exercised would be converted into one Equity Share of ₹ 1/- 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 20,00,000 (Twenty Lacs) Equity Shares of ₹ 1/- 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 of the Company, but excluding the Independent Directors and 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 2014.

**3. Transferability of employee stock options:**

The stock options granted to an Employee 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 two 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 50%.

**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 (2) two 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 20,00,000 (Twenty Lacs) Equity Shares of ₹ 1/- each. Further, options under each Grant to an Employee shall not be less than 1000 (One Thousand) Equity Shares and shall not exceed 2.10% 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 50,000 (Fifty Thousand) Equity Shares of ₹ 1/- 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 2014) setting out the terms and conditions, is available for inspection of the members of the Company at its Registered Office between 9.00 a.m. to 6.00 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 62 and all other applicable provisions, if any, of the Companies Act, 2013 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/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested.

The Board recommends the Special Resolution for your approval.

**Item No. 16:**

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to V R & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2015 on Audit Fees of ₹ 90,000/- plus service tax as applicable and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 16 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2015.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested.

The Board recommends the Ordinary Resolution for your approval.

By Order of the Board

**Rahul Sawale**  
*Company Secretary*

Place : Mumbai,  
Dated : 17th June, 2014



# DIRECTORS' REPORT

## Dear Members,

Your Directors are pleased to present the 21st Annual Report and the Audited Statements of Account for the financial year ended 31st March, 2014.

## Highlights of 2013-2014

- Net Sales and Other Income of the Company were ₹ 37,671.97 Lacs as compared to ₹ 31,639.97 Lacs in the previous year.
- Profit Before Tax was ₹ 2,920.58 Lacs as compared to ₹ 2,252.77 Lacs in the previous year.
- Profit After Tax was ₹ 1,896.86 Lacs as compared to ₹ 1,475.91 Lacs in the previous year.
- Consolidated Gross Sales of the Company were ₹ 51,716.91 Lacs as compared to ₹ 38,285.35 Lacs in the previous year.
- Consolidated Profit After Tax was ₹ 2,873.77 Lacs as compared to ₹ 1,512.34 Lacs in the previous year.
- Considering the profits available for distribution, Directors have recommended a dividend of ₹ 0.70 per share of ₹ 2/- each (i.e. 35%).

## Financial Results:

(₹ in Lacs)

	2013-2014	2012-2013
Net Sales & Other Income	37,671.97	31,639.97
Profit before Interest & Depreciation	6,092.11	4,860.59
Interest	2,239.53	1,752.13
Depreciation	932.00	855.69
<b>Profit/(Loss) before tax</b>	<b>2,920.58</b>	<b>2,252.77</b>
Less: Provision for Tax (Net)	1,023.72	776.86
<b>Profit After Tax</b>	<b>1,896.86</b>	<b>1,475.91</b>
Balance brought forward from last year	2,328.00	1,331.59
<b>Balance available for Appropriation</b>	<b>4,224.86</b>	<b>2,807.50</b>
<b>Appropriations:</b>		
Proposed Dividend	331.83	281.66
Corporate Dividend Tax	56.40	47.84
General Reserve	190.00	150.00
Balance Carried Forward	3,646.63	2,328.00
	<b>4,224.86</b>	<b>2,807.50</b>

## Operational Performance

During the year under review, net sales and other income of the Company was ₹ 37,671.97 Lacs as compared to ₹ 31,639.97 Lacs during previous year, registering an increase of 19% in net sales and income. Your Company was successful in holding on to the market share in major markets and also registered a growth in emerging markets like South America and Asia by extensive customer reach through its sales teams. This growth has been achieved in spite of recessionary pressures in the international market

during the year. The net profit after tax for the year was ₹ 1,896.86 Lacs as against ₹ 1,475.91 Lacs in the previous year thereby registering a growth of 28.52%.

The consolidated gross sales of the Company was ₹ 51,716.91 Lacs as compared ₹ 38,285.35 Lacs during the previous year there by registering a growth of 35.08%. The Consolidated profit after tax for the year ended 31st March, 2014 was ₹ 2,873.77 Lacs as compared to ₹ 1,512.34 Lacs during the previous year, thereby registering a remarkable growth of 90.02%.



The growth of the Company is also powered by new and value added products. The Company has increased its market share by 3 highly potential new products from the diphenol downstream as per planned strategy. These products were Tertiary Butyl Catechol (TBC), Guaiacol and Veratrole which have contributed to the growth.

The operations team has successfully completed the enhancement in capacities for the existing and new products by technological improvements and process re-engineering with minimum of capital spending during the financial year 2013-14.

The process of market development of Diphenol downstream products and new products (both Industrial & Food) shall have the same momentum during the current year and steps have been taken for building up the additional production capacities which shall be adequate for meeting the increasing demands.

On 16th June, 2013 a fire broke out in the godown area of our manufacturing facility at Tarapur. The fire was contained and fortunately there was neither any casualty nor significant damage to the manufacturing facility. Due to fire, stock of raw materials, packing materials, finished goods, work-in process material, engineering stores etc. and nearby plant building and machinery were gutted.

The production commenced within a weeks time after the precautionary safety clearance. There was no resultant impact on the Company's manufacturing capacity and supply status for finished goods to customers.

The Stocks and other property destroyed in fire were fully insured and the Company has received on account payment of ₹ 10 Crores against the pending settlement of final claim.

## Dividend

Considering substantial growth in disposable profits, your Directors are pleased to recommend payment of a higher dividend at the rate of ₹ 0.70 per equity share (i.e. 35%) on 4,74,04,940 Equity Shares of ₹ 2/- each. If approved by the shareholders at the Annual General Meeting, the dividend will absorb ₹ 388.23 Lacs inclusive of Dividend Distribution Tax of ₹ 56.40 Lacs.

## Employee Stock Option Scheme

During the year under review, the Compensation Committee granted options to the Employees/Directors in accordance with the Securities and Exchange Board of India (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines 1999 ('the SEBI Guidelines').

During the year under review, the Company allotted 2,60,225 equity shares upon exercise of stock options by the eligible Employees/Directors under the Employee Stock Option Scheme 2008 and 2012.

The applicable disclosure as stipulated under SEBI Guidelines as at 31st March, 2014 is given in Annexure A to this report.

## Fixed Deposits

During the year under review, your Company neither accepted nor renewed any fixed deposits. The total amount of fixed deposits held by the Company was ₹ 689.90 Lacs. The Company has decided to repay the fixed deposits on their maturity.

## Subsidiaries

- **Dulcette Technologies LLC**  
A 61% owned joint venture of the Company engaged in market/business development of Company's products in U.S.A.
- **CFCL Mauritius Private Limited**  
A 100% owned subsidiary of the Company incorporated for acquisition of CFS Europe S.p.A. in Italy.
- **CFS Europe S.p.A.**  
A step down subsidiary of the Company engaged in manufacture and sale of key raw materials required by the Company.
- **Solentus do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.**  
A 100% owned subsidiary in Brazil to manufacture and market customized blends to cater to the Latin American market. Besides, it also handles distribution of bulk antioxidants and vanillin.
- **Solentus North America Inc.**  
A 100% wholly owned subsidiary in Canada engaged in sales, marketing and distribution of antioxidants, food ingredients, blends, formulations etc in USA and Canada.

As decided by the Board of Directors at its meeting held on 29th May, 2014 the copies of Balance Sheet and Statement of Profit & Loss, 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. Dattatraya R. Puranik retires by rotation and being eligible offers himself for reappointment. You are requested to appoint him.

The Companies Act, 2013 (the "Act") provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Act provides that Independent Directors shall hold office for a term upto (5) five consecutive years on the Board of a Company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company.

Our Independent Directors being eligible be considered by the shareholders for appointment for a term of upto five consecutive years in accordance with the Act.

With appointment of Mrs. Leena A. Dandekar as Non-Retiring Executive Director proposed to the members w.e.f. 01st July, 2014, under postal ballot, for complying with the provisions of the Companies Act, 2013 and Listing Agreement, the Company is required to expand its Board by appointing (2) two Retiring Directors and (2) two Independent Directors. Accordingly, the appointment of Mr. Nirmal V. Momaya and Mr. Ajit S. Deshmukh is proposed as Retiring Directors and Mr. Atul R. Pradhan and Mr. Nicola A. Paglietti as Independent Directors.

None of the Directors are disqualified from being appointed as Directors, as specified in Section 164 of the Companies Act, 2013.

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

## Approval of resolutions through Postal Ballot

The Company has sought approval of the Members for amending certain Articles of Association, appointment of Mrs. Leena A. Dandekar as Non-Retiring Director, re-appointment of Mr. Dattatraya R. Puranik as Executive Director & CFO, revision in remuneration payable to Mr. Dilip D. Dandekar, Non-Executive Director, approvals under Section 180 (1) (a) & (c) and Section 186 of the Companies Act, 2013. As per schedule the result of the postal ballot shall be declared by end of June, 2014.

## 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, 2014 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, 2014 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, 2014 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, 2014 on a 'going concern' basis.

## Committees of Directors

As required under the provisions of the Companies Act, 2013 and amendment in Listing Agreement, the Remuneration Committee and Shareholders / Investors Grievance Committee has been newly constituted as Nomination and Remuneration Committee and Stakeholders Relationship Committee respectively and their terms of reference along with Audit Committee has been enlarged so as to conform to the new regulatory requirements. Similarly Corporate Social Responsibility (CSR) Committee has been setup for undertaking CSR activities from the current financial year.

## Secretarial Audit

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit has been carried out for 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, 2014 in respect of manufacturing activities are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai. However, for financial year 2014-2015, the Company has appointed V R & Associates, Cost Accountants in place of earlier auditor who has since relinquished his office.



## Auditors

M/s. B. K. Khare and Co., Chartered Accountants (FR No. 105102W), 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. 141 of the Companies Act, 2013.

Members are requested to consider and re-appoint M/s. B. K. Khare and Co., Chartered Accountants, as the Statutory Auditors of the Company from the ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

## 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 Report

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 to 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*

**Dattatraya R. Puranik**  
*Executive Director &  
Chief Financial Officer*

Place : Mumbai,  
Dated : 17th June, 2014

# ANNEXURE A TO DIRECTORS' REPORT

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

	ESOP – 2008	ESOP – 2012
a Options granted	1535000	747000
b Exercise price	₹ 10/- & ₹ 12.40/- plus applicable taxes, as may be levied on the Company.	₹ 16/- plus applicable taxes, as may be levied on the Company.
c Option vested	281100	284000
d Options exercised	193975	66250
e Total number of shares arising as a result of exercise of options	696875	66250
f Option lapsed	8200	18750
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	₹ 19,68,310/-	₹ 10,60,000/-
i Total number of options in force	405950	630500
j Employee-wise details of options granted to	Mr. P. M. Sapre – 50000	Mr. P. M. Sapre – 25000
1. Senior Management Personnel/Director.	Mr. S. M. Kulkarni – 50000	Mr. S. M. Kulkarni – 25000
	Mr. A. E. Faizullahbhoj – 50000	Mr. A. E. Faizullahbhoj – 25000
	Mr. B. A. Patel – 50000	Mr. B. A. Patel – 25000
	Mr. D. R. Puranik – 50000	Mr. D. R. Puranik – 25000
	Mr. S. P. Padhya – 50000	Mr. S. P. Padhya – 25000
	Mr. P. K. Dhotre – 50000	Mr. P. K. Dhotre – 25000
	Mr. A. V. Dukane – 50000	Mr. A. V. Dukane – 25000
	Mr. G. S. Satpute – 50000	
	Dr. A. P. Shanbhag – 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'.	4.02%	
l Impact on Profit pursuant to the issue of shares on exercise of options calculated intrinsic value.		

For & On behalf of the Board

**Ashish S. Dandekar**  
Managing Director

**Dattatraya R. Puranik**  
Executive Director &  
Chief Financial Officer

Place : Mumbai  
Dated : 17th June, 2014



# 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

	2013-2014	2012-2013
<b>1. Electricity</b>		
Purchased		
Units (KWH)	7,513,290	7,634,865
Total Amount (₹ in Lacs)	470.16	492.62
Rate/Unit (₹)	6.26	6.45
<b>2. Furnace Oil</b>		
Quantity in (K. Liters)	304,639	301,510
Total Amount (₹ in Lacs)	142.45	133.65
Rate/Unit (₹)	46.76	44.20
<b>3. Briquettes (Steam)</b>		
Briquettes Quantity (M.T.)	5,338.00	4,434.43
Total Amount (₹ in Lacs)	348.33	279.84
Cost per M.T. of Briquettes (₹)	6,525.48	6310.62

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

	2013-2014	2012-2013
	Standards (if any)	Standards (if any)
Electricity (KWH)	1,814.35	1,873.13
Furnace Oil (K. Litres)	73.57	66.85
Briquettes (for Steam) (M.T.)	1.29	1.09

## B. TECHNOLOGY ABSORPTION

### FORM B

Form for disclosure of particulars with respect to absorption

#### Research and Development (R & D)

- Specific areas in which R & D carried out by the Company : New product development, Process development.
- Benefits derived as a result of the above R & D : Cost reduction, Quality upgradation, Development of green and economical processes which results in reduction of effluents.
- Future plan of action : Future plan of action envisages acceleration in the process of product development already set in motion and undertaking more research and development work for food & industrial antioxidants, food ingredients, natural and synthetic antioxidants solutions and other products aimed to achieve cost reduction, and improvement in quality.

(₹ in Lacs)

	2013-2014	2012-2013
4. Expenditure on R & D		
(a) Capital	7.56	32.37
(b) Recurring	272.37	172.39
(c) Total	279.93	204.76
(d) Total R & D Expenditure as a percentage of total turnover	0.74%	0.64%

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 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 Fine Chemicals and products manufactured/procured by the Company and to make the manufacturing process safe, cost effective and environment friendly.
- 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.
- Technology Import : NIL



## 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)	
	2013-2014	2012-2013
Foreign exchange used	16,229.36	20,693.71
Foreign exchange earned	29,431.87	23,340.88

For & On Behalf of the Board

Ashish S. Dandekar  
Managing Director

Dattatraya R. Puranik  
Executive Director &  
Chief Financial Officer

Place : Mumbai  
Dated : 17th June, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## Market Overview:

The Company during the financial year under review has registered a growth in sales at 19%. Further, the Company was successful in holding on to the market share in major markets and also registered a growth in emerging markets like South America and Asia by extensive customer reach through its sales teams. This growth has been achieved in spite of recessionary pressures in the international market during the year.

The growth of the Company is also powered by new and value added products. The Company has increased its market share by 3 highly potential new products from the diphenol down stream as per planned strategy. These products were Tertiary Butyl Catechol (TBC), Guaiacol and Veratrole which has contributed to the growth.

The operations and R & D teams have contributed in the year under review, by improving the yields, production capacities and cost reduction measure to improve margins and productivity.

The Company's focus is to move closer to its customers, by way of products and people. The Company has expanded its manufacturing base with wide range of value added products and sales & distribution network to drive growth and market share.

## Business Strategy Analysis:

The business strategy in the year under review was to expand the customer reach and base, for the food and industrial product segments. In the year under review, the Company has established the sales team and distribution base to shorten the supply time and improve services in Latin America.

The Company has expanded its sales team in Latin America, India and China to increase customer reach and penetration in the markets. The Company will be shortly establishing an office and distribution hub to improve the service and shorten supply time to customers, in Latin America and China. The Company will also be shortly appointing sales managers in Middle East and Asia to further widen and improve the wider customer base.

The Company as a part of its growth strategy has progressed towards expanding its product portfolio in shelf life extension and developed a range of ready to use

antioxidant solutions to address the shelf life extension needs of processed food products, in segments like bakery, confectionary, fried snack foods and dairy products.

The establishment of two major business divisions, namely, Food and Industrial Products has been successfully completed. This has resulted in positive impact as demonstrated in the growth of sales volumes and value during the current year. These divisions have brought about a sharper focus on developing Diphenol downstream products, which were successfully commercialized. This strategic change has resulted in significant increase in market share of Products.

The operations team has successfully completed the enhancement in capacities for the existing and new products by technological improvements and process re-engineering with minimum of capital spending during the financial year 2013-14.

The Company's focus on process improvements, process re-engineering, yields improvement, reduction of wastages and technology up-gradations is continuing with ultimate target of moving towards automation. These are the key drivers for the Company to achieve the goal of "major player in Diphenols" in next 2 years.

The R & D team has been focusing on the development of Diphenol down stream products, which are visible in the last financial year by commercializing these newly developed products and further growth is anticipated by enhancing the capacities with new and improved processes along with technological up-gradations which would further drive the growth in the coming 2 years.

## Way Forward:

### Food Division

Shelf life extension presents a huge challenge for the food industry because of continuous evolution and demand and hence this segment presents a huge opportunity where the Company wants to position itself, beginning with Antioxidants.

The Company is strongly positioned to address the demands of this segment, as the Company today is not only the world's largest manufacturer of food grade antioxidants, TBHQ and BHA but also is backwardly integrated facility, a strength unparalleled in this segment.





The Company will leverage its strength of bulk antioxidants by addition of customized antioxidant ready to use solutions for the food industry with applications in fats and oils, fried snack foods, bakery, confectionary and dairy products.

The customers with the addition of the blends would not only have complete traceability from raw material to finished product, very critical aspect in food safety, but also ensure stability and availability of product at all times. The key differentiation in the approach of the Company is adding value and cost benefit to customers at all times. The technical sales team will be equipped and sensitive to address this key aspect of the approach with customers at all times.

The food application laboratory is centrifugal force that holds the strategy of adding value and cost benefit to the customers. The laboratory with a team of food technologists having testing and developmental capabilities in bakery, confectionary, fried snack foods, fats and oils will be supporting developments, application studies as would be required by the customers globally.

To achieve the above objective of growth, the Company has begun the process of setting up of food application laboratory and testing facility to offer developmental and solution providing capabilities to customers globally. The laboratory will be operational in the second quarter of 2014, having a team of dedicated food technologists having testing and developmental capabilities.

Solentus, the identity is created which will be offering the customized blended solutions in antioxidants to the customers, under the brand Xtendra. The Company has developed natural shelf life extension products, which will also be launched to complete the basket of antioxidants.

The Company with a goal to be closer to customer by way of products and service has set up, a wholly owned subsidiary; Solentus do Brazil, having manufacturing and warehousing facilities. The customized blend manufacturing facility conforming to GMP and food standards will be operational from second quarter of 2014.

The customized blend manufacturing facility is also established in India, which will cater to the markets of Asia and Middle East.

The plans are underway to establish manufacturing facilities in key market for customized blends to ensure better customer service and stronger market penetration.

The Company is also bringing in a stronger focus on Vanillin, an aroma compound, by offering the customers, an integrated final product with traceability maintained from raw material till the finished product, a critical requirement in ensuring food safety and quality.

The Company with the expanded manufacturing capacity of new antioxidant, Ascorbyl palmitate also will be strengthening the product portfolio of antioxidants.

### Industrial products

The industrial products division has shown a growth of 55% and has been achieved by focusing on sales of down stream products of Catechol and Hydroquinone. The main focus products are Guaiacol, Veratrole, Tertiary Butyl Catechol, and Hydroquinone Mono Methyl Ether.

The Company will focus on deeper market penetration, by improving distribution channels. The Company is creating distribution hubs in key markets like North America, Asia and Latin America.

Guaiacol has a huge demand worldwide and this product used as an intermediate for manufacturing Vanillin, an important food flavoring and Guaphenesin, an important pharmaceutical intermediate. The Company is in the advanced stage of enhancing the capacity by 100%. The Sales of Guaiacol has already commenced for the Indian market and its further downstream use for Vanillin will be effected during the second quarter of the next financial year.

Tertiary Butyl Catechol (TBC) has also a huge market potential with demand at around 5000 MT/Year worldwide and is an important polymerisation inhibitor for the petrochemical industry. The current manufacturing capacity for this product is already been fully used and the Company is in a position to enhance its capacity for garnering the additional supplies to global customers during the next financial year. Supplies have started to Europe, Latin America, China, Middle East, Japan, Korea and S.E Asia. With approvals from major customers, the business is expected to double thereby achieving around 16% market share. Warehouse will be set up in USA by 3rd quarter of 2014, which will add new customers to the portfolio.

Veratrole another important downstream product developed and commercialized by the Company, with a market demand of around 1000 MT/year. This product is an important intermediate for the pharmaceutical and agrochemical industry. Approvals from major customers in India and international market have been completed. The aim is to capture 70% market share in 2014-15.

Hydroquinone Monomethyl Ether or HQMME is a downstream product of Hydroquinone with a market demand of 5000 MT/year. This product is used as a polymerisation inhibitor in the petrochemical industry. Manufacturing of this product is expected to start with a capacity of 1200 MT/year by end of 2nd quarter 2014.



## RISKS AND CONCERNS:

The risk is always associated with the business involving international operations and the Company is constantly reviewing the risk aspects which would impact adversely.

The availability of key raw materials from international sources at the right quantity and at right price is also a risk factor associated with the business of the Company. However the Company has mitigated this risk by acquisition of Borregaard Italia S.p.A (now known as CFS Europe S.p.A.), as a step towards backward integration. The main raw material supplies will thus be available at the right quantity and at right price through proper planning. The risk of over dependence on few overseas suppliers for key raw material besides its price sensitivity has been taken care by this acquisition.

Further, on the international currencies front, volatility of exchange rate is a matter of concern for a Company because major sales are in the form of exports worldwide besides corresponding imports in foreign currency for key raw materials. However, the risk associated with currency fluctuation has been mitigated by effective forex management policy along with judicious use of natural hedge provided by exports against its imports in view of the Company being the net exporter on the currency front. The Company still believes in adopting a very conservative and cautious forex policy to avoid any unwarranted effects of currency volatility.

As regards inflationary pressures and its impacts on the cost of manufacturing, the Company has taken suitable cost control steps at various levels of operations. The costs are being monitored regularly to ensure that they would not affect the operating margins of the Company. Correspondingly, the steps taken by the Company for process re-engineering, process improvements, yield improvements, technological up-gradation and other cost saving measures have resulted in cost optimisation. Overall, these measures have been fruitful in improving the margins not only for existing core products but also for newly developed down-stream products.

The anti-dumping duty investigation for one of our products, namely TBHQ was initiated by Chinese authorities during the year and the Company has submitted all the relevant details required for the satisfaction of the Chinese authorities. This is highlighted mainly because the Company's marketing efforts for the development of Chinese market during the last 3 years are under threat. The Company has been very transparent and fully compliant in pricing the product to Chinese customers but their local manufacturer/s have been out of market due to our product strength and cost optimising efforts. The financial impact of this investigation will be on future supplies after the anti-dumping duty would

be levied. However, the Company is taking steps to mitigate this threat and challenge by putting marketing efforts in other markets to cover the gap in business/revenues.

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.

## INFORMATION & TECHNOLOGY:

In line with the overall growth objective and strengthening of infrastructure base, the Company had 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 optimization not only for its Indian operations but also in its overseas manufacturing operations at Italy.

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

## 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 encompasses 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:

Gross sales during the year ended 31st March, 2014 were higher at ₹ 38,289.10 Lacs as against ₹ 32,276.48 Lacs in the previous year. This is an increase of ₹ 6,012.62 Lacs in sales over the previous year registering a growth of 18.62%. Profit before tax was ₹ 2,920.58 Lacs as against ₹ 2,252.77 Lacs showing an increase of ₹ 667.81 Lacs over the previous year registering a growth of 29.64%.



## **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The Company understands the importance of CSR initiatives and has donated funds to spread educational awareness amongst children from tribal area school through contributions towards these activities. As per the legal requirements, the Company has set up a CSR Committee for this purpose.

## **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 has brought in positive results in bringing integration and performance based approach amongst the employees across the organization.

Relations with the employees at all levels remained cordial during the year. Your Company has 225 permanent employees as on 31st March, 2014.

For & On behalf of the Board

**Ashish S. Dandekar**  
*Managing Director*

**Dattatraya R. Puranik**  
*Executive Director &  
Chief Financial Officer*

Place : Mumbai

Dated : 17th June, 2014

# 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, 2014.

## 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 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 <i>Chairman</i>	NED	4	7	Yes	Nil	Nil
Mr. Ashish S. Dandekar <i>Managing Director</i>	ED	4	5	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	4	Nil	Yes	Nil	Nil
Mr. Sharad M. Kulkarni	NED (I)	4	8	Yes	3	5
Mr. Abeezar E. Faizullahoy	NED (I)	2	1	Yes	Nil	Nil
Mr. Bhargav A. Patel	NED (I)	3	2	Yes	Nil	Nil
Mr. Dattatraya R. Puranik	ED	4	1	Yes	Nil	Nil

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

(\*) Excludes Directorship in Private Limited Companies, Foreign Companies, Companies under Section 8 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 2013-2014, (4) Four Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	21st May, 2013	7	6
2.	13th August, 2013	7	7
3.	12th November, 2013	7	6
4.	10th February, 2014	7	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 website of the Company at [www.camlinfs.com](http://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 APPOINTED/RE-APPOINTED:

### (A) Mr. Dattatraya R. Puranik

Mr. Dattatraya R. Puranik, aged 61 years, is B.Com (Hons), FICWA, ACMA (Australia) and MBA (Finance) and has over 28 years of experience in finance and accounting field in India and abroad. He is working with the Company as Chief Financial Officer since June, 2008 and as Executive Director and Chief Financial Officer since August, 2012.

#### Other Directorships

Name of the Company
Fine Renewable Energy Ltd.
Aliva Natural Sciences Pvt. Ltd.
Vibha Agencies Pvt. Ltd.

### (B) Mr. Pramod M. Sapre

Mr. Pramod M. Sapre is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in June, 2006. Mr. Sapre is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee, Compensation Committee, Share Transfer/Administrative Committee of the Board of Directors of the Company.

Mr. Sapre aged 75 years, B.Sc and Diploma in Marketing Management, has long and varied experience in the field of Marketing of Pharmaceutical Products.

He is a Director in Kusum Healthcare Private Limited.

### (C) Mr. Sharad M. Kulkarni

Mr. Sharad M. Kulkarni is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2006. Mr. Kulkarni is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee and Compensation Committee, of the Board of Directors of the Company. Mr. Kulkarni aged 74 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 position 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.

He is Director in the following Companies:

Sr. No.	Names of the Companies
1.	Bayer Crop Science Ltd.
2.	Styrolution ABS (India) Ltd.
3.	Hindustan Construction Co. Ltd.
4.	KEC International Ltd.
5.	Navin Fluorine International Ltd.
6.	HCC Real Estate Ltd.
7.	J M Financial Trustee Company Pvt. Ltd.
8.	Lavasa Corporation Ltd.
9.	Raychem RPG Pvt. Ltd.
10.	RPG Enterprises Ltd.
11.	Styrolution India Pvt. Ltd.

**(D) Mr. Bhargav A. Patel**

Mr. Bhargav A. Patel is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2009. Mr. Patel is the member of the Audit Committee, Compensation Committee and Nomination and Remuneration Committee, of the Board of Directors of the Company.

Mr. Patel aged 50 years, is an Industrialist and is holding a MBA degree from US University with wide experience in the field of Engineering, Textile Machinery and Leather Industry.

He is Director in the following Companies:

Sr. No.	Names of the Companies
1.	Peass Exports Ltd.
2.	Peass Automation Pvt. Ltd.
3.	Peass Industrial Engineers Pvt. Ltd.
4.	Modern Maintenance Products (India) Pvt. Ltd.
5.	Arno Enterprises Pvt. Ltd.
6.	Poloroid Investments Pvt. Ltd.
7.	Peass Enviro Systems Pvt. Ltd.
8.	Integra Engineering India Ltd.

**(E) Mr. Abeezar E. Faizullahoy**

Mr. Abeezar E. Faizullahoy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2006. Mr. Faizullahoy is the Chairman of the Stakeholders Relationship Committee and Compensation Committee and a member of the Audit Committee and Nomination and Remuneration Committee, of the Board of Directors of the Company.

Mr. Faizullahoy aged 49 years, is Bachelor of Law from University of Mumbai and a Solicitor from Bombay incorporated law society. He is currently working with Aditya Resources DMCC as CEO. He was a partner in J. Sagar & Associates and his area of practice includes infrastructure & regulatory practice, corporate commercial litigation, alternate dispute resolution including arbitration and mergers and acquisitions.

He is Director in the following Companies:

Sr. No.	Names of the Companies
1.	Panoramic Universal Ltd.
2.	NSA Security (India) Pvt. Ltd.
3.	Gravitational Network Advisors Pvt. Ltd.

**(F) Mr. Atul R. Pradhan**

Mr. Atul R. Pradhan is a management consultant with more than 25 years of professional experience in consulting and industry. In 2010, he founded Transfolign Consulting LLP and has worked with several companies on business transformation engagements including family owned businesses. He has served as the Managing Partner of KPMG Consulting in India and as the founding Managing Director of Techsignia Solutions. Prior to relocating to India, he has worked for several years with Nolan, Norton & Co, the strategy arm of KPMG in the United Kingdom.

Mr. Pradhan aged 50 years, holds diploma in Electronics & Electrical Communication Engineering, BA and MBA.



He is Director/designated partner in the following Companies/LLP:

Sr. No.	Names of the Companies/LLP
1.	Transfolign Management Consulting Pvt. Ltd.
2.	Lead Angels Association For Entrepreneurship Development
3.	Transfolign Consulting LLP
4.	Adit Landmark Properties LLP

**(G) Mr. Nicola A. Paglietti**

Mr. Nicola A. Paglietti is one of the founding partners of law firm Studio Internazionale, Rome consisting a team of forty professionals. He is specialized in corporate, banking laws and is expert in privatizations.

Mr. Paglietti aged 49 years, holding Masters in Law is a member of the Bar of New York and Rome. He possesses over 20 years of professional experience in Contracts and Corporate Laws.

He is Independent Director in the following Italian subsidiaries of foreign listed companies including our step down subsidiary CFS Europe S.p.A.:

Sr. No.	Names of the Companies
1.	Mahindra Graphic Research Design S.r.l.
2.	Shaner Italia S.r.l.
3.	Shaner Management Italia S.r.l.
4.	Shaner Ciocco S.r.l.
5.	Elgi Compressors S.p.A.

**(H) Mr. Nirmal V. Momaya**

Mr. Nirmal V. Momaya possesses over 25 years of professional experience in Finance, Taxation, Audit and Management Consultancy.

Mr. Momaya aged 48 years, holds Bachelors Degree in Commerce and is a Chartered Accountant.

Mr. Momaya is a founder of "Pagoda Advisors Pvt. Ltd." with a focus on consulting for various businesses. Pagoda Advisors is being involved in several consulting assignments for various businesses like quick service restaurants, FMCG, Pharmaceuticals, Weight loss & Health Centre's, Chemicals, Engineering, Infrastructure, Bio medical Waste treatment, Real Estate, Agriculture and Luxury Retail. The said Company is also advising your Company on important business and strategic matters since 2009.

He is Director in the following Companies:

Sr. No.	Names of the Companies
1.	Smokin' Joe's Pizza Pvt. Ltd.
2.	Smokin Lees Restaurants Pvt. Ltd.
3.	Abana Medisys Pvt. Ltd.
4.	Fine Lifestyle Brands Ltd.
5.	Ashar Locker (India) Pvt. Ltd.
6.	Fine Renewable Energy Ltd.
7.	Fine Lifestyle Solutions Ltd.
8.	Chemolutions Chemicals Ltd.
9.	Scigen Biopharma Pvt. Ltd.
10.	Payce Business Solutions Pvt. Ltd.
11.	Capital Foods Private Ltd.

(I) **Mr. Ajit S. Deshmukh**

Mr. Ajit S. Deshmukh possesses over 20 years experience in management and leadership of IT and Investment Banking Industry.

Mr. Deshmukh aged 45 years is BE in Electronics and Post Graduate from NCST.

Mr. Deshmukh has successfully handled technology leadership positions at Citigroup and US Department of Defense. He has 15 years of experience as a successful entrepreneur in Information Technology and Financial Services.

He is Director in the following Companies:

Sr. No.	Names of the Companies
1.	Wizarth Advisors Pvt. Ltd.
2.	Aarav Fragrances And Flavors Pvt. Ltd.
3.	Indian Magic Eye Pvt. Ltd.

**COMMITTEES OF THE BOARD:**

As required under the Companies Act, 2013, Listing Agreement and ESOP Guidelines, the Board of Directors has constituted (5) five Committees: Audit Committee, Stakeholders Relationship Committee (erstwhile Shareholders/ Investors Grievance Committee), Nomination and Remuneration Committee (erstwhile Remuneration Committee), Corporate Social Responsibility 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, Stakeholders Relationship Committee (erstwhile Shareholders/Investors Grievance Committee), Nomination and Remuneration Committee (erstwhile 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 meetings 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 2013-2014, (4) four meetings of the Audit Committee were held on the 21st May, 2013, 13th August, 2013, 12th November, 2013 and 10th February, 2014.

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. Abeezer E. Faizullabhoy	Member	NED (I)	2
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 Executive Director & Chief Financial Officer. The representatives of the Internal Auditors, Statutory Auditors were also invited to the meeting. The 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 amended from time to time as well as specified in Section 177 of the Companies Act, 2013 read alongwith rules made thereunder. 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. NOMINATION AND REMUNERATION COMMITTEE:

##### Composition, meetings and the attendance during the year:

The Nomination and Remuneration Committee was constituted on 12th May, 2014 in place of earlier Remuneration Committee.

During the financial year 2013-2014, (2) Two meetings of the Committee were held on the 21st May, 2013 and 10th February, 2014.

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)	2
Mr. Sharad M. Kulkarni	Member	NED (I)	2
Mr. Abeezar E. Faizullabhoy	Member	NED (I)	1
Mr. Bhargav A. Patel	Member	NED (I)	1

##### Terms of reference:

The role, broad terms and reference of the committee includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

##### Remuneration to Directors:

##### (A) MANAGING DIRECTOR

Following is the Remuneration paid to the Managing Director during the financial year ended 31st March, 2014.

(₹ In Lacs)

Name	Salary	Perquisites #	Commission	Contribution to P.F. and Other Funds	Total
Mr. Ashish S. Dandekar	75.00	30.00	36.00	24.68	165.68

# Perquisites interalia, include reimbursement of expenses/allowances for utilities such as house rent, 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 (3) three years w.e.f. 1st August, 2012 has been entered into with the Managing Director.

##### (B) EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

Following is the Remuneration paid to the Executive Director & Chief Financial Officer during the financial year ended 31st March, 2014.

(₹ In Lacs)

Name	Salary	Commission	Perquisites #	Total
Mr. Dattatraya R. Puranik	15.68	10.00	24.23	49.91

# Perquisites interalia, 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.

Agreement for a period of (2) two years w.e.f. 1st August, 2012 has been entered into with the Executive Director & Chief Financial Officer.



### (C) NON-EXECUTIVE DIRECTORS/INDEPENDENT DIRECTORS.

During the financial year 2013-2014, the Company has paid remuneration to Mr. Dilip D. Dandekar. The detail of payment is given below:

(₹ In Lacs)

Name	Category	Amount Paid
Mr. Dilip D. Dandekar	NED	18.00

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. The details of payment of sitting fees and commission during the year 2013-2014 are given below:

(₹)

Name	Board	Audit Committee	Shareholders/ Investors Grievance Committee	Remuneration Committee	Total
Mr. Dilip D. Dandekar	44000	—	24000	—	68000
Mr. Sharad M. Kulkarni	44000	44000	—	12000	100000
Mr. Pramod M. Sapre	44000	44000	—	12000	100000
Mr. Abeezer E. Faizullahbho	22000	22000	12000	6000	62000
Mr. Bhargav A. Patel	33000	33000	—	6000	72000
GRAND TOTAL	187000	143000	36000	36000	402000

Name	Category	Commission (₹)
Mr. Pramod M. Sapre	NED (I)	800000
Mr. Sharad M. Kulkarni	NED (I)	800000
Mr. Abeezer E. Faizullahbho	NED (I)	800000
Mr. Bhargav A. Patel	NED (I)	800000

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 and "CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2012" to its permanent Employees/Directors in the financial year 2012-13.

#### Details of Shareholding of Present Non-Executive Director/Independent Directors as on 31st March, 2014.

Present Directors Name	Shares held
Mr. Dilip D. Dandekar	713560
Mr. Pramod M. Sapre	79995
Mr. Sharad M. Kulkarni	68200
Mr. Abeezer E. Faizullahbho	66500

#### Details of Shareholding of Proposed Non-Executive Directors/Independent Directors as on 17th June, 2014.

Proposed Directors Name	Shares held
Mr. Atul R. Pradhan	Nil
Mr. Nicola A. Paglietti	Nil
Mr. Nirmal V. Momaya	1800760
Mr. Ajit S. Deshmukh	20



## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

### Composition, meetings and the attendance during the year.

The Stakeholders Relations Committee was constituted on 29th May, 2014 in place of Shareholders/Investors Grievance Committee 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 2013-2014 (4) four meeting were held on 21st May, 2013, 13th August, 2013, 12th November, 2013 and 10th February, 2014.

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. Faizullahbhoi	Chairman	NED (I)	2
Mr. Dilip D. Dandekar	Member	NED	4
Mr. Ashish S. Dandekar	Member	ED	4

The Board has designated Mr. Rahul Sawale, Company Secretary as the Compliance Officer.

### Complaints received and redressed by the Company during the financial year.

During the year, Two (2) complaints were 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.

No meeting was held during the financial year 2013-2014.

Details of Composition of the Committee are given below:

Name	Designation	Category
Mr. Abeezar E. Faizullahbhoi	Chairman	NED (I)
Mr. Dilip D. Dandekar	Member	NED
Mr. Ashish S. Dandekar	Member	ED
Mr. Pramod M. Sapre	Member	NED (I)
Mr. Sharad M. Kulkarni	Member	NED (I)
Mr. Bhargav A. Patel	Member	NED (I)

### 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. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

### Composition:

The Corporate Social Responsibility Committee was constituted on 29th May, 2014.

Details of Composition of the Committee are given below:

Name	Designation	Category
Mr. Abeezar E. Faizullahbhoi	Chairman	NED (I)
Mr. Dilip D. Dandekar	Member	NED
Mr. Ashish S. Dandekar	Member	ED

The role, broad terms and reference of the committee shall include the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy;
- Recommend the amount of expenditure to be incurred on the Corporate Social Responsibility activities to the Board;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

## 8. 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
2012-2013	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	13th August, 2013 at 3.00 p.m.
2011-2012	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	1st August, 2012 at 3.00 p.m.
2010-2011	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	29th July, 2011 at 3.00 p.m.

Three Special Resolutions were passed at the 18th Annual General Meeting, 4 Special Resolutions were passed at the 19th Annual General Meeting and 3 Special Resolutions were passed at the 20th Annual General Meeting.

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. 31 (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 BSE 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 Exchange.

### 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 Executive Director & 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](http://www.camlinfs.com) within the time frame prescribed in this regard.



## 11. General Shareholder Information:

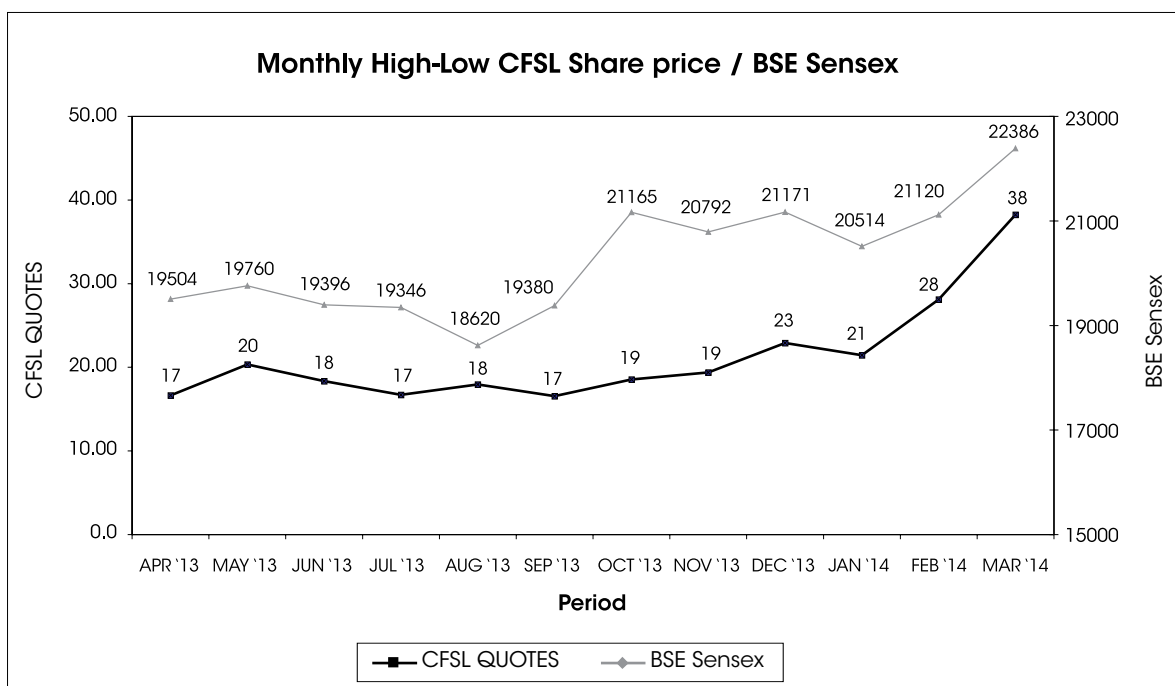
As indicated in the Notice to our Shareholders, the 21st Annual General Meeting of the Company will be held at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA), Oricon House, 6th Floor, 12, K. Dubhash Marg, Near Kala Ghoda, Fort, Mumbai - 400 001 on Monday the 4th August, 2014 at 3.00 p.m.

- |   |   |
|---|---|
| (i) Financial Calendar:   | Financial Reporting by:   |
| Unaudited Results for the quarter ending 30th June, 2014          | : Mid of August, 2014   |
| Unaudited Results for the quarter ending 30th September, 2014     | : Mid of November, 2014   |
| Unaudited Results for the quarter ending 31st December, 2014      | : Mid of February, 2015   |
| Audited Results for the year ending 31st March, 2015              | : end of May, 2015  |
| (ii) Date of Book Closure   | : From 28th July, 2014 to 04th August, 2014<br>(both days inclusive)          |
| (iii) Date of Dividend Payment                                    | : on or before 03rd September, 2014   |
| (iv) Listing of Equity Shares on Stock Exchange                   | : The Equity Shares of the Company are listed at BSE Ltd. (Stock Code 532834) |
| (v) Demat ISIN in CDSL/NSDL                                       | : INE052I01024  |
| (vi) Share Price (High & Low) for the year 2013-2014 at BSE Ltd.: |   |

Month	High (₹)	Low (₹)
April, 2013	18.25	14.50
May, 2013	21.30	16.35
June, 2013	20.45	17.25
July, 2013	18.80	16.10
August, 2013	18.45	15.00
September, 2013	18.80	16.30
October, 2013	19.40	16.35
November, 2013	19.70	17.00
December, 2013	24.00	19.55
January, 2014	25.95	20.80
February, 2014	29.25	21.00
March, 2014	40.95	26.25

### 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, 2014.**

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares (%)
Up to 500	2866	46.137	816472	1.730
501 - 1000	1618	26.046	1494371	3.166
1001 - 2000	857	13.796	1314536	2.785
2001 – 3000	346	5.570	816548	1.730
3001 - 4000	113	1.819	402047	0.852
4001 - 5000	92	1.481	437820	0.928
5001 - 10000	127	2.044	941534	1.995
10001 and above	193	3.107	40980837	86.816
<b>TOTAL</b>	<b>6212</b>	<b>100.00</b>	<b>47204165</b>	<b>100.00</b>

(x) **Shareholding Pattern as on 31st March, 2014:**

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Total shareholding as a percentage of total number of shares As a percentage of (A+B) <sup>1</sup>
(I)	(II)	(III)	(IV)	(V)
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>			
	(1) Indian			
	(a) Individuals/H.U.F	16	21,231,158	44.98
	(b) Cental/State Government(s)	—	—	—
	(c) Bodies Corporate	3	3,007,410	6.37
	(d) Financial Institutions/Banks	—	—	—
	(e) Any Other (specify)	—	—	—
	<b>SUB-TOTAL (A) (1)</b>	<b>19</b>	<b>24,238,568</b>	<b>51.35</b>
	(2) Foreign			
	(a) Non-Resident Individuals/Foreign Nationals	1	586,400	1.24
	(b) Bodies Corporate	—	—	—
	(c) Institutions	—	—	—
	(d) Any Other (specify)	—	—	—
	<b>SUB-TOTAL (A)(2)</b>	<b>1</b>	<b>586,400</b>	<b>1.24</b>
	<b>Total holding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>20</b>	<b>24,824,968</b>	<b>52.59</b>

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Total shareholding as a percentage of total number of shares As a percentage of (A+B) <sup>1</sup>
(I)	(II)	(III)	(IV)	(V)
(B)	Public Shareholding <sup>3</sup>			
	(1) Institutions			
	(a) Mutual Fund/UTI		—	—
	(b) Financial Institutions/Banks	4	2,250	0.00 5
	(c) Central/State Government(s)	—	—	—
	(d) Venture Capital Funds	—	—	—
	(e) Insurance Companies	—	—	—
	(f) Foreign Institutional Investors	—	—	—
	(g) Foreign Venture Cap. Inv	—	—	—
	<b>SUB-TOTAL (B)(1)</b>	<b>4</b>	<b>2,250</b>	<b>0.005</b>
	(2) Non-institutional			
	(a) Bodies Corporate	216	4,121,792	8.73
	(b) Individuals			
	i) Holding nominal share capital upto ₹ 1 lakh	5,895	12,612,788	26.72
	ii) Holding nominal share capital in excess of ₹ 1 lakh	29	5,474,466	11.60
	(c) Any Other(specify) Individual Non-Resident Individual	—	—	—
	Foreign National	1	25,000	0.05
	Overseas Corporate Bodies	—	—	—
	Non Resident Individuals (Non-Rep)	17	24,546	0.05
	Non Resident Individuals (Rep)	30	118,355	0.25
	Trust	—	—	—
	<b>SUB-TOTAL (B)(2)</b>	<b>6,188</b>	<b>22,376,947</b>	<b>47.40</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>6,192</b>	<b>22,379,197</b>	<b>47.41</b>
	<b>TOTAL (A)+(B)</b>	<b>6,212</b>	<b>47,204,165</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	—	—	—
	1. Promoter and Promoter Group	—	—	—
	2. Public	—	—	—
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>6,212</b>	<b>47,204,165</b>	<b>100.00</b>

(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, 2014, 96.76% 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 2,60,225 Equity Shares of ₹ 2/- each to its employees under the ESOP Scheme - 2008 at a price of ₹ 10/- & ₹ 12.40 per Share on 7th October, 2013 & 13th January, 2014.

(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 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

**Nomination and Remuneration Committee:**

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

**Dattatraya R. Puranik**  
*Executive Director  
& Chief Financial Officer*

Place : Mumbai  
Dated : 17th June, 2014





## 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, 2014 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 & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Himanshu Chapsey**  
Partner  
Membership Number: 105731

Place : Mumbai  
Date : 17th June, 2014

# AUDITOR'S REPORT

TO  
THE MEMBERS OF CAMLIN FINE SCIENCES LIMITED

## Report on the Financial Statements

1. We have audited the accompanying financial statements of **Camlin Fine Sciences Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
  - (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 out flow for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
  - a. 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;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W  
**Himanshu Chapsey**  
Partner  
Membership Number: 105731

Mumbai, 29th May, 2014



## ANNEXURE REFERRED TO IN PARAGRAPH 7 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) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. (a) The Company has granted unsecured loans, to 5 parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 3,564.86 lacs and ₹ 2,735.67 lacs, respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) *The Company has written off ₹ 708.32 lakhs of a loan given to a company listed under Section 301 of the Act. Other than this except for ₹ 385.23 lakhs outstanding towards principal and interest, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.*
- (d) In respect of the aforesaid loans, in the cases where the overdue amount is more than Rupees One Lakh, in our opinion, *except for loans and interest thereon aggregating ₹ 385.23 lakhs*, reasonable steps have been taken by the Company for the recovery of the principal amounts and interest.
- (e) The Company has not taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. *The Company had not specifically earmarked the available free liquid assets of ₹ 1.05 crores as required under the Companies (Acceptance of Deposits) Rules, 1975 within the specified period. However, on the date of approval of financial statements, the management had initiated steps for earmarking these available investments as required under the said rules.* In our opinion, and according to the information and explanations given to us and *except as referred to above*, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Act and the Rules with regard to the deposits accepted from the public. According to the information and explanations given to us, 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 on the Company in respect of the aforesaid deposits.

- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in the current year as well as in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any debentures.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies 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. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loans taken by a subsidiary company from banks or financial institutions are not prejudicial to the interest of the Company.
- xvi. *In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were obtained except in respect of the proceeds of a foreign currency term loan of ₹ 167 lakhs obtained for onward lending to the Company's subsidiary in Europe for part financing that subsidiary's capital expenditure and ₹ 305 lakhs out of a Rupee term loan taken during the year.* In respect of the foreign currency term loan of ₹ 167 lakhs, the management has represented that the same can be lent to the subsidiary within a specified period after the draw-down of such loan as per the agreed terms with the lenders and that it has initiated steps for the same and has also represented that the Company's subsidiary has incurred the necessary capital expenditure prior to 31st March, 2014. In respect of the Rupee Term Loan of ₹ 305 lakhs, management has represented that ₹ 141 lakhs has been applied post year-end for the purposes for which it was borrowed and that the balance of ₹ 164 lakhs would be applied within the period specified with the lenders, pending which it has been deposited in the overdraft accounts of the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company did not issue any debentures during the year.
- xx. The Company has not raised any money by way of a public issue during the year.
- xxi. Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.

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

**Himanshu Chapsey**  
Partner  
Membership No. 105731

Place : Mumbai  
Date : 29th May, 2014



## Balance Sheet As at 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	944.08	938.88
(b) Reserve & Surplus	3	6,703.47	5,151.12
		<b>7,647.55</b>	<b>6,090.00</b>
<b>2. Non-current liabilities</b>			
(a) Long-term Borrowings	4	2,852.46	3,766.98
(b) Deferred tax liabilities	5	394.40	327.29
		<b>3,246.86</b>	<b>4,094.27</b>
<b>3. Current liabilities</b>			
(a) Short-term Borrowings	6	8,576.34	6,111.57
(b) Trade payables	7	6,016.43	7,479.70
(c) Other current liabilities	8	2,271.77	1,359.49
(d) Short-term provisions	9	969.21	843.38
		<b>17,833.75</b>	<b>15,794.14</b>
<b>TOTAL</b>		<b>28,728.16</b>	<b>25,978.41</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1. (a) Fixed assets</b>			
(i) Tangible assets	10	4,172.29	4,521.09
(ii) Intangible assets	10	617.72	897.32
(iii) Capital work-in-progress		200.11	76.02
		<b>4,990.12</b>	<b>5,494.43</b>
(b) Non-current Investments	11	380.73	133.31
(c) Long-term loans and advances	12	134.46	98.51
		<b>5,505.31</b>	<b>5,726.25</b>
<b>2. Current assets</b>			
(a) Inventories	13	4,883.96	8,867.69
(b) Trade receivables	14	9,149.25	6,848.18
(c) Cash and Cash Equivalents	15	1,436.61	1,037.38
(d) Short-term loans and advances	16	6,942.76	3,498.91
(e) Other current assets	17	810.27	—
		<b>23,222.85</b>	<b>20,252.16</b>
<b>TOTAL</b>		<b>28,728.16</b>	<b>25,978.41</b>
Significant Accounting Policies	1		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date annexed  
**For B. K. Khare & Co.**  
*Chartered Accountants*  
 Firm Registration No. 105102W

**Himanshu Chapsey**  
*Partner*  
 (Membership No. 105731)

Mumbai  
 Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullahbhoj** *Director*  
**Dattatraya R. Puranik** *Executive Director & Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*

# Statement of Profit and Loss

For the Year ended 31st March, 2014

(₹ in Lacs)

Particulars Continuing Operations	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
<b>I. Income</b>			
Revenue from operations (Gross)		38,289.10	32,276.48
<b>Less:</b> Excise Duty		(849.83)	(923.01)
Revenue from operations (Net)	18	37,439.27	31,353.47
<b>II. Other Income</b>	19	232.70	286.50
<b>III. Total Revenue (I + II)</b>		<b>37,671.97</b>	<b>31,639.97</b>
<b>IV. EXPENDITURE:</b>			
Cost of materials consumed	20	20,772.64	18,091.79
Purchase of stock-in-trade	21	2,253.15	2,006.66
Changes in Inventories of finished goods/WIP/stock-in-trade	22	627.33	(84.53)
Employee benefits expense	23	1,398.15	1,145.98
Finance cost	24	2,239.53	1,752.13
Depreciation and amortisation expense	10	932.00	855.69
Research and development expenses	25	272.37	172.39
Other expenses	26	6,256.22	5,447.09
		<b>34,751.39</b>	<b>29,387.20</b>
<b>V. Profit before tax (III - IV)</b>		<b>2,920.58</b>	<b>2,252.77</b>
<b>VI. Less: Tax expense</b>			
— Current tax		956.60	765.63
— Deferred tax		67.12	(4.82)
Prior period Tax Adjustment		—	16.05
<b>VII. Profit for the period (V - VI)</b>		<b>1,896.86</b>	<b>1,475.91</b>
<b>VIII. Earnings per equity share of face value of ₹ 2/- each</b>	31 (i)		
a. Basic		4.03	3.15
b. Diluted		4.02	3.13
Significant Accounting Policies	1		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date annexed  
**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
(Membership No. 105731)

Mumbai  
Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullahbhoj** *Director*  
**Dattatraya R. Puranik** *Executive Director & Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*



## Cash Flow Statement For the Year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation	2,920.58	2,252.77
<b>Adjustments for:</b>		
Depreciation on Fixed Assets	932.00	855.69
Deferred employee compensation expenses amortised	10.82	3.22
Foreign Exchange loss/(gain) (Unrealised)	(24.10)	(121.06)
Loss on Sale of Fixed Assets	95.34	10.13
Provision for Doubtful Advances	—	208.32
Provision for Doubtful Debts	61.24	(59.82)
Provision for leave encashment	3.55	37.77
Interest Expenses	2,239.53	1,752.13
Interest Received/Dividend Received	(175.34)	(248.66)
<b>Operating Profit before Working Capital changes</b>	<b>6,063.62</b>	<b>4,690.49</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in inventories	3,983.72	(4,021.30)
(Increase)/Decrease in trade receivables	(2,554.07)	(441.96)
(Increase)/Decrease in short term loans and advances	(3,443.85)	219.98
(Increase)/Decrease in long term loans and advances	286.95	38.22
(Increase)/Decrease in other receivables	(810.27)	—
Increase/(Decrease) in trade payable	(1,422.95)	2,206.09
Increase/(Decrease) in other payable	(4.93)	(835.31)
<b>Cash Generated in Operations</b>	<b>2,098.22</b>	<b>1,856.21</b>
Direct taxes paid	(892.02)	(542.20)
<b>Net cash generated from Operating Activities</b>	<b>1,205.22</b>	<b>1,314.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(537.31)	(1,302.83)
Sale of Fixed Assets	14.27	7.40
Purchase of Investments	(247.41)	—
Interest received	175.31	248.61
Dividend received	0.03	0.05
<b>Net cash used in Investing Activities</b>	<b>(595.11)</b>	<b>(1,046.77)</b>



## Cash Flow Statement For the Year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings (Net of repayments)	2,282.50	2,029.24
Proceeds from Share Capital	38.10	18.64
Proceeds from Unsecured Loan	—	—
Interest Paid	(2,205.82)	(1,716.94)
Dividend Paid	(277.79)	(230.81)
Tax on Dividend	(47.85)	(37.96)
<b>Net cash used in Financing Activities</b>	<b>(210.86)</b>	<b>62.17</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>399.23</b>	<b>329.41</b>
<b>Opening Cash and Cash Equivalents</b>		
Cash in hand	8.23	6.87
Bank balances	1,029.15	701.10
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand	3.65	8.23
Bank balances	1,432.96	1,029.15
	<b>1,436.61</b>	<b>1,037.38</b>
Significant Accounting Policies	1	

As per our report of even date annexed  
**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
(Membership No. 105731)

Mumbai  
Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullahbhoj** *Director*  
**Dattatraya R. Puranik** *Executive Director &  
Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*



## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation

The financial statements are prepared presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provision of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India (Indian GAAP) and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 as amended.

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

(ii) Use of Estimates

The preparation of financial statements in accordance with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from these estimates. Any revision to accounting is recognized prospectively in current and future periods.

(iii) Presentation and Disclosure of Financial Statements

The financial statements are prepared and presented in the form set out in Revised Schedule VI of the Act, so far as they are applicable thereto. All assets and liabilities have been classified as current/noncurrent as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

(iv) Tangible and Intangible Fixed Assets

(a) Tangible Fixed Assets:

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.

Cost includes all incidental expenses related to acquisition and installation. Borrowing costs relating to acquisition of fixed assets, which take a substantial period of time to get ready for their intended use are also included to the extent they relate to the period till such assets are ready to be put to use. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any is reflected in the Statement of Profit and Loss.

(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 upgradation/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.

(v) 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.

(vi) Depreciation

(a) Depreciation on all assets of the company except on leasehold land, is provided on straight-line basis at rates leased on the estimated useful lives of the fixed assets or at the rates specified in schedule XIV to the Companies Act, 1956, whichever is higher.

(b) Leasehold land is depreciated over its 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.

## Notes to the Financial Statements For the Year Ended 31st March, 2014

### (vii) Investments

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

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

### (viii) Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and packing materials are valued at cost or net realizable value whichever is lower. Cost is determined on the basis of weighted average method.

Finished goods produced and purchased for sale and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores and spares are carried at cost.

### (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 (R&D) is included under the natural heads of expenditure.

Capital expenditure on 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 benefits 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 statement of profit and loss.

#### (b) Defined Contribution Plan

The company has a statutory scheme of Provident Fund a defined contribution scheme and contribution of the Company is charged to the Statement of Profit and Loss as incurred. The Company has a scheme of superannuation with the LIC of India and contribution of the company is charged to the statement of profit and loss as incurred.

#### (c) Defined Benefit Plan

The Company's liability towards gratuity to its employees a defined benefit is provided on the basis of an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognised in full in the year the occur in the statement of profit and loss.



## Notes to the Financial Statements For the Year Ended 31st March, 2014

(d) Other long-term benefits

Liability towards leave salary carried forward beyond twelve months from the balance sheet date is provided for on an actuarial basis using the projected unit credit method and is unfunded.

(xiii) Revenue/Expense Recognition

- (a) Revenue from the sale of products is recognised when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised 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.
- (d) Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.

(xiv) Contingent Liabilities

A Contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised because it is not possible that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

(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 being reversed in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted, at the reporting date.

(xvi) Earnings Per Share

Basic earnings 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 the 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) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprised cash at bank and in hand and short term investment with a original maturity of three months or less.

(xix) Lease

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalised at lower of 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 term, capitalised 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 statement of profit and loss on a straight-line basis over the lease term.

# Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>2. SHARE CAPITAL</b>		
Details of authorised, issued and subscribed share capital		
<b>Authorised Share Capital</b>		
67,500,000 Equity Shares of ₹ 2/- each (Previous Year 67,500,000 equity shares of ₹ 2/- each)	1,350.00	1,350.00
<b>Issued, subscribed and fully paid-up share capital</b>		
4,72,04,165 Equity Shares of ₹ 2/- each (Previous Year 4,69,43,940 equity shares of ₹ 2/- each)	944.08	938.88
<b>GRAND TOTAL</b>	<b>944.08</b>	<b>938.88</b>
<b>(a) Terms/Rights attached to equity shares</b>		
The Company has only one class 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 The Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
The Board of Directors in their meeting held on 29th May, 2014 proposed a dividend of ₹ 0.70/- per equity shares of face value of ₹ 2/- (Previous Year ₹ 0.60/- per equity share of face value of ₹ 2/-).		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.		

## (b) Reconciliation of the number of shares

Equity Shares

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
Face value per share (in ₹)		2		2
Shares outstanding at the beginning of the year	46,943,940	938.88	46,794,390	935.89
<b>Add:</b> Additions due to issue of Employee Stock Option Scheme	260,225	5.20	149,550	2.99
Shares outstanding at the end of the year	47,204,165	944.08	46,943,940	938.88



## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 2. SHARE CAPITAL (Contd.)

#### (c) Details of Shareholders holding more than 5% shares in the Company.

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
Ashish S. Dandekar	6,597,100	13.98	5,558,295	11.84
Ashish S. Dandekar (Huf)	—	—	3,667,170	7.81
Leena A. Dandekar	3,778,072	8.00	2,861,280	6.10
Abha A. Dandekar	4,716,793	9.99	3,800,000	8.09
Vivek A. Dandekar	4,716,793	9.99	3,800,000	8.09
Camart Agencies Ltd.	2,659,680	5.64	2,659,680	5.67
	<b>22,468,438</b>	<b>47.60</b>	<b>22,346,425</b>	<b>47.60</b>

#### (d) Shares reserved for issue under options

For details of shares reserved for issue under employees stock option (ESOP) plan of the Company, refer note 27.

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>3. RESERVES AND SURPLUS</b>		
(a) <b>Capital Reserve</b>	<b>80.60</b>	<b>80.60</b>
(b) <b>Securities Premium Account</b>		
Opening Balance	650.96	635.31
<b>Add:</b> Received on exercise of employee stock options (Refer Note 27)	32.89	15.65
Closing Balance	<b>683.85</b>	<b>650.96</b>
(c) <b>Employees Stock Options Outstanding (Refer Note 27)</b>		
(a) Employee Stock Option Outstanding –		
Opening Balance	56.83	17.07
<b>Add:</b> Fresh grant of options	—	46.31
<b>Less:</b> Amount transferred to option lapsed	(8.04)	(5.76)
<b>Less:</b> Amount transferred to Deferred Employee compensation-P&L	(1.17)	(0.79)
Closing Balance	<b>47.62</b>	<b>56.83</b>
<b>Less:</b>		
(b) Deferred employee compensation expenses		
Opening Balance	47.31	7.54
<b>Add:</b> On options granted during the year	—	46.31
<b>Less:</b> Employee compensation/Option lapsed	(20.03)	(6.54)
Closing Balance	27.28	47.31
<b>TOTAL (a-b)</b>	<b>20.34</b>	<b>9.52</b>

# Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>3. RESERVES AND SURPLUS (Contd.)</b>		
(d) <b>General Reserve</b>		
Opening Balance (refer note below)	2,082.04	1,931.90
Add: Employees Stock Option Vested but Lapsed	—	0.14
Add: Transfer from Surplus	190.00	150.00
Closing Balance	<b>2,272.04</b>	<b>2,082.04</b>
(e) <b>Balance in statement of Profit &amp; Loss</b>		
Opening Balance	2,328.00	1,331.60
Add: Profit for the Year	1,896.86	1,475.91
	<b>4,224.86</b>	<b>2,807.51</b>
<b>Less: Appropriations</b>		
Proposed Dividend on Equity Shares#	(331.83)	(281.66)
Tax on Proposed Dividends	(56.40)	(47.85)
Transfer to General Reserves	(190.00)	(150.00)
<b>Total Appropriation</b>	<b>(578.23)</b>	<b>(479.51)</b>
<b>Closing Balance</b>	<b>3,646.63</b>	<b>2,328.00</b>
<b>GRAND TOTAL</b>	<b>6,703.47</b>	<b>5,151.12</b>

Note:

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

# On 4,74,04,940 shares @ of ₹ 0.70 paise per share, including 2,00,775 shares which are allotted on exercise of employee stock option till the book closure date post 31st March, 2014 and up to the date of approval the financial statements by the Board of Directors of the Company.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>4. LONG-TERM BORROWINGS</b>				
<b>SECURED</b>				
(a) <b>Foreign currency term loans:</b>				
(i) From Banks	873.96	1,057.25	464.29	392.85
(b) <b>Rupee Term loans:</b>				
(i) From Banks	1,978.50	1,984.25	548.75	414.15
(c) <b>Finance lease obligations</b>	—	30.53	30.54	46.86
<b>TOTAL</b>	<b>2,852.46</b>	<b>3,072.03</b>	<b>1,043.58</b>	<b>853.86</b>
<b>UNSECURED</b>				
(a) Deposits from Public	—	694.95	689.90	—
<b>TOTAL</b>	<b>—</b>	<b>694.95</b>	<b>689.90</b>	<b>—</b>
<b>GRAND TOTAL</b>	<b>2,852.46</b>	<b>3,766.98</b>	<b>1,733.48</b>	<b>853.86</b>
Current Maturities of Long-term borrowings have been disclosed under the head "Current Liabilities" Refer Note 8.			1,733.48	853.86





## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 4. LONG-TERM BORROWINGS (Contd.)

#### (a) Foreign currency term loans:

Foreign currency term loans at 31 March 2014 comprise two term loans, which are repayable in 21 substantially equal quarterly installments commencing after a moratorium of 24 months from the date of 1st disbursement i.e. 3 March 2011 and 28 March 2014 respectively. The loans are 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% of the equity shares of CFSL Mauritius Pvt. Ltd ("CFCL Mauritius"). c) Pledge of 100% equity stake of the CFS EUROPE S.p.A. Italy held by the CFCL Mauritius. Collateral Security: 2nd pari passu Charge on the entire Current assets of the Company. These loans carry an interest rate 4.50% and 4.50% above LIBOR, respectively. The current interest rate on these ranges from 4.89% to 4.95%

#### (b) Rupee Term loans from Bank

Rupee term loan from banks comprise term loans from EXIM Bank, State Bank of Patiala and Vehicle loans from HDFC Bank and ICICI Bank

Term loan from EXIM Bank is repayable in 28 & 21 equal quarterly installments commencing after a moratorium period of one year and two year for the date of first disbursement from 13 May, 2010 and 28 March 2014. The loan is secured by a first pari passu charge on all the fixed assets of the company, both present and future. Collateral Securities: 2nd pari passu Charge on the entire Current assets of the Company. In addition to the above the loan disbursed on 28 March 2014 is also secured by way of (1) Pledge of 100% Shares of CFCL Mauritius Private Limited held by CFCL. (2) Pledge of 100% shares of CFS Europe S.p.A. Italy held by CFCL Mauritius Pvt. Ltd. The current interest rate on these ranges from 12.05 % to 13.35%

Term loan from State Bank of Patiala is repayable in 26 equal quarterly installments commencing from 31.12.2013. The loan is secured by first pari passu charge on all the fixed assets of the Company, both present and future. Collateral Security: 2nd pari passu Charge on the entire Current assets of the Company. The current interest rate is 12.50%.

Term loan from HDFC Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles. The current interest rate ranges from 11.50% to 12.50%.

Term loan from ICICI Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles. The current interest rate ranges from 11.50% to 12.50%.

#### (c) Finance lease obligations

Loan against lease assets from L&T Finance Ltd. is repayable in maximum tenure of two years. The loan is secured by furniture and fixtures taken on lease. The current interest rate is 11.50%.

### 5. DEFERRED TAX LIABILITY (Net)

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

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liability</b>		
Depreciation	334.60	422.36
Gratuity (Prepaid)	21.86	4.52
Lease Payments	116.55	23.71
<b>Sub Total (a)</b>	<b>473.01</b>	<b>450.59</b>
<b>Deferred Tax Asset</b>		
Provision for Doubtful Debts & Advances	32.52	82.51
Leave Encashment	40.57	39.36
Other Disallowances under Income Tax Act	5.52	1.43
<b>Sub Total (b)</b>	<b>78.61</b>	<b>123.30</b>
<b>Net Deferred Tax Liability (a-b)</b>	<b>394.40</b>	<b>327.29</b>

# Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>6. SHORT-TERM BORROWINGS</b>		
<b>SECURED</b>		
Loans repayable on demand		
Cash credit/Packing credit in foreign currency from Bank	8,576.34	6,111.57
<b>GRAND TOTAL</b>	<b>8,576.34</b>	<b>6,111.57</b>
Cash credit/packing credit in foreign currency 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 and building at Tarapur MIDC, Boisar as second charge). Second pari passu charge on all movable and immovable fixed assets of the company.		
<b>7. TRADE PAYABLES</b>		
<b>Trade Payables*</b>		
Due to Micro and Small Enterprises	—	—
Other than Micro and Small Enterprises	6,016.43	7,479.70
<b>GRAND TOTAL</b>	<b>6,016.43</b>	<b>7,479.70</b>
* 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 31 March, 2014.		
<b>8. OTHER CURRENT LIABILITIES</b>		
Current maturities of foreign currency term loan	464.29	392.85
Current maturities of long-term term loan	548.75	414.15
Current maturities of finance lease obligations	30.54	46.86
Current maturities of Public Deposits	689.90	—
Interest accrued but not due on borrowings	86.77	53.06
Unpaid dividends #	14.59	10.71
Share Application money received for allotment of securities and due for refund	0.35	0.38
Deposits	3.34	1.09
TDS Payable	27.35	30.07
Other statutory dues	9.17	16.94
Other outstanding liabilities	396.72	393.40
<b>GRAND TOTAL</b>	<b>2,271.77</b>	<b>1,359.49</b>
# Does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>9. SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Leave encashment	119.36	115.81
<b>Others</b>		
Provision for taxation	461.62	398.06
Proposed dividend	331.83	281.66
Tax on proposed dividend	56.40	47.85
<b>GRAND TOTAL</b>	<b>969.21</b>	<b>843.38</b>



## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 10. FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION			NET BLOCK		
	As at April 1, 2013	Additions during the year	Deletions during the year	As at March 31, 2014	As at April 1, 2013	Depreciation charge for the year	Depreciation on deletions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>Tangible Assets</b>										
Freehold Land	190.38	22.08	—	212.46	—	—	—	—	212.46	190.38
Leasehold Land	2.67	32.47	—	35.14	0.92	0.14	—	1.06	34.08	1.75
Factory & Other Building	938.82	—	24.49	914.33	314.95	56.31	10.64	360.62	553.71	623.87
Site Development	37.55	—	—	37.55	6.25	0.61	—	6.86	30.69	31.30
Plant, Equipment & Machinery	6,352.76	289.83	293.98	6,348.61	3,311.82	491.76	209.56	3,594.02	2,754.59	3,040.94
Furniture & Fixtures									—	—
Owned	229.87	0.57	3.61	226.84	62.90	21.28	3.00	81.18	145.66	166.97
Leased	194.09	—	—	194.09	44.93	13.40	—	58.33	135.76	149.16
Vehicles	232.26	23.26	24.70	230.81	37.76	22.14	14.83	45.07	185.74	194.50
ERP Hardware Cost	118.45	13.73	3.25	128.93	66.13	15.64	2.39	79.38	49.55	52.32
R&D Assets	90.79	7.56	—	98.34	20.89	7.40	—	28.29	70.05	69.90
<b>TOTAL</b>	<b>8,387.64</b>	<b>389.50</b>	<b>350.03</b>	<b>8,427.10</b>	<b>3,866.55</b>	<b>628.68</b>	<b>240.42</b>	<b>4,254.81</b>	<b>4,172.29</b>	<b>4,521.09</b>
<b>Intangible Assets</b>										
ERP Software Cost	120.32	1.22	—	121.54	77.34	23.42	—	100.76	20.78	42.97
Technical Know-How	1,252.91	22.50	—	1,275.41	398.57	279.90	—	678.47	596.94	854.34
<b>TOTAL</b>	<b>1,373.23</b>	<b>23.72</b>	<b>—</b>	<b>1,396.95</b>	<b>475.91</b>	<b>303.32</b>	<b>—</b>	<b>779.23</b>	<b>617.72</b>	<b>897.32</b>
<b>GRAND TOTAL</b>	<b>9,760.87</b>	<b>413.22</b>	<b>350.03</b>	<b>9,824.05</b>	<b>4,342.46</b>	<b>932.00</b>	<b>240.42</b>	<b>5,034.04</b>	<b>4,790.01</b>	<b>5,418.41</b>
Previous Year	8,347.62	1,450.03	36.78	9,760.87	3,506.01	855.69	19.25	4,342.46	5,418.41	

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>A. Trade Investments (Valued at cost unless stated otherwise)</b>		
<b>Investment in Equity instruments (Unquoted)</b>		
<b>Investment in Subsidiaries</b>		
– CFCL Mauritius Pvt. Ltd.	59.73	59.73
1,32,000 equity shares of USD 1 fully paid (Previous year 1,32,000 equity shares of USD 1 fully paid)		
– Dulcette Technologies LLC	32.53	32.53
Capital Contribution USD 76,000 (Previous year capital contribution USD 76,000)		
– Solentus do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.	203.50	—
7,83,738 equity shares of 1 Real each fully paid up. (Previous year Nil)		
– Solentus North America Inc.	43.92	—
77,000 equity shares of 1 CAD each fully paid up. (Previous year Nil)		
<b>Investment in Associates</b>		
– 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)		
<b>Other non-current investments</b>		
– 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	9.95
99,500 equity shares of ₹ 10/- each fully paid (Previous year 99,500 equity shares of ₹ 10/- each fully paid)		
	<b>380.23</b>	<b>132.81</b>

# Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>B. Non-Trade Investments</b>		
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
<b>GRAND TOTAL (A+B)</b>	<b>380.73</b>	<b>133.31</b>
Aggregate amount of unquoted investments	380.73	133.31

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(a) Capital Advances		
Unsecured, considered good	91.03	4.44
	<b>91.03</b>	<b>4.44</b>
(b) Security Deposits		
Unsecured, considered good	43.43	94.07
	<b>43.43</b>	<b>94.07</b>
<b>GRAND TOTAL</b>	<b>134.46</b>	<b>98.51</b>
<b>13. INVENTORIES (valued at lower of cost or net realisable value)</b>		
(a) Raw Materials and components (including packing materials) (including in-transit ₹ 203.76, previous year ₹ 1,115.93)	2,238.06	5,613.38
(b) Work-in-progress	786.12	942.13
(c) Finished goods	1,396.99	1,870.17
(d) Stock-in-trade	435.38	433.52
(e) Consumables	27.41	8.49
<b>GRAND TOTAL</b>	<b>4,883.96</b>	<b>8,867.69</b>
<b>14. TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	—	—
Unsecured, considered good	583.64	674.27
Doubtful	95.69	34.45
	679.33	708.72
Less: Provision for doubtful debts	(95.69)	(34.45)
	<b>583.64</b>	<b>674.27</b>
<b>Others</b>		
Unsecured, considered good [Net of Bills Discounted ₹ 4,943.51 lacs (Previous year ₹ 4,360.35 lacs)]	8,565.61	6,173.91
	8,565.61	6,173.91
<b>GRAND TOTAL</b>	<b>9,149.25</b>	<b>6,848.18</b>



## Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>15. CASH AND CASH EQUIVALENTS</b>		
<b>Cash &amp; Cash equivalents</b>		
(a) Balances with banks		
In Current account	353.31	75.57
Unpaid Dividend/Interest Account	15.17	11.19
(b) Cash on hand	3.65	8.23
	<b>372.13</b>	<b>94.99</b>
<b>Other Bank Balances</b>		
On Margin accounts	1,064.48	942.39
<b>GRAND TOTAL</b>	<b>1,436.61</b>	<b>1,037.38</b>
<b>16. SHORT-TERM LOANS AND ADVANCES</b>		
(a) Loans and advances to related parties (refer note no. 28) (Unsecured, considered good)	2,384.45	1,944.84
	<b>2,384.45</b>	<b>1,944.84</b>
(b) Loans to Company		
Unsecured, considered good	380.48	782.16
Doubtful	—	208.32
	<b>380.48</b>	<b>990.48</b>
Less: Provision for doubtful debts	—	208.32
	<b>380.48</b>	<b>782.16</b>
(c) Other Loans and Advances (Unsecured, considered good)		
Prepaid expenses	345.79	144.02
Advance to Material Suppliers (Refer note no. 31 (iv) (c))	3,137.14	—
Loans to employees	10.65	4.92
Gratuity	65.56	13.36
Balance with statutory/government authorities	527.83	472.75
Deposits	90.86	136.86
Others	—	—
	<b>4,177.83</b>	<b>771.91</b>
<b>GRAND TOTAL</b>	<b>6,942.76</b>	<b>3,498.91</b>
<b>17. OTHER CURRENT ASSETS</b>		
Claim Receivables (Refer Note no. 30)	810.27	—
<b>GRAND TOTAL</b>	<b>810.27</b>	<b>—</b>

# Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>18. REVENUE FROM OPERATIONS</b>		
Revenue from operations		
(a) Sale of products		
Finished goods	35,523.08	30,735.45
Traded goods	2,751.98	1,532.20
(b) Sale of services	1.34	—
(c) Other operating revenues		
— Scrap sales	12.70	8.83
(d) Revenue from operations (gross) (a+b+c)	38,289.10	32,276.48
(e) <b>Less:</b> Excise Duty	(849.83)	(923.01)
(d-e) <b>GRAND TOTAL</b>	<b>37,439.27</b>	<b>31,353.47</b>
<b>19. OTHER INCOME</b>		
Interest Income	175.31	248.61
Dividend Income	0.03	0.05
Miscellaneous Receipts	57.36	37.84
<b>GRAND TOTAL</b>	<b>232.70</b>	<b>286.50</b>
<b>20. COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw Material & Packing Material	5,621.88	1,685.10
<b>Add:</b> Purchases of Raw Material & Packing Material	17,416.23	22,028.57
<b>Less:</b> Closing Stock of Raw Material & Packing Material	2,265.47	5,621.88
<b>GRAND TOTAL</b>	<b>20,772.64</b>	<b>18,091.79</b>
<b>21. PURCHASE OF STOCK-IN-TRADE</b>		
Purchases of Goods for Trade	2,253.15	2,006.66
<b>GRAND TOTAL</b>	<b>2,253.15</b>	<b>2,006.66</b>



## Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>22. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS</b>		
Opening Inventory		
Finished Goods	2,303.69	1,103.21
Work-In-Progress	942.13	2,058.08
	<b>3,245.82</b>	<b>3,161.29</b>
Closing Inventory		
Finished Goods	1,832.37	2,303.69
Work-In-Progress	786.12	942.13
	<b>2,618.49</b>	<b>3,245.82</b>
<b>GRAND TOTAL</b>	<b>627.33</b>	<b>(84.53)</b>
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and incentives	1,215.73	976.68
Contributions to:		
Provident fund	77.78	70.07
Gratuity fund	8.81	26.27
Expense on Employee Stock Option Scheme (ESOP)	18.64	3.22
Staff welfare expenses	77.19	69.75
<b>GRAND TOTAL</b>	<b>1,398.15</b>	<b>1,145.98</b>
<b>24. FINANCE COST</b>		
Interest	1,726.83	1,347.91
Bank Charges	418.38	326.48
Exchange Difference to the extent considered as an adjustment to borrowing cost	94.32	77.74
<b>GRAND TOTAL</b>	<b>2,239.53</b>	<b>1,752.13</b>
<b>25. RESEARCH &amp; DEVELOPMENT EXPENSES</b>		
Salaries and incentives	114.15	79.62
Travelling & Conveyance	23.28	7.73
Professional fees	80.83	23.13
Laboratory Expenses	38.13	43.17
Other Expenses	15.98	18.74
<b>GRAND TOTAL</b>	<b>272.37</b>	<b>172.39</b>



# Notes to the Financial Statements For the Year Ended 31st March, 2014

(₹ in Lacs)

Particulars	Year Ended March 31, 2014		Year Ended March 31, 2013
<b>26. OTHER EXPENSES</b>			
Consumption of Stores and Spares		126.35	139.32
Power and Fuel		1,039.75	1,020.26
Rent		297.86	291.03
Rates and Taxes		2.70	3.49
Insurance		194.47	127.37
Repairs			
— Building		6.50	8.50
— Machinery		85.81	53.60
— Others		247.80	125.50
Sub Contracting Charges		658.57	669.92
Labour Charges		441.17	320.10
Advertisement and Sales Promotion		461.47	293.57
Transport & Forwarding Charges		457.09	463.27
Commission/Discount/Service Charges on Sales		144.33	179.58
Travelling & Conveyance		406.05	285.33
Directors Meeting Fees		4.62	6.27
Auditor's Remuneration		25.91	17.90
Legal & Professional fees		223.18	281.53
Bad Debts Written Off	228.03		512.39
Advances Written Off	708.32		
<b>Add:</b> Provision for Doubtful Debts	70.82		34.45
<b>Add:</b> Provision for Doubtful Advances	—		208.32
<b>Less:</b> Provision for Doubtful Advances Written Back	208.32		
<b>Less:</b> Provision for Doubtful Debts Written Back	9.58		94.27
		789.27	660.89
Loss on Sale/Discarding of Assets		95.34	10.13
Loss on Foreign Exchange Fluctuations		126.72	61.30
Miscellaneous Expenses		421.26	428.22
<b>GRAND TOTAL</b>		<b>6,256.22</b>	<b>5,447.09</b>
Note:			
Payment to Auditor			
As Auditors :			
Audit Fees		12.70	9.00
Tax Audit Fees		2.60	2.00
In Other Capacity			
— Taxation Matters		2.50	1.00
— Certification		1.30	2.90
— Other Services		6.50	2.70
Reimbursement of Expenses		0.31	0.30
<b>GRAND TOTAL</b>		<b>25.91</b>	<b>17.90</b>



## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 27. EMPLOYEE STOCK OPTIONS

The Company has Employee Stock Option Scheme called "Camlin Fine Sciences Employees Stock Option Scheme, 2008" which was approved on 8 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.

In the Annual General Meeting held on 1 August 2012, the members have approved 'Camlin Fine Sciences Employees Stock Option Scheme, 2012'. In accordance with this scheme, the company has granted 7,47,000 options on 19 November 2012 to the employees, where each option 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	Tranche V
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010	19th November, 2012
Number of Options granted	9,70,500	83,500	1,61,000	3,20,000	7,47,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant				Options will lapse if not exercised within 3 years from the date of grant
Exercise Price (per share)	₹ 10	₹ 10	₹ 10	₹ 12.40	₹ 16
Method of settlement	By issue of Shares at Exercise Price				
Vesting Conditions	10% On expiry of 12 months from the date of grant				50% On expiry of 12 months from the date of grant
	15% On expiry of 24 months from the date of grant				25% 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 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	Tranche V
Options outstanding on 1 April, 2013	3,36,775	14,250	1,33,100	1,24,000	7,15,500
Options granted during the year	Nil	Nil	Nil	Nil	Nil
Options forfeited/lapsed during the year	Nil	Nil	Nil	550	18,750
Options vested but lapsed	4,450	Nil	2,750	450	Nil
Options exercised during the year	1,59,975	7,500	14,600	11,900	66,250
Options outstanding on 31 March, 2014	1,72,350	6,750	1,15,750	1,11,100	6,30,500
Options vested but not exercised on 31 March, 2014	1,72,350	6,750	74,500	27,500	2,84,000

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Average Share Price *	₹ 14.67	Nil	₹ 14.67	₹ 14.67	Nil
Exercise/Grant Price **	₹ 10.00	₹ 10.00	₹ 10.00	₹ 12.40	₹ 16.00
Market Price ***	₹ 12.00	₹ 9.00	₹ 11.70	₹ 15.20	₹ 22.20

\* Being the average share price at the recognised 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, 2014

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	Tranche V
Opening unamortised amount	44,903	Nil	71,652	1,79,386	44,36,100
Total amount to be amortised over the vesting period	Nil	Nil	Nil	Nil	Nil
Charge to statement of profit and loss for the year	44,903	Nil	46,780	79,991	17,37,033
ESOP lapsed	Nil	Nil	1,915	887	93,000
Unamortised amount carried forward	Nil	Nil	22,957	98,508	26,06,067

During the year, 2,60,225 equity shares of ₹ 2/- each (Previous Year 1,49,550 equity shares of ₹ 2/- each) have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 32.89 lacs (Previous Year ₹ 15.65 lacs) has been accounted.

### 28. 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)	2,322.80	2,322.80
	(1,911.84)	(1,911.84)
CFS EUROPE S.p.A. Italy (Step Down Subsidiary)	24.78	24.78
	(Nil)	(34.64)
Fine Lifestyle Brands Limited (Associate)	36.86	36.86
	(33.00)	(33.00)

### 29. COMMISSION TO DIRECTORS

During the year the company has made a provision towards commission payable to Non-executive Directors of ₹ 32.00 lacs for the financial year 2013-2014 subject to overall ceiling of 1% of net profits of the company. As required by section 309(4)(b) of the Companies Act, 1956, the company has obtained necessary approval of the members by passing a special resolution in the ensuing Annual General Meeting.

### 30. INSURANCE CLAIM

On 16th June, 2013 a fire occurred at the company's factory at Tarapur as a result of which there was a loss of inventory and fixed assets. The Company is fully insured against this loss and a claim with the insurance has been lodged which is in progress. The Company has received a partial payment of ₹ 1,000 lacs against the said claim in January 2014. The Company is confident of recovery of the entire loss. However, a suitable provision on a prudential basis has been made in the books for any part of the claim that may not be recovered.

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

(i) Earnings Per Share (Basic and Diluted)

Particulars	2013-14	2012-13
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (₹ Lacs)	1,896.86	1,475.91
Weighted average no. of equity shares used in computing basic earnings per share	4,70,30,581	4,68,54,381
Effect of potential ordinary shares on conversion of stock options.	1,88,700	2,79,232
Weighted average no. of equity shares used in computing diluted earnings per share.	4,72,19,281	4,71,33,613
— Basic Earnings per Share (₹)	4.03	3.15
— Diluted Earnings per Share (₹)	4.02	3.13



## Notes to the Financial Statements For the Year Ended 31st March, 2014

(ii) Foreign Currency Transactions:

Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Statement of profit and loss is ₹ 126.72 Lacs (previous year loss of ₹ 61.30 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2014 is as follows:

(Currency in Lacs)

Particulars	Currency	2013-14	2012-13
(a) Trade Receivable	USD	149.38	49.96
	EURO	28.05	17.37
(b) Trade Payable	USD	39.32	46.78
	EURO	19.79	44.53
(c) Term Loan	USD	22.27	26.66
(d) Advance Receivable	EURO	28.12	25.62

There are no outstanding hedged exposures in foreign currency transactions as on 31 March 2014.

(iii) Retirement Benefits:

(a) Defined Contribution Plans

The company's contribution paid/payable during the year to provident fund and superannuation fund are charged to the statement of profit and loss.

(b) Defined Benefit Plans

(i) Gratuity as per Actuarial valuation:

(₹ in Lacs)

No. Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>I. Expense recognised in the Statement of Profit and Loss</b>					
1. Current Service Cost	7.50	7.16	6.75	5.72	5.7
2. Interest	11.85	10.04	8.49	7	6.23
3. Expected Return on plan assets	(14.05)	(12.22)	(9.44)	(7.01)	(7.28)
4. Actuarial (Gain)/Loss	5.85	23.83	18.45	1.6	9
5. Total expense	11.15	28.81	24.25	7.31	13.64
<b>II. Net Asset/(Liability) recognised in the Balance Sheet:</b>					
1. Present Value of Defined Benefit Obligation at end of the year	163.06	148.20	118.06	102.90	84.88
2. Fair Value of plan assets at the end of the year	228.62	161.56	142.15	118.05	87.64
3. Funded status [Surplus/(Deficit)]	65.56	13.36	24.08	15.15	2.75
4. Net Asset/(Liability) at the end of the year	65.56	13.36	24.08	15.15	2.75
<b>III. Change in the obligation during the year:</b>					
1. Present Value of Defined Benefit Obligation at the beginning of the year	148.20	118.06	102.89	84.88	77.31
2. Current Service Cost	7.50	7.16	6.76	5.72	5.70
3. Interest Cost	11.86	10.04	8.49	7.00	6.23
4. Actuarial (Gain)/Loss	7.18	25.12	9.01	11.71	0.89
5. Benefit payments	(11.68)	(12.18)	(9.09)	(6.42)	(5.25)
6. Present Value of Defined Benefit Obligation at the end of the year	163.06	148.20	118.06	102.89	84.88

# Notes to the Financial Statements For the Year Ended 31st March, 2014

No. Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>IV. Change in Fair Value of Assets during the year ended:</b>					
1. Fair Value of plan assets at the beginning of the year	161.56	142.15	118.05	87.64	81.45
2. Expected return on plan assets	14.06	12.22	9.44	7.01	7.28
3. Contributions by employer	63.36	18.08	33.19	19.71	12.27
4. Actual benefits paid	(11.68)	(12.18)	(9.09)	(6.42)	(5.25)
5. Actuarial Gain/(Loss) on Plan Assets	1.33	1.29	(9.44)	10.11	(8.11)
6. Fair Value of plan assets at the end of the year.	228.63	161.56	142.15	118.05	87.64
<b>V. The major categories of plan assets as a percentage of total plan:</b>					
Funded with LIC	100%	100%	100%	100%	100%
<b>VI. Actuarial assumptions:</b>					
1. Discount Rate	9.31%	8.00%	8.50%	8.25%	7.50%
2. Expected rate of return on plan assets	8.70%	8.70%	8.60%	8.00%	8.00%

(ii) Leave Encashment:

The accumulated balance of leave encashment (unfunded) provided in the books as at 31 March 2014 ₹ 119.36 Lacs (Previous year ₹ 115.81 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 Pvt. Ltd.	Subsidiary
Solentus do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.	Subsidiary
Solentus North America Inc.	Subsidiary
CFS EUROPA S.p.A	Step down Subsidiary
Dulcette Technologies LLC	Subsidiary
Fine Lifestyle Brands Ltd.	Associate
Fine Lifestyle Solutions Ltd.	Significant influence by Managing Director
Fine Renewable Energy Ltd.	Significant influence by Managing Director
Focussed Event Management Pvt. Ltd.	Significant influence by Managing Director
Vibha Agencies Pvt. Ltd.	Owned by MD

(b) Key Management Personnel and their relatives:

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman
Mr. A. S. Dandekar	Managing Director
Mr. D. R. Puranik	Executive Director & Chief Financial Officer
Mr. S. D. Dandekar	Management Consultant/Relative of Managing Director
Mrs. R. S. Dandekar	Management Consultant/Relative of Managing Director
Mrs. L. A. Dandekar	Promoter Group/Relative of Managing Director



## Notes to the Financial Statements For the Year Ended 31st March, 2014

### (c) Transactions with Related Parties:

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Ventures	Associate Companies	Key Management Personnel & their Relatives
<b>1. Purchases/Expenses:</b>				
i.	Goods	7,658.91 (10,420.38)	Nil (Nil)	Nil (Nil)
ii.	Services	Nil (Nil)	Nil (Nil)	9.30 (6.60)
iii.	Salaries	Nil (Nil)	Nil (Nil)	12.31 (12.13)
<b>2. Sales:</b>				
i.	Goods	1,821.16 (1,720.39)	Nil (Nil)	Nil (Nil)
<b>3. Finance:</b>				
i.	Interest Received	Nil (Nil)	5.60 (1.30)	Nil (Nil)
<b>4. Other Transactions:</b>				
i.	Reimbursement received from parties	Nil (21.66)	3.30 (3.80)	Nil (Nil)
<b>5. Outstanding:</b>				
i.	Payable	1,002.62 (1,095.31)	Nil (Nil)	Nil (Nil)
ii.	Receivable	1,306.08 (1,114.53)	68.41 (74.59)	Nil (Nil)
iii.	Inter Corporate Loans Given	2,347.58 (1,911.84)	36.86 (Nil)	Nil (Nil)
iv.	Advance to Material Supply	2,649.07 (Nil)	Nil (Nil)	Nil (Nil)
<b>6. Managerial Remuneration:</b>		Nil (Nil)	Nil (Nil)	233.59 (189.03)

### (d) Significant Transactions with Related Parties:

(₹ in Lacs)

Particulars	2013-14	2012-13
<b>Subsidiary Companies</b>		
<b>(i) Purchase</b>		
Goods		
CFS Europe S.p.A.	7,658.91	10,420.28
<b>(ii) Sales</b>		
CFS Europe S.p.A.	1,793.04	1,720.39
Solentus North America Inc.	28.13	Nil
<b>(iii) Outstanding</b>		
Inter Corporate Loans Given		
CFCL Mauritius Pvt. Ltd.	2,322.80	1,911.84
CFS Europe S.p.A.	24.78	Nil
Trade Payable		
CFS Europe S.p.A.	1,002.61	1,095.31

# Notes to the Financial Statements For the Year Ended 31st March, 2014

Particulars	2013-14	2012-13
<b>(iv) Receivables</b>		
CFCL Mauritius Pvt. Ltd.	Nil	161.46
CFS Europe S.p.A.	1,172.00	953.08
Dulcette Technologies LLC	105.95	78.90
<b>Associate Companies</b>		
<b>(i) Finance:</b>		
Interest Received		
Fine Lifestyle Brands Ltd.	4.29	4.29
<b>(ii) Outstanding:</b>		
Fine Lifestyle Brands Ltd.	36.86	33.00
<b>Key Management Personnel</b>		
<b>(i) Managerial Remuneration</b>		
(a) Mr. A. S. Dandekar	165.68	130.91
(b) Mr. D. D. Dandekar	18.00	18.00
(c) Mr. D. R. Puranik	49.91	40.12

## (v) Leases

Particulars	Finance Lease	
	March 31, 2014	March 31, 2013
Total Minimum Lease Payments at the year end	54.80	54.77
<b>Less:</b> Amount representing finance charges	7.94	13.58
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	46.86	41.19
Minimum Lease Payments		
Not later than one year for finance lease : Present value ₹ 30.54 Lacs as on 31.03.2014 (₹ 46.86 Lacs as on 31.03.2013)]	32.24	54.77
Later than one year but not later than five years [for finance lease : Present value ₹ Nil as on 31.03.2014 (₹ 30.54 as on 31.03.2013)]	—	32.24
Later than five years [for finance lease : Present value ₹ Nil as on 31.03.2014 (₹ Nil as on 31.03.2013)]	—	—

Particulars	Operating Lease	
	March 31, 2014	March 31, 2013
For the period up to one year	155.96	297.86
For the period one year to five years	179.70	335.65
Five years and above	Nil	Nil

## (e) Segmental Reporting:

The Company operates primarily in the segment of Fine Chemicals and hence has only one reportable segment.

## 32. CONTINGENT LIABILITIES

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
(a) In respect of Bills of Exchange/cheque discounted with the Bankers	4,943.51	4,360.35
(b) In respect of Bank Guarantees issued to VAT and Custom Authorities	257.75	336.86
(c) In respect of Corporate Bank Guarantees issued against the borrowings of:		
(i) CFS Europe S.p.A. - Subsidiary Company	5,392.00	1,900.00
(d) In respect of Corporate Guarantees issued against the contractor's payment obligations and supply of material:		
(i) CFS Europe S.p.A. - Subsidiary Company	3,671.06	3,849.10





## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 33. COMMITMENTS

- Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 29.91 Lacs. (Previous year ₹ 7.57 Lacs).
- 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, 2014 is USD 76,000 equivalent to ₹ 32.53 Lacs.
- The total investment in the subsidiary company Solentus do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda. is expected to be to the tune of USD 5,75,000 with Camlin Fine Sciences Ltd's share of 100%. Total capital contribution of the company as on March 31, 2014 is USD 3,30,000 equivalent to ₹ 203.50 lacs (7,78,737 shares).
- The total investment in the subsidiary company Solentus North America Inc. is expected to be to the tune of USD 90,090 with Camlin Fine Sciences Ltd's share of 100%. Total capital contribution of the company as on March 31, 2014 is USD 70,000 equivalent to ₹ 43.92 lacs (77,000 shares)
- The information in respect of commitment has been given only in respect of capital commitment in order to avoid providing excess details that may not assist user of financial statements.

### 34. DETAIL OF SALES

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Food Antioxidants/Ingredients	29,054.23	25,109.35
Industrial Products (Including Traded)	8,371.00	6,235.28
<b>TOTAL</b>	<b>37,425.23</b>	<b>31,344.64</b>

### 35. CONSUMPTION OF RAW MATERIALS, PACKING MATERIALS AND TRADED GOODS

(₹ In Lacs)

Particulars	March 31, 2014	March 31, 2013
Hydroquinone	11,488.95	11,071.18
Tertiary Butyl Alcohol	2,454.93	2,287.42
Catechol	4,524.45	1,952.84
Toluene	1,111.83	1,613.44
Others	3,445.63	3,173.57
<b>TOTAL</b>	<b>23,025.79</b>	<b>20,098.45</b>

### 36. IMPORTED AND INDIGENOUS RAW MATERIALS, GOODS FOR TRADE, COMPONENTS AND SPARE PARTS CONSUMED

	% of total consumption	Value (₹ in Lacs)	% of total consumption	Value (₹ in Lacs)
	March 31, 2014		March 31, 2013	
Imported	80%	18,468.35	77%	15,424.06
Indigenously obtained	20%	4,557.44	23%	4,674.39
<b>TOTAL</b>	<b>100%</b>	<b>23,025.79</b>	<b>100%</b>	<b>20,098.45</b>

### 37. VALUE OF IMPORTS ON CIF BASIS

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Raw Material	13,313.23	18,314.87
Purchase of Traded Goods	2,253.15	2,006.66
<b>TOTAL</b>	<b>15,566.38</b>	<b>20,321.53</b>

### 38. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Professional & Legal Fees	94.61	64.66
Commission and Sales Promotion	491.73	253.00
Travel	79.64	54.52
<b>TOTAL</b>	<b>662.98</b>	<b>372.18</b>

## Notes to the Financial Statements For the Year Ended 31st March, 2014

### 39. EARNINGS IN FOREIGN EXCHANGE

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Exports at F.O.B. Value (Including Trading)	29,431.87	23,340.88

40. Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date annexed

**For B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Himanshu Chapsey**

Partner

(Membership No. 105731)

**Dilip D. Dandekar**

Chairman

**Ashish S. Dandekar**

Managing Director

**Pramod M. Sapre**

Director

**Abeezar E. Faizullahbhoj**

Director

**Dattatraya R. Puranik**

Executive Director &  
Chief Financial Officer

**Rahul D. Sawale**

Company Secretary

Mumbai

Dated: 29th May, 2014

## 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	Solentus Do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.	Solentus North America Inc
1. Financial year of the subsidiary Company ends on	31st December, 2013	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014
2. Holding Company's interest:					
I. No. of shares held	N.A.	1,32,000	20,00,000	1,250,000	100,000
II. Percentage of shareholding	61%	100%	100%	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.	(15.82)	(8.06)	823.19	(13.59)	(33.61)
II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	(0.47)	(4.93)	70.32	Nil	Nil
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	Nil	Nil
II. For the previous financial year of the subsidiary since it became the Holding Company's subsidiary.	Nil	Nil	Nil	Nil	Nil

As per our report of even date annexed

**For B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

**Himanshu Chapsey**

Partner

(Membership No. 105731)

**Dilip D. Dandekar**

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**Abeezar E. Faizullahbhoj**

Director

**Dattatraya R. Puranik**

Executive Director &  
Chief Financial Officer

**Rahul D. Sawale**

Company Secretary

Mumbai

Dated: 29th May, 2014



## 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**	Solentus Do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.	Solentus North America Inc
1	Capital	52.43	59.73	1,390.80	203.50	43.92
2	Reserves	(181.61)	(166.41)	1,944.70	(11.11)	(35.30)
3	Total Assets	8.84	1,361.14	15,300.01	225.25	74.61
4	Total Liabilities	138.02	2,324.80	12,063.12	32.86	65.99
5	Details of Investments	Nil	856.98	98.61	Nil	Nil
6	Turnover	Nil	Nil	22,886.77	Nil	21.11
7	Profit / (Loss) Before Taxation	(25.93)	(8.06)	416.39	(13.59)	(33.61)
8	Provision For Taxation	Nil	Nil	(406.80)	Nil	Nil
9	Profit / (Loss) After Taxation	(25.93)	(8.06)	823.19	(13.59)	(33.61)
10	Proposed Dividend	Nil	Nil	Nil	Nil	Nil

Exchange Rate as on 31st March, 2014.

1 EURO = ₹ 81.83

1 USD = ₹ 60.49

1 Brazilian Real = ₹ 26.89

1 Canadian \$ = ₹ 57.41

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

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## TO THE BOARD OF DIRECTORS OF CAMLIN FINE SCIENCES LIMITED

We have audited the accompanying consolidated financial statements of Camlin Fine Sciences Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on the financial statements of the subsidiaries and associate, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements of

- four subsidiaries whose financial statements reflect total assets (net) of ₹ 15,717.63 lacs as at March 31, 2014, total revenues of ₹ 23,641.56 lacs, and net cash out flows amounting to ₹ 1,366.70 lacs for the year then ended (before consolidation adjustments);
- one associate, the Group's share of net loss in such associate being ₹ 2.47 lacs for the year ended March 31, 2014;
- one subsidiary whose financial statements reflect total assets (net) of ₹ 8.84 lacs as at March 31, 2014, total revenues of ₹ Nil net cash out flow amounting to ₹ 26.55 lacs, respectively, for the year then ended, (before consolidation adjustments).

The financial statements referred to in (a) & (b) above have been audited by other auditors whose reports have been furnished to us by the management, and our opinion insofar as it relates to these financial statements, is based solely on the reports of the other auditors. The financial statements referred to in (c) above are included in the consolidated financial statements of the Company based on the unaudited financial statements certified by the respective managements, and our opinion insofar as it relates to these financial statements, is based solely on the unaudited financial statements certified by management.

Our opinion is not qualified in respect of this matter.

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

**Himanshu Chapsey**  
Partner  
Membership No. 105731

Place : Mumbai  
Date : 29th May, 2014



# Consolidated Balance Sheet As at 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	944.08	938.88
(b) Reserve & Surplus	3	8,386.36	5,599.46
		<b>9,330.44</b>	<b>6,538.34</b>
<b>2. Non-current liabilities</b>			
(a) Long-term Borrowings	4	2,852.46	3,766.98
(b) Deferred tax liabilities/(Assets)	5	(403.55)	314.70
		<b>2,448.91</b>	<b>4,081.68</b>
<b>3. Current liabilities</b>			
(a) Short-term Borrowings	6	10,401.47	7,949.78
(b) Trade payables	7	10,000.83	15,747.03
(c) Other current liabilities	8	2,772.99	1,374.47
(d) Short-term provisions	9	1,510.54	1,256.53
		<b>24,685.83</b>	<b>26,327.81</b>
<b>TOTAL</b>		<b>36,465.18</b>	<b>36,947.83</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1. (a) Fixed Assets</b>			
(i) Tangible assets	10	7,920.58	7,600.14
(ii) Intangible assets	10	394.54	728.24
(iii) Capital work-in-progress		2,207.82	76.02
		<b>10,522.94</b>	<b>8,404.40</b>
(b) Non-current Investments	11	120.97	123.44
(c) Long-term loans and advances	12	146.22	100.10
		<b>10,790.13</b>	<b>8,627.94</b>
<b>2. Current assets</b>			
(a) Inventories	13	10,920.39	14,899.90
(b) Trade receivables	14	10,132.47	8,706.14
(c) Cash and Cash Equivalents	15	1,580.26	2,574.32
(d) Short-term loans and advances	16	2,231.66	2,139.53
(e) Other current assets	17	810.27	—
		<b>25,675.05</b>	<b>28,319.89</b>
<b>TOTAL</b>		<b>36,465.18</b>	<b>36,947.83</b>
Significant Accounting Policies	1		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date annexed  
**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
(Membership No. 105731)

Mumbai  
Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullahbhoj** *Director*  
**Dattatraya R. Puranik** *Executive Director & Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*

# Consolidated Statement of Profit and Loss For the Year ended 31st March, 2014 (₹ in Lacs)

Particulars Continuing Operations	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
<b>I. INCOME</b>			
Revenue from operations (Gross)		51,716.91	38,285.35
<b>Less:</b> Excise Duty		(849.83)	(923.01)
Revenue from operations (Net)	18	50,867.08	37,362.34
<b>II. Other Income</b>	19	966.38	1,022.11
<b>III. Total Revenue (I + II)</b>		<b>51,833.46</b>	<b>38,384.45</b>
<b>IV. EXPENDITURE</b>			
Cost of materials consumed	20	26,036.91	18,814.09
Purchase of stock-in-trade	21	499.50	78.37
Changes in Inventories of finished goods/WIP/stock-in-trade	22	1,037.12	(2,428.26)
Employee benefits expense	23	3,437.34	3,022.03
Finance cost	24	2,465.90	2,010.99
Depreciation and amortisation expense	10	1,178.60	1,361.28
Research and development expenses	25	272.37	172.39
Other expenses	26	13,419.34	13,002.85
		<b>48,347.08</b>	<b>36,033.74</b>
<b>V. Profit before tax (III - IV)</b>		<b>3,486.38</b>	<b>2,350.69</b>
<b>VI. Less: Tax expense</b>			
– Current tax		1,066.09	837.76
– Deferred tax		(453.48)	(15.46)
Prior period Tax Adjustment		—	16.05
<b>VII. Profit after Tax (V - VI)</b>		<b>2,873.77</b>	<b>1,512.34</b>
<b>Add: Share of Profit of Associates for the year</b>		<b>(2.47)</b>	<b>(2.78)</b>
<b>Profit for the period</b>		<b>2,871.30</b>	<b>1,509.56</b>
<b>VIII. Earnings per equity share of face value of ₹ 2/- each</b>	33(a)		
(1) Basic		6.11	3.22
(2) Diluted		6.08	3.20
Significant Accounting Policies	1		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date annexed  
**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
(Membership No. 105731)

Mumbai  
Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullahbhoj** *Director*  
**Dattatraya R. Puranik** *Executive Director & Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*



## Consolidated Cash Flow Statement For the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxation	3,486.38	2,350.69
<b>Adjustments for</b>		
Depreciation on Fixed Assets	1,178.60	1,361.28
Deferred employee compensation expenses amortised	10.82	3.22
Foreign Exchange loss/(gain) (Unrealised)	298.80	(72.12)
Loss on Sale of Fixed Assets	96.23	10.13
Provision for Doubtful Advances	—	208.32
Provision for Doubtful Debts (Net)	61.24	(59.82)
Provision for leave encashment	91.87	52.65
Interest Expenses	2,465.90	2,010.99
Interest Received/Dividend Received	(175.52)	(248.67)
<b>Operating Profit before Working Capital changes</b>	<b>7,514.32</b>	<b>5,616.68</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in inventories	3,979.51	(6,464.17)
(Increase)/Decrease in trade receivables	(1,679.32)	377.32
(Increase)/Decrease in short term loans and advances	(92.13)	(129.43)
(Increase)/Decrease in long term loans and advances	(46.12)	36.63
(Increase)/Decrease in other receivables	(810.27)	—
Increase/(Decrease) in trade payable	(5,705.88)	7,078.84
Increase/(Decrease) in other payable	481.32	(315.74)
<b>Cash generated in Operations</b>	<b>3,641.43</b>	<b>6,200.13</b>
Direct taxes paid	(967.20)	(638.70)
<b>Net cash generated from operating activities</b>	<b>2,674.23</b>	<b>5,561.43</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(3,627.91)	(2,122.28)
Sale of Fixed Assets	234.50	7.40
Sale of Investments	2.47	—
Interest received	175.31	248.61
Dividend received	0.05	0.05
<b>Net cash used in Investing Activities</b>	<b>(3,215.58)</b>	<b>(1,866.22)</b>



## Consolidated Cash Flow Statement For the year ended 31st March, 2014 (Contd.) (₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings (Net of repayments)	2,269.40	81.65
Proceeds from Share Capital	35.70	18.64
Interest Paid	(2,432.18)	(1,975.80)
Dividend Paid	(277.78)	(230.81)
Tax on Dividend	(47.85)	(37.96)
<b>Net cash used from Financing Activities</b>	<b>(452.71)</b>	<b>(2,144.28)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(994.06)</b>	<b>1,550.93</b>
Opening Cash and Cash Equivalents		
Cash in hand	9.12	6.87
Bank balances	2,565.20	1,016.52
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand	4.25	9.12
Bank balances	1,576.01	2,565.20
	<b>1,580.26</b>	<b>2,574.32</b>
Significant Accounting Policies	1	

As per our report of even date annexed  
**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
(Membership No. 105731)

Mumbai  
Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullabhoy** *Director*  
**Dattatraya R. Puranik** *Executive Director & Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*



# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014

## 1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

### (i) Basis of preparation

The financial statements are prepared presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provision of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India (Indian GAAP) and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended).

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

### (ii) Principles of consolidation

The Consolidated Financial Statements (CFS) comprises the Financial Statements of Camlin Fine Sciences Limited and its subsidiaries (collectively reformed to as "the Group".) as at 31.03.2014. 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 basis for preparing the consolidated financial statements is given below.

i. The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding 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. The cash flow statement have been prepared using uniform policies for the transactions. The financial statement of all entries used for consolidation are drawn up to the same reporting date as that of the company i.e. 31 March 2014.

ii. The Group's interest in the joint ventures, in the nature of jointly controlled entities are included in these consolidated financial statements using the proportionate consolidation method as per the Accounting Standard – 27 ('AS-27') "Financial Reporting of Interests in Joint Ventures" noticed under the Companies (Accounting Standards) Rules, 2006 (as amended). The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

iii. Investments in associate companies are accounted under the equity method as per the Accounting Standard – 23 ('AS-23') "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. The statement of profit and loss rejects the Group's share of the results of operations of the associates.

The excess of the Group's cost of investment over its share of net assets in the associate on the date of acquisition of investment is disclosed as goodwill. The excess of the Group's share of net assets in the associate over the cost of its investment is disclosed as capital reserve. Goodwill / Capital Reserve is included/ adjusted in the carry in amount of the investment.

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 31.03.14	% Shareholding 31.03.13
Dulcette Technologies LLC	Subsidiary	USA	61%	61%
CFCL Mauritius Pvt. Ltd.	Subsidiary	Mauritius	100%	100%
Solentus Do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.	Subsidiary	Brazil	100%	100%
Solentus North America Inc.	Subsidiary	North America	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%

## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

- a. 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 the equity since the date the parent- subsidiary relationship comes into existence.
  - v. The excess of the cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill. The excess share of equity of all subsidiary over the cost of investment is recognised as capital reserve.
  - vi. 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 statement of profit and loss as profit or loss on disposal of investment in subsidiary. Similarly deemed divestiture gain or loss on de-subsidiarisation of subsidiaries is also recognized in the statement of profit and loss.
- (iii) Use of Estimates
- The preparation of financial statements in accordance with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from these estimates. Any revision to accounting is recognized prospectively in current and future periods.
- (iv) Presentation and Disclosure of Financial Statements
- The financial statements are prepared and presented in the form set out in Revised Schedule VI of the Act, so far as they are applicable thereto. All assets and liabilities have been classified as current/noncurrent as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.
- (v) Tangible and Intangible Fixed Assets
- a) Tangible Fixed Assets:

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.

Cost includes all incidental expenses related to acquisition and installation. Borrowing costs relating to acquisition of fixed assets, which take a substantial period of time to get ready for their intended use are also included to the extent they relate to the period till such assets are ready to be put to use. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any is reflected in the Statement of Profit and Loss.
  - 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 upgradation/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.
- (vi) 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.
- (vii) Depreciation
- a) Depreciation on all assets of the company except on leasehold land, is provided on straight-line basis at rates leased on the estimated useful lives of the fixed assets or at the rates specified in schedule XIV to the Companies Act, 1956, whichever is higher.
  - b) Leasehold land is depreciated over its 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.



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(viii) Investments

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

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

(ix) Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and packing materials are valued at cost or net realizable value whichever is lower. Cost is determined on the basis of weighted average method.

Finished goods produced and purchased for sale and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores and spares are carried at cost.

(x) 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.

(xi) Research and Development

Revenue expenditure on Research and Development (R&D) is included under the natural heads of expenditure.

Capital expenditure on 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.

(xii) 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.

(xiii) Employee Retirement Benefits

i) Short-term Employee benefits

All short-term employee benefits 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 statement of profit and loss.

ii) Defined Contribution Plan

The company has a statutory scheme of Provident Fund a defined contribution scheme and contribution of the Company is charged to the Statement of Profit and Loss as incurred. The Company has a scheme of superannuation with the LIC of India and contribution of the company is charged to the statement of profit and loss as incurred.

iii) Defined Benefit Plan

The Company's liability towards gratuity to its employees a defined benefit is provided on the basis of an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognised in full in the year the occur in the statement of profit and loss.

iv) Other long-term benefits

Liability towards leave salary carried forward beyond twelve months from the balance sheet date is provided for on an actuarial basis using the projected unit credit method and is unfunded.

## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

### (xiv) Revenue / Expense Recognition

- a) Revenue from the sale of products is recognised when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised 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.
- d) Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.

### (xv) Contingent Liabilities

A Contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised because it is not possible that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

### (xvi) 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 being reversed in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted, at the reporting date.

### (xvii) Earnings Per Share

Basic earnings 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.

### (xviii) Borrowing Costs

Borrowing costs, that are attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the 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.

### (xix) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprised cash at bank and in hand and short term investment with a original maturity of three months or less.

### (xx) Lease

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalised at lower of 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, capitalised 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 statement of profit and loss on a straight-line basis over the lease term.



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>2. SHARE CAPITAL</b>		
Details of authorised, issued and subscribed share capital		
<b>Authorised Share Capital</b>		
6,75,00,000 Equity Shares of ₹ 2/- each (Previous Year 6,75,00,000 equity shares of ₹ 2/- each)	1,350.00	1,350.00
<b>Issued, subscribed and fully paid-up Share Capital</b>		
4,72,04,165 Equity Shares of ₹ 2/- each (Previous Year 4,69,43,940 equity shares of ₹ 2/- each)	944.08	938.88
<b>GRAND TOTAL</b>	<b>944.08</b>	<b>938.88</b>
<b>(a) Terms/Rights attached to equity shares</b>		
The company has only one class 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 The Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
The Board of Directors in their meeting held on 29th May, 2014 proposed a dividend of ₹ 0.70/- per equity shares of face value of ₹ 2/- (Previous Year ₹ 0.60/- per equity share of face value of ₹ 2/-).		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.		

### (b) Reconciliation of the number of shares

Equity Shares

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number	₹	Number	₹
Face value per share (in ₹)		2		2
Shares outstanding at the beginning of the year	46,943,940	938.88	46,794,390	935.89
<b>Add:</b> Additions due to issue of ESOPs	260,225	5.20	149,550	2.99
Shares outstanding at the end of the year	<b>47,204,165</b>	<b>944.08</b>	<b>46,943,940</b>	<b>938.88</b>

## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

### 2. SHARE CAPITAL (Contd.)

#### (c) Details of Shareholders holding more than 5% shares in the company

(₹ in Lacs)

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
Ashish S. Dandekar	6,797,100	14.40	5,558,295	11.84
Ashish S. Dandekar (Huf)	—	—	3,667,170	7.81
Leena A. Dandekar	3,778,072	8.00	2,861,280	6.10
Abha A. Dandekar	4,716,793	9.99	3,800,000	8.09
Vivek A. Dandekar	4,716,793	9.99	3,800,000	8.09
Camart Agencies Ltd.	2,659,680	5.63	2,659,680	5.67
	<b>22,668,438</b>	<b>48.02</b>	<b>22,346,425</b>	<b>47.60</b>

#### (d) Shares reserved for issue under options

For details of shares reserved for issue under employees stock option (ESOP) plan of the company, refer note 30.

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>3. RESERVES AND SURPLUS</b>		
(a) <b>Capital Reserves</b>		
Opening Balance	134.52	80.60
Add: Transferred from surplus	—	53.92
Closing Balance	<b>134.52</b>	<b>134.52</b>
(b) <b>Capital Reserve on Consolidation</b>		
Opening Balance	1,080.63	1080.63
Add: Addition/Adjustment	—	—
Closing Balance	<b>1,080.63</b>	<b>1,080.63</b>
(c) <b>Foreign Currency Translation Reserve</b>		
Opening Balance	158.35	109.41
Add: On currency translation during the year (net)	264.34	48.94
Closing Balance	<b>422.69</b>	<b>158.35</b>
(d) <b>Securities Premium Account</b>		
Opening Balance	650.96	635.31
Add: ESOP Exercise (Refer note 30)	32.89	15.65
Closing Balance	<b>683.85</b>	<b>650.96</b>
(e) <b>Employees Stock Options Outstanding (Refer Note 30)</b>		
(a) Employee Stock Option Outstanding —		
Opening Balance	56.83	17.07
Add: Fresh grant of options	—	46.31
Less: Amount transfer to securities premium/option lapsed	(8.04)	(5.76)
Less: Amount transferred to Deferred Employee compensation-to statement of Profit and Loss	(1.17)	(0.79)
Closing Balance	47.62	56.83
Less:		
(b) Deferred employee compensation expenses		
Opening Balance	47.31	7.54
Add: Fresh grant of options	—	46.31
Less: Amount transferred to employee compensation/option lapsed	(20.03)	(6.54)
Closing Balance	27.28	47.31
<b>TOTAL (a-b)</b>	<b>20.34</b>	<b>9.52</b>



# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>3. RESERVES AND SURPLUS (CONTD.)</b>		
(f) <b>General Reserve</b>		
Opening Balance (refer note below)	2,084.88	1,931.90
Add: Employees Stock Option Vested but Lapsed	—	0.14
Add: Transfer from Surplus	190.00	152.84
Closing Balance	<b>2,274.88</b>	<b>2,084.88</b>
(g) <b>Surplus in the statement of Profit and Loss</b>		
Opening	1,480.60	507.31
Add: Profit for the Year	2,871.30	1,509.56
Less: Transferred to General Reserve	(4.22)	2.84
Less: Transferred to Capital Reserve	—	53.92
	<b>4,347.68</b>	<b>1,960.11</b>
<b>Appropriations</b>		
Proposed Dividend on Equity Shares#	(331.83)	(281.66)
Tax on Proposed Dividends	(56.40)	(47.85)
Transfer to General Reserve	(190.00)	(150.00)
<b>Total Appropriations</b>	<b>(578.23)</b>	<b>(479.51)</b>
<b>Closing</b>	<b>3,769.45</b>	<b>1,480.60</b>
<b>GRAND TOTAL</b>	<b>8,386.36</b>	<b>5,599.46</b>

Note:

- Opening balance includes ₹ 16 lacs as on 01.04.2011 transferred on account of amalgamation of Sangam Laboratories Ltd. in financial year 2010-11 which is not available for distribution of dividend.
- On 4,74,04,940 shares @ of ₹ 0.70 paise per share, including 2,00,775 shares which are allotted on exercise of employee stock option till the book closure date post 31 March 2014 and up to the date of approval the financial statements by the Board of Directors of the company.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>4. LONG-TERM BORROWINGS</b>				
<b>SECURED</b>				
(a) <b>Foreign currency term loans</b>				
(i) From Banks	873.96	1,057.25	464.29	392.85
(b) <b>Rupee Term loans</b>				
(i) From Banks	1,978.50	1,984.25	548.75	414.15
(c) <b>Long-term maturities of finance lease obligations</b>	—	30.53	30.54	46.86
<b>TOTAL</b>	<b>2,852.46</b>	<b>3,072.03</b>	<b>1,043.58</b>	<b>853.86</b>
<b>UNSECURED</b>				
(a) Deposits from Public	—	694.95	689.90	—
<b>TOTAL</b>	<b>—</b>	<b>694.95</b>	<b>689.90</b>	<b>—</b>
<b>GRAND TOTAL</b>	<b>2,852.46</b>	<b>3,766.98</b>	<b>1,733.48</b>	<b>853.86</b>
Current Maturities of Long-term borrowings have been disclosed under the head "Current Liabilities" Refer Note 8.			1,733.48	853.86



# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

## 4. LONG-TERM BORROWINGS (CONTD.)

### (a) Foreign currency term loans

Foreign currency term loans at 31 March, 2014 comprise two term loans, which are repayable in 21 substantially equal quarterly installments commencing after a moratorium of 24 months from the date of 1st disbursement i.e 3 March, 2011 and 28 March, 2014 respectively. The loans are 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% of the equity shares of CFSL Mauritius Pvt. Ltd ("CFCL Mauritius"). c) Pledge of 100% equity stake of the CFS EUROPE S.p.A. Italy held by the CFCL Mauritius. Collateral Security: 2nd *pari passu* Charge on the entire Current assets of the Company. These loans carry an interest rate 4.50% and 4.50% above LIBOR, respectively. The current interest rate on these ranges from 4.89% to 4.95%

### (b) Rupee Term loans from Bank

Rupee term loan from banks comprise term loans from EXIM Bank, State Bank of Patiala and Vehicle loans from HDFC Bank and ICICI Bank.

Term loan from EXIM Bank is repayable in 28 & 21 equal quarterly installments commencing after a moratorium period of one year and two year for the date of first disbursement from 13 May, 2010 and 28 March 2014. The loan is secured by a first *pari passu* charge on all the fixed assets of the company, both present and future. Collateral Securities: 2nd *pari passu* Charge on the entire Current assets of the Company. In addition to the above the loan disbursed on 28 March 2014 is also secured by way of (1) Pledge of 100% Shares of CFCL Mauritius Private Limited held by CFCL. (2) Pledge of 100% shares of CFS Europe S.p.A. Italy held by CFCL Mauritius Pvt. Ltd. The current interest rate on these ranges from 12.05 % to 13.35%.

Term loan from State Bank of Patiala is repayable in 26 equal quarterly installments commencing from 31.12.2013. The loan is secured by first *pari passu* charge on all the fixed assets of the Company, both present and future. Collateral Security: 2nd *pari passu* Charge on the entire Current assets of the Company. The current interest rate is 12.50%.

Term loan from HDFC Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles. The current interest rate ranges from 11.50% to 12.50%.

Term loan from ICICI Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles. The current interest rate ranges from 11.50% to 12.50%.

### (c) Finance lease obligations

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

## 5. DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liability</b>		
Depreciation	334.60	430.91
Gratuity (Prepaid)	21.86	4.52
Lease Payments	116.55	23.71
<b>Sub Total</b>	<b>473.01</b>	<b>459.14</b>
<b>Deferred Tax Asset</b>		
Provision for Doubtful Debts & Advances	32.52	82.51
Leave Encashment	40.57	60.50
Other Disallowances under Income Tax Act	803.47	1.43
<b>Sub Total</b>	<b>876.56</b>	<b>144.44</b>
<b>Net Deferred Tax Liability</b>	<b>(403.55)</b>	<b>314.70</b>

Deferred tax assets on carry forward tax loss has been recognised on the basis of a binding confirmed profitable sales order.



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>6. SHORT-TERM BORROWINGS</b>		
<b>SECURED</b>		
Loans repayable on demand		
Cash credit/Packing credit in foreign currency from Bank	10,401.47	7,949.78
<b>GRAND TOTAL</b>	<b>10,401.47</b>	<b>7,949.78</b>
<b>Cash credit/Packing credit in foreign currency from banks</b>		
Cash credit/packing credit in foreign currency 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 and building at Tarapur MIDC, Boisar as second charge). Second <i>pari passu</i> charge on all movable and immovable fixed assets of the company.		
<b>7. TRADE PAYABLES</b>		
<b>Trade Payables*</b>		
Due to Micro and Small Enterprises	—	—
Other than Micro and Small Enterprises	10,000.83	15,747.03
<b>GRAND TOTAL</b>	<b>10,000.83</b>	<b>15,747.03</b>
* 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 31 March 2014.		
<b>8. OTHER CURRENT LIABILITIES</b>		
Loans and advances from related parties	1.96	—
Current maturities of foreign currency term loan	464.29	392.85
Current maturities of long-term loan	548.75	414.15
Current maturities of finance lease obligations	30.54	46.86
Current maturities of Public Deposits	689.90	—
Interest accrued but not due on borrowings	86.77	53.06
Unpaid dividends #	14.59	10.71
Share Application money received for allotment of securities and due for refund	0.35	0.38
Deposits	3.34	1.09
TDS Payable	75.96	76.48
Other statutory dues	9.17	318.04
Other outstanding liabilities	847.37	—
Advance from customers	—	60.85
<b>GRAND TOTAL</b>	<b>2,772.99</b>	<b>1,374.47</b>
# Does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>9. SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Leave encashment	549.58	457.71
<b>Others</b>		
Provision for taxation	572.75	469.31
Proposed dividend	331.83	281.66
Tax on proposed dividend	56.38	47.85
<b>GRAND TOTAL</b>	<b>1,510.54</b>	<b>1,256.53</b>

# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

## 10. FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION AMORTISATION					NET BLOCK		
	As at April 1, 2013	Additions (Deletions) during the Year	Other Adjust-ments**	Disposal/ Adjust-ment	As at March 31, 2014	As at April 1, 2013	Deprecia- tion charge for the year	Adjust-ments on disposals	Other Adjust-ments**	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	
Tangible Assets													
Free Hold Land	190.38	22.08	—	—	212.46	—	—	—	—	—	212.46	190.38	
Leasehold Land	2.67	32.47	—	—	35.14	0.94	0.14	—	—	1.08	34.06	1.73	
Factory & Other Building	1,559.12	1.89	116.43	24.49	1,652.95	807.07	86.10	10.64	91.99	974.52	678.43	752.05	
Site Development	37.55	—	—	—	37.55	6.24	0.61	—	—	6.85	30.70	31.31	
Plant, Equipment & Machinery	21,188.30	637.04	2,773.15	299.03	24,299.46	15,180.44	792.54	209.56	2,149.84	17,913.26	6,386.20	6,007.87	
Furniture & Fixtures	—	—	—	—	—	—	—	—	—	—	—	—	
Owned	184.83	0.57	4.07	3.34	186.13	57.02	22.76	3.00	2.65	79.43	106.70	127.81	
Leased	198.62	—	—	—	198.62	45.69	13.40	—	—	59.09	139.53	152.93	
Vehicles	244.76	32.35	2.33	24.70	254.75	46.93	24.40	14.83	1.72	58.22	196.53	197.83	
ERP Hardware Cost	121.71	14.14	—	3.25	132.60	68.02	15.69	2.39	—	81.32	51.28	53.69	
R&D Assets	107.71	7.56	—	—	115.27	23.18	7.40	—	—	30.58	84.69	84.54	
TOTAL	23,835.65	748.10	2,895.98	354.81	27,124.93	16,235.50	963.04	240.42	2,246.20	19,204.35	7,920.58	7,600.14	
Intangible Assets													
ERP Software Cost	120.22	1.22	—	—	121.44	77.04	23.42	—	—	100.46	20.98	43.18	
Technical Know-How	539.87	22.50	—	—	562.37	246.36	115.03	—	—	361.39	200.98	293.51	
Patents and other Intangible Assets	608.28	—	114.03	216.44	505.87	216.73	77.13	0.10	39.53	333.29	172.58	391.55	
TOTAL	1,268.37	23.72	114.03	216.44	1,189.68	540.13	215.58	0.10	39.53	795.14	394.54	728.24	
GRAND TOTAL	25,104.02	771.82	3,010.01	571.25	28,314.61	16,775.63	1,178.62	240.52	2,285.73	19,999.49	8,315.12	8,328.38	
Previous Year	22,608.46	2,269.48	262.86	36.78	25,104.02	15,226.51	1,361.28	19.25	207.11	16,775.66	8,328.38		

\*\* Other adjustments during the year include translation differences of opening balance.

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>A. Trade Investments (Valued at cost unless stated otherwise)</b>		
<b>(a) Investment in Equity instruments (Unquoted)</b>		
– 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	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.	6.82	9.29
2,55,000 equity shares of ₹ 10/- each fully paid (Previous year 2,55,000 equity shares of ₹ 10/- each fully paid) as reduced by share of accumulated losses in the company.		
– Ravenna Servizi Industriali Consortium	98.60	98.60
1,41,783 equity shares of EURO 1 fully paid (Previous year 1,41,783 equity of EURO 1 fully paid)		
	<b>120.47</b>	<b>122.94</b>
<b>B. Non Trade Investments</b>		
<b>(a) Investment in Equity instruments (Unquoted)</b>		
– Saraswat Co-op. Bank Ltd. (5,000 equity shares of ₹ 10/- each fully paid)	0.50	0.50
	<b>0.50</b>	<b>0.50</b>
<b>GRAND TOTAL (A+B)</b>	<b>120.97</b>	<b>123.44</b>
Aggregate amount of unquoted investments	<b>120.97</b>	<b>123.44</b>



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(a) <b>Capital Advances</b>		
Unsecured, considered good	96.88	4.44
	<b>96.88</b>	<b>4.44</b>
(b) <b>Security Deposits</b>		
Unsecured, considered good	49.34	95.66
	<b>49.34</b>	<b>95.66</b>
<b>GRAND TOTAL</b>	<b>146.22</b>	<b>100.10</b>
<b>13. INVENTORIES (valued at lower of cost or net realisable value)</b>		
(a) Raw Material and components (including packing materials)(including in-transit ₹ 375.51, previous year Nil)	3,185.78	6,208.60
(b) Work-in-progress	1,914.76	1,764.43
(c) Finished goods	4,936.80	6,126.10
(d) Stock Traded Goods	435.38	433.52
(e) Consumables	447.67	367.25
<b>GRAND TOTAL</b>	<b>10,920.39</b>	<b>14,899.90</b>
<b>14. TRADE RECEIVABLES</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	—	—
Unsecured, considered good	583.64	674.27
Doubtful	95.69	34.45
	679.33	708.72
<b>Less: Provision for doubtful debts</b>	(95.69)	(34.45)
	<b>583.64</b>	<b>674.27</b>
<b>Others</b>		
Unsecured, considered good [Net of Bills Discounted ₹ 7,222.51 Lacs (Previous year ₹ 4,360.35 Lacs)]	9,548.83	8,031.87
	<b>9,548.83</b>	<b>8,031.87</b>
<b>GRAND TOTAL</b>	<b>10,132.47</b>	<b>8,706.14</b>

# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>15. CASH AND CASH EQUIVALENTS</b>		
<b>Cash &amp; Cash equivalents</b>		
(a) Balances with banks		
In Current account	445.72	1,611.62
Unpaid Dividend/Interest Account	15.17	11.19
(b) Cash on hand	4.25	9.12
	<b>465.14</b>	<b>1,631.93</b>
<b>Other Bank Balances</b>		
On Margin accounts	1,115.12	942.39
<b>GRAND TOTAL</b>	<b>1,580.26</b>	<b>2,574.32</b>
<b>16. SHORT-TERM LOANS AND ADVANCES</b>		
(a) Loans and advances to related parties (refer note 30)		
(Unsecured, considered good)	36.86	33.00
	<b>36.86</b>	<b>33.00</b>
(b) Loans to a company		
(Unsecured, considered good)	380.48	782.16
Doubtful	—	208.32
	<b>380.48</b>	<b>990.48</b>
<b>Less: Provision for doubtful debts</b>	—	(208.32)
	<b>380.48</b>	<b>782.16</b>
(c) Other Loans & Advances		
(Unsecured, considered good)		
Prepaid expenses	382.36	160.43
Advance to Material Supplier	504.22	—
Loans to employees	10.65	4.92
Gratuity	65.56	13.36
Balance with statutory/government authorities	544.07	472.75
Balances with Tax Authorities	186.62	534.31
Deposits	92.75	138.57
Others	28.09	0.03
	<b>1,814.32</b>	<b>1,324.37</b>
<b>GRAND TOTAL</b>	<b>2,231.66</b>	<b>2,139.53</b>
<b>17. OTHER CURRENT ASSETS</b>		
Claim Receivables (Refer Note No. 32)	810.27	—
<b>GRAND TOTAL</b>	<b>810.27</b>	<b>—</b>



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>18. REVENUE FROM OPERATIONS</b>		
Revenue from operations		
(a) Sale of products:		
Finished goods	48,929.77	38,172.46
Traded goods	2,773.09	104.06
(b) Sale of services	1.34	—
(c) Other operating revenues:		
— Scrap sales	12.71	8.83
(d) Revenue from operations (gross) (a+b+c)	51,716.91	38,285.35
(e) Less: Excise Duty	(849.83)	(923.01)
(d-e) <b>GRAND TOTAL</b>	<b>50,867.08</b>	<b>37,362.34</b>
<b>19. OTHER INCOME</b>		
Interest Income	175.52	248.61
Dividend Income	0.03	0.06
Gain on Foreign Exchange Fluctuations	—	15.62
Miscellaneous Receipts	790.83	757.82
<b>GRAND TOTAL</b>	<b>966.38</b>	<b>1,022.11</b>
<b>20. COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw Material & Packing Material	6,575.85	2,508.73
<b>Add:</b> Purchases of Raw Material & Packing Material	23,094.51	22,881.21
<b>Less:</b> Closing Stock of Raw Material & Packing Material	3,633.45	6,575.85
<b>GRAND TOTAL</b>	<b>26,036.91</b>	<b>18,814.09</b>
<b>21. PURCHASE OF STOCK-IN-TRADE</b>		
Purchases of Goods for Trade	499.50	78.37
<b>GRAND TOTAL</b>	<b>499.50</b>	<b>78.37</b>

# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>22. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS</b>		
Opening Inventory:		
Finished Goods	6,559.62	3,619.14
Work-In-Progress	1,764.43	2,276.65
	8,324.05	5,895.79
Closing Inventory:		
Finished Goods	5,372.18	6,559.62
Work-In-Progress	1,914.75	1,764.43
	7,286.93	8,324.05
<b>GRAND TOTAL</b>	<b>1,037.12</b>	<b>(2,428.26)</b>
<b>23. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and incentives	3,254.92	2,859.73
Contributions to:		
Provident fund	77.78	63.06
Gratuity fund	8.81	26.27
Expense on Employee Stock Option Scheme (ESOPS)	18.64	3.22
Staff welfare expenses	77.19	69.75
<b>GRAND TOTAL</b>	<b>3,437.34</b>	<b>3,022.03</b>
<b>24. FINANCE COST</b>		
Interest	1,888.84	1,559.26
Bank Charges	482.74	373.99
Exchange Difference to the extent considered as an adjustment to borrowing cost	94.32	77.74
<b>GRAND TOTAL</b>	<b>2,465.90</b>	<b>2,010.99</b>
<b>25. RESEARCH &amp; DEVELOPMENT EXPENSES</b>		
Salaries and Incentives	114.15	79.62
Travelling & Conveyance	23.28	7.73
Professional Fees	80.83	23.13
Laboratory Expenses	38.13	43.17
Other Expenses	15.98	18.74
<b>GRAND TOTAL</b>	<b>272.37</b>	<b>172.39</b>



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2014		Year ended March 31, 2013
<b>26. OTHER EXPENSES</b>			
Consumption of stores and Spares		126.35	139.32
Power and Fuel		5,143.26	5,705.84
Rent		507.20	560.74
Rates and Taxes		29.63	25.48
Insurance		318.27	270.68
Repairs:			
– Building		19.48	19.72
– Machinery		173.10	252.09
– Others		847.15	718.18
Sub Contracting Charges		779.64	781.42
Labour Charges		441.17	320.10
Advertisement and Sales Promotion		476.25	299.42
Transport & Forwarding Charges		979.79	985.12
Commission/Discount/Service Charges on Sales		322.05	215.15
Travelling & Conveyance		431.78	311.44
Directors' Meeting Fees		4.62	6.27
Auditor's Remuneration		75.40	52.52
Legal & Professional fees		368.67	534.61
Bad Debt Written Off	352.56		512.39
Advances Written Off	708.32		—
<b>Add:</b> Provision for Doubtful Debts	70.82		34.45
<b>Add:</b> Provision for Doubtful Advances	—		208.32
<b>Less:</b> Provision for Doubtful Advances Written Back	208.32		—
<b>Less:</b> Provision for Doubtful Debts Written Back	9.58		94.27
		913.80	660.89
Loss on Sale/Discarding of Assets		96.23	10.13
Loss on Foreign Exchange Fluctuations		218.86	67.17
Miscellaneous Expenses		1,146.64	1,066.56
<b>GRAND TOTAL</b>		<b>13,419.34</b>	<b>13,002.85</b>
Note: Auditors Remuneration			
As Auditors:			
Audit Fees		62.19	43.62
Tax Audit Fees		2.60	2.00
In Other Capacity:			
Taxation Matters		2.50	1.00
Certification		1.30	2.90
Other Services		6.50	2.70
Reimbursement of Expenses		0.31	0.30
<b>GRAND TOTAL</b>		<b>75.40</b>	<b>52.52</b>



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

### 27. CONTINGENT LIABILITIES

Particulars	31.03.2014	31.03.2013
(a) In respect of Bills of Exchange/cheque discounted with the Bankers	7,222.51	4,360.35
(b) In respect of Bank Guarantees issued to VAT and Custom Authorities	257.75	336.86

### 28. COMMITMENTS

- (a) Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 29.91 Lacs. (Previous year ₹ 7.57 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.

### 29. EMPLOYEE STOCK OPTION

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.

In the Annual General Meeting held on 1st August, 2012, the members have approved 'Camlin Fine Sciences Employees Stock Option Scheme, 2012'. In accordance with this scheme, the company has granted 7,47,000 options on 19th November, 2012 to the employees, where each option 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	Tranche V
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010	19th November, 2012
Number of Options granted	9,70,500	83,500	1,61,000	3,20,000	7,47,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant				Options will lapse if not exercised within 3 years from the date of the grant
Exercise Price (per share)	₹ 10	₹ 10	₹ 10	₹ 12.40	₹ 16
Method of settlement	By issue of Shares at Exercise Price				
Vesting Conditions	10% On expiry of 12 months from the date of grant;				50% On expiry of 12 months from the date of grant
	15% On expiry of 24 months from the date of grant;				25% 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 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:



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

Summary of Stock Options	No. of Stock Options				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Options outstanding on 1st April, 2013	3,36,775	14,250	1,33,100	1,24,000	7,15,500
Options granted during the year	Nil	Nil	Nil	Nil	Nil
Options forfeited/lapsed during the year	Nil	Nil	Nil	550	18,750
Options vested but lapsed	4,450	Nil	2,750	450	Nil
Options exercised during the year	1,59,975	7,500	14,600	11,900	66,250
Options outstanding on 31st March, 2014	1,72,350	6,750	1,15,750	1,11,100	6,30,500
Options vested but not exercised on 31st March, 2014	1,72,350	6,750	74,500	27,500	2,84,000

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Average Share Price *	₹ 14.67	Nil	₹ 14.67	₹ 14.67	Nil
Exercise/Grant Price **	₹ 10.00	₹ 10.00	₹ 10.00	₹ 12.40	₹ 16.00
Market Price ***	₹ 12.00	₹ 9.00	₹ 11.70	₹ 15.20	₹ 22.20

\* Being the average share price at the recognised 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	Tranche V
Opening unamortised amount	44,903	Nil	71,652	1,79,386	44,36,100
Total amount to be amortised over the vesting period	Nil	Nil	Nil	Nil	Nil
Charge to statement of profit and loss for the year	44,903	Nil	46,780	79,991	17,37,033
ESOP lapsed	Nil	Nil	1,915	887	93,000
Unamortised amount carried forward	Nil	Nil	22,957	98,508	26,06,067

During the year, 2,60,225 equity shares of ₹ 2/- each (Previous Year 1,49,550 equity shares of ₹ 2/- each) have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 32.89 lacs (Previous Year ₹ 15.65 lacs) has been accounted.

### 30. 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)	36.86	36.86
Previous year	(33.00)	(39.72)

# Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

## 31. COMMISSION TO DIRECTORS

During the year the company has made a provision towards commission payable to Non-executive Directors at 1% of net profits of the company for the financial year 2013-2014 subject to an overall ceiling of ₹ 32 lacs. As required by section 309(4)(b) of the Companies Act, 1956, the company has obtained necessary approval of the members by passing a special resolution in the ensuing Annual General Meeting.

## 32. INSURANCE CLAIM

On 16th June, 2013 a fire occurred at the company's factory at Tarapur as a result of which there was a loss of inventory and fixed assets. The Company is fully insured against this loss and a claim with the insurance has been lodged which is in progress. The Company has received a partial payment of ₹ 1,000/- lacs against the said claim in January 2014. The Company is confident of recovery of the entire loss. However, a suitable provision on a prudential basis has been made in the books for any part of the claim that may not be recovered.

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

### (a) Earnings Per Share (Basic and Diluted)

Particulars	2013-14	2012-13
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (₹ Lacs)	2,871.30	1,509.56
Weighted average no. of equity shares used in computing basic earnings per share	4,70,30,581	4,68,54,381
Effect of potential ordinary shares on conversion of stock options	1,88,700	2,79,232
Weighted average no. of equity shares used in computing diluted earnings per share	4,72,19,281	4,71,33,613
– Basic Earnings per Share (₹)	6.11	3.22
– Diluted Earnings per Share (₹)	6.08	3.20

### (b) Foreign Currency Transactions

Exchange variation (net) arising on translation of Foreign Currency transactions charged off to the statement of profit and loss is ₹ 218.86 lacs (Previous Year Profit of ₹ 67.17 lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2014 is as follows:

(Currency in Lacs)

Particulars	Currency	2013-14	2012-13
(a) Trade Receivable	USD	147.03	47.23
	EURO	13.85	3.32
(b) Trade Payable	USD	39.32	46.78
	EURO	2.46	0.25
(c) Term Loan	USD	22.27	26.66

There are no outstanding hedged exposures in foreign currency transactions as on March 31, 2014.

### (c) Related Party Disclosures

There is no entity which has control/ultimate control of the company

Names of the related parties with which there are transactions during the year.

(a)	Name of the Related Party	Nature of Relationship
	Fine Lifestyle Brands Ltd.	Associate
	Fine Lifestyle Solutions Ltd.	Significant influence by Managing Director



## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

### (b) Key Management Personnel & their relatives

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman
Mr. A. S. Dandekar	Managing Director
Mr. D. R. Puranik	Executive Director & Chief Financial Officer
Mr. S. D. Dandekar	Management Consultant/Relative of Managing Director
Mrs. R. S. Dandekar	Management Consultant/Relative of Managing Director
Mrs. L. A. Dandekar	Promoter Group/Relative of Managing Director

### (c) Transactions with Related Parties

Sr. No.	Nature of Transactions	Associate Companies	Key Management Personnel & their Relatives
1.	<b>Purchases/Expenses:</b>		
	(i) Services	(Nil)	9.30
		(Nil)	(6.60)
	(ii) Salaries	(Nil)	12.31
		(Nil)	(12.13)
2.	<b>Finance:</b>		
	(i) Loan Taken	1.79	Nil
		(Nil)	(Nil)
	(ii) Interest Received	4.29	Nil
		(4.29)	(Nil)
3.	<b>Other Transactions</b>		
	(i) Reimbursement received from parties	3.29	Nil
		(3.79)	(Nil)
4.	<b>Outstanding:</b>		
	(i) Payable	1.79	Nil
		(Nil)	(Nil)
	(ii) Receivable	Nil	Nil
		(74.59)	(Nil)
	(iii) Inter Corporate Loans Given	36.86	Nil
		(33.00)	Nil
5.	<b>Managerial Remuneration</b>	—	233.59
		(Nil)	(189.03)

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

## Notes to the Consolidated Financial Statements For the year ended 31st March, 2014 (Contd.)

### Significant Transactions with Related Parties

(₹ Lacs)

Particulars	2013-14	2012-13
<b>Associate Companies</b>		
(i) <b>Finance</b>		
Interest Received		
Fine Lifestyle Brand Ltd.	4.29	44.15
(ii) <b>Outstanding</b>		
Inter Corporate Loans Given		
Fine Lifestyle Brands Limited	36.86	39.73
<b>Key Management Personnel</b>		
(i) <b>Managerial Remuneration</b>		
Mr. A. S. Dandekar	165.68	98.55
Mr. D. R. Puranik	49.91	Nil

### (d) Leases

Particulars	Finance Lease	
	31.03.2014	31.03.2013
Total Minimum Lease Payments at the year end	54.80	54.77
<b>Less:</b> Amount Representing finance charges	7.94	13.58
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	46.86	41.19
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 46.86 Lacs as on 31.03.2013 (₹ 41.19 as on 31.03.2012)]	32.34	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 30.54 Lacs as on 31.03.2013 (₹ 77.40 as on 31.03.2012)]	—	32.24
Later than five years [For finance lease: Present value ₹ Nil as on 31.03.2013 (₹ Nil as on 31.03.2012)]	—	—

### Operating Lease

Particulars	Operating Lease	
	31.03.2014	31.03.2013
For the period up to one year	155.96	297.86
For the period one year to five years	179.70	335.65
Five years and above	Nil	Nil

### (e) Segmental Reporting:

The Company operates primarily in the segment of Fine Chemicals and hence has only one reportable segment.

34. Previous year's figures have been regrouped/restated wherever necessary.

As per our report of even date annexed  
**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Himanshu Chapsey**  
Partner  
(Membership No. 105731)

Mumbai  
Dated: 29th May, 2014

**Dilip D. Dandekar** *Chairman*  
**Ashish S. Dandekar** *Managing Director*  
**Pramod M. Sapre** *Director*  
**Abeezar E. Faizullahbhoj** *Director*  
**Dattatraya R. Puranik** *Executive Director & Chief Financial Officer*  
**Rahul D. Sawale** *Company Secretary*



## CAMLIN FINE SCIENCES LIMITED

CIN: L74100MH1993PLC075361

Registered Office: Plot No. F/11 & F/12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri (East), Mumbai 400 093

### ATTENDANCE SLIP

Annual General Meeting 2013-2014

To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA), Oricon House, 6th Floor, 12, K. Dubhash Marg, Near Kala Ghoda, Fort, Mumbai - 400 001 on Monday the 4th August, 2014 at 3.00 p.m.

Name of the Member: \_\_\_\_\_

Folio/Client ID No. \_\_\_\_\_

Name of the Proxy/Representative (in Block Letters)

(To be filled in if the Proxy/Representative  
attends instead of the Member) \_\_\_\_\_

Signature of the Member or Proxy/Representative \_\_\_\_\_

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

## CAMLIN FINE SCIENCES LIMITED

CIN: L74100MH1993PLC075361

Regd. Office: Plot No. F / 11 & 12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri (East), Mumbai-400 093.

E-mail: [secretarial@camlinfs.com](mailto:secretarial@camlinfs.com) • Website: [www.camlinfs.com](http://www.camlinfs.com) • Tel: 022-6700 1000 • Fax: 022-2832 4404

21<sup>st</sup> ANNUAL GENERAL MEETING – 4<sup>th</sup> AUGUST, 2014

Name of the Member(s)	
Registered Address	
E-mail ID	

Folio No/Client ID																	
DP ID																	

I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

Name : \_\_\_\_\_ Email: \_\_\_\_\_

Address : \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him/her

Name : \_\_\_\_\_ Email: \_\_\_\_\_

Address : \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him/her

Name : \_\_\_\_\_ Email: \_\_\_\_\_

Address : \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Monday the 4th August, 2014 at 3:00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry & Agriculture (MACCIA), Oricon House, 6th Floor, 12, K. Dubhash Marg, Near Kala Ghoda, Fort, Mumbai - 400 001 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Item No	Resolutions	Vote (optional see Note 2)		
		No. of Shares**	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	To consider and adopt Audited Financial Statements, Report of the Board of Directors and Auditors for the year ended 31st March, 2014. (Ordinary Resolution)			
2	To declare dividend on equity shares. (Ordinary Resolution)			
3	Appointment of Mr. Dattatraya R. Puranik, who retires by rotation and being eligible, offers himself for re-appointment. (Ordinary Resolution)			
4	Appointment of M/s. B. K. Khare and Co., Chartered Accountants as statutory auditors of the Company. (Ordinary Resolution)			
5	Appointment of Mr. Pramod M. Sapre as Independent Director to hold office for a term of 5 (five) consecutive years from the date of this Annual General Meeting. (Ordinary Resolution)			
6	Appointment of Mr. Sharad M. Kulkarni as Independent Director to hold office for a term of 5 (five) consecutive years from the date of this Annual General Meeting. (Ordinary Resolution)			
7	Appointment of Mr. Bhargav A. Patel as Independent Director to hold office for a term of 5 (five) consecutive years from the date of this Annual General Meeting. (Ordinary Resolution)			
8	Appointment of Mr. Abeezar E. Faizullahoy as Independent Director to hold office for a term of 5 (five) consecutive years from the date of this Annual General Meeting. (Ordinary Resolution)			
9	Appointment of Mr. Atul R. Pradhan as Independent Director for 2 (two) consecutive years for a term upto the conclusion of the 23rd Annual General Meeting of the Company. (Ordinary Resolution)			
10	Appointment of Mr. Nicola A. Paglietti as Independent Director for 2 (two) consecutive years for a term upto the conclusion of the 23rd Annual General Meeting of the Company. (Ordinary Resolution)			
11	Appointment of Mr. Nirmal V. Momaya as Non-Executive Director of the Company being liable to retire by rotation. (Ordinary Resolution)			
12	Appointment of Mr. Ajit S. Deshmukh as Non-Executive Director of the Company being liable to retire by rotation. (Ordinary Resolution)			
13	To approve sub-division of existing 1(one) Equity Share of face value of ₹ 2/- each into 2 (two) Equity Shares of face value of ₹ 1/- each and amendment of Clause V of the Memorandum of Association thereof. (Ordinary Resolution)			
14	To approve amendment of Article 3 of the Articles of Association upon sub-division of shares. (Special Resolution)			
15	To approve Employee Stock Option Scheme, 2014. (Special Resolution)			
16	To ratify appointment of V R & Associates, Cost Accountants as Cost Auditor on a audit fees of ₹ 90,000/- plus service tax as applicable and reimbursement of out of pocket expenses. (Ordinary Resolution)			

\*\* Each share shall have one vote.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of the member

Signature of the proxy holder(s)

Affix  
Revenue  
Stamp

Notes:

1. This form, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference. If you leave the for, against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



**Camlin**  
fine sciences



## Camlin Fine Sciences Limited

Plot no. F/11 & F/12, WICEL,  
Opp. SEEPZ Main Gate, Central Road,  
Andheri (East), Mumbai - 400 093.  
Telephone: 022 - 6700 1000  
Fax: 022 - 2832 4404  
Email: [corporate@camlinfs.com](mailto:corporate@camlinfs.com)