

# Camlin Fine Chemicals Ltd.



16<sup>th</sup> ANNUAL REPORT 2008-2009

A blue-tinted image of a hand holding a globe, serving as the background for the text.

Camlin Fine Chemicals Ltd.  
crosses an important  
milestone in  
2008 - 2009  
100 Crores

**BOARD OF DIRECTORS**

<b>Mr. Dilip D. Dandekar</b>	—	Chairman
<b>Mr. Ashish S. Dandekar</b>	—	Managing Director
<b>Mr. Pramod M. Sapre</b>	—	Director
<b>Mr. Sharad M. Kulkarni</b>	—	Director
<b>Mr. Abeezer E. Faizullabhoy</b>	—	Director
<b>Mr. Bhargav A. Patel</b> (From 8 <sup>th</sup> January, 2009)	—	Director

**REGISTERED OFFICE**

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.  
Tel. No. 91-22-28479609-10  
Fax: 91-22-28479601  
Website: www.camlinfinechem.com

**WORKS**

Plot No. D-2/3, M.I.D.C. Boisar,  
Tarapur (Dist. Thane) 401506.

**CHIEF FINANCIAL OFFICER**

**Mr. D. R. Puranik**

**COMPANY SECRETARY &  
GENERAL MANAGER - LEGAL**

**Mr. N. R. Joshi**

**AUDITORS**

**M/s. B. K. Khare & Co.**  
Chartered Accountants  
Mumbai.

**BANKERS**

IDBI Bank Ltd.  
Exim Bank Ltd.  
The Hongkong and Shanghai Banking Corporation Limited

**REGISTRARS AND TRANSFER AGENTS**

M/s. Sharepro Services (India) Pvt. Ltd.  
(Unit: Camlin Fine Chemicals Ltd.)  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road,  
Sakinaka, Andheri East,  
Mumbai 400 072.

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## NOTICE

NOTICE is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of Camlin Fine Chemicals Limited, will be held on Friday 21<sup>st</sup> August, 2009, at 3.30 p.m. at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date together with the Directors' Report and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Dilip D. Dandekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pramod M. Sapre, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint B. K. Khare and Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. Bhargav A. Patel, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 8<sup>th</sup> January, 2009 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation".

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

**"RESOLVED THAT** consent of the Company be and is hereby accorded under the provisions of Section 314 (1) (b) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to the appointment of Mr. Subhash D. Dandekar, who is a relative of Mr. Dilip D. Dandekar, Chairman and Mr. Ashish S. Dandekar, Managing Director of the Company for holding and continuing to hold an office of profit as 'Sr. Corporate Advisor' with effect from 1<sup>st</sup> April, 2009 for a period of 2 years on a monthly Honorarium of Rs. 20,000/- plus service tax (if applicable) and that he also be provided with a car and a driver to be used for the purpose of this assignment and also reimburse expenses incurred on telephone and other communication facilities and all other incidental expenses incurred by him in the course of carrying out the assignment for the Company.

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

**"RESOLVED THAT** consent of the Company be and is hereby accorded under the provisions of Section 314 (1) (b) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to appoint Mrs. Leena A. Dandekar, who is a relative of Mr. Ashish S. Dandekar, Managing Director of the Company for holding and continuing to hold an office or place of profit as an employee of the Company with effect from 1<sup>st</sup> July, 2009, as General Manager – Systems on a consolidated salary of Rs. 45,000/- per month including all perquisites, allowances and benefits payable to other employees of her grade.

By Order of the Board

**N. R. JOSHI**  
Company Secretary &  
General Manager - Legal

### Registered Office:

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.

Place : Mumbai,  
Dated : 1<sup>st</sup> June, 2009

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of business referred to under Item Nos. 6 to 8 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 14<sup>th</sup> August, 2009 to 21<sup>st</sup> August, 2009 (both days inclusive).
4. The Dividend, if approved, will be paid on or before 20<sup>th</sup> September, 2009 to those eligible shareholders whose names stand in the Register of Members as on 21<sup>st</sup> August, 2009.
5. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participants of the members.  
  
Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.
6. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
7. 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.
8. 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.
9. Members who are holding Shares in physical form are requested to get their Shares dematerialised with any Depository Participants in their own interest.
10. Members who have not encashed their Dividend Warrants of financial year ended 31<sup>st</sup> March, 2008 may approach the R&T Agent/Company for issuance of demand draft upon completion of necessary formalities in the said behalf in lieu of such warrants.

By Order of the Board

**N. R. JOSHI**

Company Secretary &  
General Manager - Legal

**Registered Office:**

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.

Place : Mumbai,  
Dated : 1<sup>st</sup> June, 2009



**ANNEXURE FORMING PART OF THE NOTICE**  
(Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956)

**SPECIAL BUSINESS:**

**ITEM NO. 6**

Mr. Bhargav A. Patel was appointed as an Additional Director of the Company on 8<sup>th</sup> January, 2009. Mr. Bhargav A. Patel is an Industrialist and is holding MBA degree from USA with wide experience of 24 years and is successfully running own business.

In accordance with the provisions of Section 260 of the Companies Act, 1956, ("Act") the terms of appointment of Mr. Bhargav A. Patel as an Additional Director would expire at the forthcoming Annual General Meeting of the Company and he is eligible for appointment as a director. Notice for the resolution as referred in Item No. 6 has been received by the Company from a member of the Company with a deposit of Rs. 500/- in terms of provisions of Section 257 of the Companies Act, 1956.

Details regarding the person proposed to be appointed as Director and his brief resume have been given in the Corporate Governance Report for the information of the members. Keeping in view his experience and expertise, the Board of Directors recommends the proposed resolution as mentioned in Item No.6 for your approval.

None of the Directors except Mr. Bhargav A. Patel is concerned or interested in the resolution.

Directors recommend the Ordinary Resolution for your approval.

**ITEM NO. 7**

At the 14<sup>th</sup> Annual General Meeting of the Company, members had approved the appointment of Mr. Subhash D. Dandekar as Sr. Corporate Advisor with effect from 1<sup>st</sup> April, 2007 for a period of 2 years. Mr. Subhash D. Dandekar's tenure has expired on 31<sup>st</sup> March, 2009. Subject to shareholders approval, the Board of Directors at its meeting held on 5<sup>th</sup> March, 2009 has re-appointed Mr. Subhash D. Dandekar for a further period of 2 years with effect from 1<sup>st</sup> April, 2009 on a monthly Honorarium of Rs. 20,000/- plus service tax (if applicable), car with a driver, reimbursement of telephone and other communication facilities and all other incidental expenses as may be incurred by him in carrying out the said assignment for the Company.

Section 314 (1) (b) of the Companies Act, 1956, inter alia provides that the appointment of a relative of a Director for holding an office or a place of profit in a Company

carrying a total monthly remuneration exceeding Rs.10,000/- but not more than Rs. 50,000/- shall require approval of the Members by Special Resolution.

Mr. Subhash D. Dandekar, an eminent industrialist and the founder of Fine Chemical Division of Camlin Ltd., is the father of Mr. Ashish S. Dandekar and brother of Mr. Dilip D. Dandekar.

Mr. Subhash D. Dandekar is also the Chairman Emeritus of Camlin Limited and the past Chairman of SICOM Ltd., and Past President of Maharashtra Chamber of Commerce & Industry and Maharashtra Economic Development Council. With his rich expertise, knowledge and vast experience, the Company will benefit in years to come.

None of the Directors other than Mr. Ashish S. Dandekar and Mr. Dilip D. Dandekar are concerned or interested in the resolution.

Directors recommend the Special Resolution for your approval.

**ITEM NO. 8**

Section 314 (1) of the Companies Act, 1956, inter alia provides that the appointment of a relative of a Director for holding an office or a place of profit in a Company carrying total monthly remuneration exceeding Rs.10000/- but not more than Rs.50000/- shall require approval of the Members by Special Resolution.

Mrs. Leena A. Dandekar, B.A. (Economics) and MMS (Finance) has long and varied experience in the field of Administration including ERP implementation and Management and Business Planning and Information Systems.

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

Directors recommend the Special Resolution for your approval.

By Order of the Board

**N. R. JOSHI**  
Company Secretary &  
General Manager - Legal

**Registered Office:**

ICC Chambers, 3<sup>rd</sup> floor,  
Saki Vihar Road,  
Powai, Mumbai 400 072.

Place : Mumbai,  
Dated : 1<sup>st</sup> June, 2009

## DIRECTORS' REPORT

Your Directors are pleased to present the 16th Annual Report and the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2009.

### HIGHLIGHTS OF 2008-09:

Net Sales of the Company were Rs. 10050.25 lacs.

Profit before tax was Rs. 520.52 lacs as compared to Rs. 416.56 lacs in the previous year.

Profit after tax was at Rs. 338.48 lacs as compared to Rs. 277.04 lacs in the previous year.

Directors recommend a higher dividend of Rs. 1.50 per Share of Rs. 10/- each (i.e.15.00%).

### FINANCIAL RESULTS:

	(Rs. in lacs)	
	2008-09	2007-08
Net Sales & Other Income	<b>10107.41</b>	8185.95
Profit before Interest & Depreciation	<b>1475.11</b>	1294.02
Interest	<b>553.46</b>	497.70
Depreciation	<b>401.13</b>	379.76
Profit/(Loss) before tax	<b>520.52</b>	416.56
Less: Provision for tax	<b>182.04</b>	139.52
Profit/(Loss) after tax	<b>338.48</b>	277.04
Balance bought forward from last year	<b>19.70</b>	(182.56)
Balance Carried Forward	<b>358.18</b>	94.48
Transferred to:		
Proposed Dividend	<b>87.00</b>	58.00
Corporate Dividend Tax	<b>14.79</b>	9.86
General Reserve	<b>17.00</b>	6.92
Balance Carried Forward	<b>239.39</b>	19.70
	<b>358.18</b>	94.48

### OPERATIONAL PERFORMANCE:

CAMLIN FINE CHEMICALS LIMITED, the demerged entity of Camlin Limited since July 2006, crossed an important milestone of Rs. 100.00 Crores during the financial year by recording a growth of 23.86% over the previous year in spite of global recession and fluctuation in foreign currency. Your Company maintains its status as the world's largest manufacturer of food grade antioxidants viz. Tertiary Butyl Hydroquinone (TBHQ) and Butylated Hydroxy Anisole (BHA).

The Company has earned Gross Profit of Rs. 1475.11 lacs before interest and depreciation as against Rs.1294.02 lacs in the previous year. After deducting interest of Rs. 553.46 lacs, providing a sum of Rs. 401.13 lacs towards depreciation, income tax provision of

Rs. 131.44 lacs and after considering a sum of Rs. 50.60 lacs towards deferred tax, net profit was Rs. 338.48 lacs as against Rs. 277.04 lacs in the previous year.

### DIVIDEND:

Considering the Profits available for distribution, the Directors are pleased to recommend a higher dividend at the rate of Rs. 1.50 per equity share (i.e.15%) on 5800000 Equity Shares of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2009. If approved by the shareholders at the Annual General Meeting, the dividend will absorb Rs. 101.79 lacs inclusive of Dividend Distribution Tax of Rs. 14.79 lacs.

### PUBLIC DEPOSITS:

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

### EMPLOYEE STOCK OPTION SCHEME:

At the 15<sup>th</sup> Annual General Meeting of the Company held on 8<sup>th</sup> August, 2008, members had accorded approval for introduction of ESOP Scheme to the Employees/Directors of the Company under the "CAMLIN FINE CHEMICALS EMPLOYEES' STOCK OPTION SCHEME, 2008" ('ESOP 2008'). The options were granted 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"). The Compensation Committee constituted in accordance with SEBI Guidelines, administers and monitors the Scheme.

The Company has received a Certificate from the Auditors of the Company stating that the Scheme has been implemented in accordance with SEBI Guidelines and the resolution has been passed at the 15<sup>th</sup> Annual General Meeting held on 8<sup>th</sup> August, 2008. The Certificate would be placed at the Annual General Meeting and would be available for inspection to the Members.

The applicable disclosure as stipulated under SEBI Guidelines as at 31<sup>st</sup> March, 2009 is given in Annexure A to this report.

### SUBSIDIARIES:

During the year under review, your Company has invested Rs. 25.50 lacs in Fine Lifestyle Brands Limited and Rs.5.10 lacs in Fine Renewable Energy Limited and acquired 51% of Equity Share Capital of each of them. Fine Lifestyle Brands Limited is in the business of distribution of luxury/premium brand products in India and Fine Renewable Energy Limited is in the business of renewable energy generated through windmills, solar panels, micro hydro, bio-mass and other renewable resources. The commercial

activities for both the Companies are expected to commence in the current year.

During the year under review, your Company further invested Rs. 92.32 lacs in the Share Capital of its present subsidiaries viz Sangam Laboratories Limited, Chemolutions Chemicals Limited & Dulcette Technologies LLC, USA.

Sangam Laboratories Limited has turned the corner in the last quarter due to the ramping of capacity utilisation and process improvements. The Company is expected to turnaround on yearly basis in the current year.

Chemolutions Chemicals Limited has successfully launched its first two products in the market and sales turnover expected from these products is Rs. 6.00 crores. Further four new products are under development stage and are expected to be launched in the current year and is also expected to ramp up the existing two products in the current year.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditors of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any members of the Company. As directed by the Central Government in its approval, the financial data of the subsidiaries have been annexed and forms part of this Annual report.

**DIRECTORS:**

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

Mr. Bhargav A. Patel was appointed as an Additional Director on 8<sup>th</sup> January, 2009. Pursuant to Section 260 of the Companies Act, 1956, he will hold office upto the ensuing Annual General Meeting

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 on a 'going concern' basis.

**SECRETARIAL AUDIT:**

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

**COST AUDIT:**

The Company's Cost Records for the year ended 31<sup>st</sup> March, 2009 in respect of manufacturing activities of Bulk Drugs are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

**AUDITORS:**

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

Members are requested to consider and re-appoint M/s. B. K. Khare and Co., Chartered Accountants, as the Statutory Auditors of the Company for the year 2009-2010.

**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 provision 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 a copy of the said statement may write to the Company Secretary at the registered office of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

### **INDUSTRY STRUCTURE & DEVELOPMENT**

The year 2008 witnessed the global meltdown due to which the financial markets faced a considerable volatility within the Indian industry. The year also saw extreme volatility in the prices of not only petroleum based raw materials, but also other basic raw materials. Weakening of the Indian Rupee also contributed to the increase in the cost of imported raw materials.

According to the published reports, the Chemical Industry constitutes about 14% of India's industrial production and 13-14% of the total exports from the country. A substantial proportion of these exports go to USA, Europe and other developed countries.

The Chemical Industry plays an important role in the overall economic development of our economy. It produces a wide spectrum of products, which include Pharmaceuticals, Dyes, Man-made Fibres, Plastics, Pesticides, Fertilisers, Cosmetics and Toiletries, Paints, Auxiliary Chemicals and wide range of Organic and Inorganic compounds for applications ranging from automobiles, textile industry, engineering industry, construction chemicals and food additives to veterinary and health care products. Its size is estimated at around US\$ 35 billion approx., which is equivalent to about 3% of India's GDP. The total investment in Indian Chemical Sector is approx. US\$ 35 billion and total employment generated is about 1 million. The Indian Chemical Sector accounts for 13-14% of total exports and 8-9% of total imports of the country. In terms of volume, it is 12<sup>th</sup> largest in the world and 3<sup>rd</sup> largest in Asia. Currently, per capita consumption of products of chemical industry in India is about 1/10<sup>th</sup> of the world average. Over the last decade, the Indian Chemical Industry has evolved from being a basic chemical producer to becoming an innovative industry. With investments in R&D, the industry is registering significant growth in the knowledge sector comprising of specialty chemicals, fine chemicals and pharmaceuticals. Manufacture of most chemical products inter-alia covering organic / inorganic, dyestuffs and Pesticides is delicensed.

The Indian Chemical Industry comprises both small and large scale units. The fiscal concessions granted to the small scale sector in mid-eighties led to the establishment of a large number of units in this sector. Currently the Indian Chemical Industry is in the midst of a major restructuring and consolidation phase. India produces a large number of fine and specialty chemicals, which have very specific uses and are essential for increasing industrial production. These find wide usage as food additives and pigments, polymer additives, anti-oxidants in the rubber industry etc.

The compound annual growth rate in production of basic chemicals during first four years of the 10<sup>th</sup> plan is 6.4% as against consumption which increased annually at rate of 19.79% to 20.34% respectively. Maximum imports have taken place in respect of Alkali chemicals (3.80%), followed by dyes and dyestuffs (26.44%). Similarly there has been a growth in exports of organic chemicals (32.88%) followed by inorganic chemicals of the order of about 31.88% over a period of last 4 years.

### **SWOT ANALYSIS:**

Camlin Fine Chemicals Limited is a multiproduct manufacturing and marketing Company, having customer base spread across 45 countries worldwide including India and products having applications in processed foods, edible oils, paints, polymers, alternative fuels (biodiesel), rubber, health and pharmaceuticals.

#### **Strength**

The Company has a strong Research and Development backbone, which is constantly innovating the manufacturing process, improving yield and ingredients to reduce the costs and be competitive. The manufacturing team is focussed on reducing the costs by bringing in the modern techniques and machines to reduce labour and power cost. In view of this the Company is well prepared and has established benchmarking parameter for its different business process to be globally competitive. The Company has the prestigious HACCP Certificate (Hazard Analysis of Critical Control Points), which is a confirmation of its strong R&D and Quality Control.

The Company has consistently grown at an average rate of over 25% in the past two years and in the financial year 2008-09, it has registered a growth of 23.86% in spite of global recession and fluctuation in foreign currency. This has been possible by adopting a strategy of enhancing the product basket of food antioxidant range through strong product development, process development and business development support and thereby increasing the market share in growing markets like Asia and Middle East and also in established mature markets like USA and Europe.

The consistent performance and growth is multi factorial, a) strong foundation of Research and Development of the Company which has provided the innovations in developing products & improving manufacturing processes and yields, b) the manufacturing strength of the Company with quality certifications, ISO 22000:5000, HACCP and FAMI-QS, which are mandatory world-wide and critical for ensuring food safety and quality standards, c) the strong customer relationships and long term supply chain contracts in view of our consistent quality of products and customer service.

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

New product development efforts through our state of the art R & D facility and on going product development efforts through internal technology team at the process plant will enable the Company to launch more than 3 products in the current year. All these products have already passed through the trial runs and technology transfer at the plant level and some of them have also passed through the test of customer approvals and commercialisation.

#### **Capacity Expansion across the Tarapur facility through –**

- (a) Process improvements/ de-bottle necking of process steps.
- (b) Yield improvements by suitable process modifications and process re-engineering.
- (c) Freeing the capacities at some plant location in view of process improvements.
- (d) Resultant increase in capacities in view of steps taken above.

The entire activity of additional capacity creation has been done with minimum capital expenditure. The enhanced capacity creation at the plant is already in place and is being put to operation in the current financial year. The resultant increase in capacity by about 60% over previous year is available through our internal process development team with minimum of capital expenditure in the last year and this has enabled us to be cost effective in this very sensitive global economic situation. The Company has its bandwidth in terms of products, facility and technological support to take the output to 4500 tonnes per annum for all the range of existing and new products during current year, which would account for about 60 to 70% of the world demand.

The Company has structured its business units based on the market segments and product categories to bring in sharper focus for growth and development.

#### **The business units formed:**

1. Food Antioxidants: This business unit is the biggest contributor to the Company in terms of volume and growth and the Company is also the world's largest manufacturer of Food grade antioxidants, TBHQ and BHA with market share of about 35% world wide and 70% in India.

The Company has laid out aggressive plans for increasing world wide market share above 50% by making an entry into growing food processing markets like Asia, Middle East, and South America. The plans have already been implemented and growth in volumes as envisaged in these markets has started showing its visibility in the current year. Marketing strategy is being put in place to expand the base in Middle East, East Europe and South America by setting up marketing offices and warehouses in these markets.

Value Drivers: The strategy is to enter the value added segment of the Food Antioxidant market, Antioxidant Blends and strengthen the position of the Company by being present in both the back end i.e. Bulk powder and also at the front end i.e. Customised Solutions for specific applications as per need of customers. The Company has a tie-up with a trans-national Company for marketing blends and customised solutions across the globe.

2. Industrial Antioxidants: The business unit will focus on the applications of the antioxidants, TBHQ, which are used in various industries like paints, polymers, resins, plastics.

Research and Development has already developed new products which would shortly be launched to expand the reach of the Company in other segments of the industries, like polymers, rubber, resins, plastics and many more.

New product development efforts through our state of the art R & D facility and on going product development efforts through internal technology team at the process plant will enable the Company to launch atleast 3 products in the current year. All these products have already passed through the trial runs and technology transfer at the plant level and some of them have also passed through the test of customer approvals and commercialisation.

The huge market potential has opened up an opportunity to the Company for meeting the

targets in these new expanded markets and thereby achieving desired results in the future. The capacity requirements to meet the demand for these enhanced product basket has already been in place by capacity expansions/through improvements/process re-engineering at our state of the art manufacturing facility at Tarapur.

3. Sweetener: The business unit is focussed on the health segment of the market and has developed an artificial sweetener, Sucralose, which is the new age sweetener having tremendous acceptability world-wide and with growing health awareness, which has an opportunity for growth. The Company has dedicated manufacturing facility for manufacturing Sucralose. The Company has filed a process patent and is in the advanced stage of approval.

The business for the Sucralose has begun in South America, Europe, India and Central America. Dulcette Technologies LLC, a subsidiary of the Company in USA is developing the market for Sweetener in USA, Canada, and Mexico. Dulcette has launched Sucralose in US. The Company has already appointed an international expert for this product as the Company's employee to cover the European Union Market.

4. Biodiesel Additives: Growing interest and awareness of the need for alternative energy has made the world to develop alternative fuels beside Petroleum. Biodiesel fuel is made from oil like, Palm, Soya, and Jathropa and is the most widely used today worldwide. The stabilising of the fuel from oxidation is critical and the Company manufactures the products required for stabilising Biodiesels. The world-wide demand is in excess of 70 Million Metric Tons. The Company estimates volumes in excess of 1000 MT to be used for stabilising biodiesel produced and with growing needs, the market is set to grow at a tremendous pace.
5. Trading House: The Company has an excellent network with suppliers of varied chemicals and India being a hub for world-wide chemical manufacturing requirements, the infrastructure has been set up to exploit the opportunity to supply chemicals and chemical products to the chemical industry and this would be one of the volume drivers for Company's growth in the coming years apart from the Company's core product strength.
6. Chemolutions Chemicals Limited (CCL): a subsidiary of the Company has been formed along with a German national, who has over 25 years of experience in marketing specialty chemicals.

CCL has sensed the winds of change and emerging opportunity through partnership with the Innovator Companies and works with them. Besides CCL could become an Innovator Company by engaging themselves with trans-national Innovator Companies in the form of long term relationship for product development and delivery and filing the process patents for the products developed through their own technological inputs in the form of development through CCL or elsewhere.

The Company has developed advanced intermediates/innovative products for specific customers in USA and Europe and these demands would be met from manufacturing facilities in India, by entering in to long terms contracts with these innovators.

The Company has signed a contract for manufacturing a specialty chemical for a European Company, through the process developed by the Company's Research and Development.

7. Natural Shelf life Enhancers: The world today is moving more and more towards natural products for preservation and the Company has developed products which use natural ingredients for improving shelf life of Fruits, Flowers & Vegetables. The product once sprayed on the produce maintains the colour, freshness, and aroma and prevents spoilage during transportation and storage, especially while exporting these products. The initial trials of the product have shown promise to cater the customers' demands of the product and the Company expects its business to fructify, which is in the advanced stages of approvals. The Company also expects to file the patent for these products in the current year.
8. Nutraceuticals: Sangam Laboratories Limited, a subsidiary of the Company is a manufacturer of Nutraceuticals like Glucosamine and its salts which are used as a supplement in bone management in conditions like osteoarthritis and have wide spread usage in USA and Europe, the volumes are in excess of 2000 MT in these markets alone.

The Company has strategic plans to enter the markets of USA and Europe to enter the bulk market of Glucosamine and also in value addition segment in the finished formulations like tablets and sachets.

The plans are also being evaluated to manufacture the product in South America which have an advantage in terms of raw material supply, low cost of manufacturing and enjoy a favoured nation status of USA which would give a tremendous edge and competitiveness in the market over our competitors.

The Company with a focussed approach with structuring of business units and planned resources is ready to grow at a faster pace of growth and increase the strength in short time

9. Fine Lifestyle Brands Limited (FLBL): a subsidiary of the Company – was launched with the intention to enter the distribution/retail business of life style brand products in India. The commercial activity is expected to commence in the current year.
10. Fine Renewable Energy Limited (FREL): a subsidiary of the Company – was launched to make a foray in renewable energy through windmills, solar panels, micro hydro, bio-mass and other renewable resources. The commercial activity is expected to commence in the current year.

### **Weakness**

Changing policies of the Government owing to globalisation and other regulations by the legislature, the competitor's strategies to manufacture cheap quality material at low cost, puts constraints on the Company's ability to adapt rapidly to the changes. However the Company has kept itself insulated by adopting the strong technology support for constant improvements in product yield, reduction in process steps through process R&D and conserving the input resources to its advantage.

### **Opportunities**

Growth in manufacture of food products, cattle and poultry feed, oil refining and increase in incidence of diabetics, are expected to result in significant growth in demand for its products. As stated earlier, with strong R&D efforts, the Company is poised to meet the challenges of competitive prices and falling margins and is geared to take the advantage of growth in demand. Further, as explained above in strategy for FY 2008-09, the Company has emphasised on the new opportunities in the business segments such as Industrial Antioxidants, Biodiesel Additives, Natural Shelf life Enhancers and Nutraceuticals.

### **Threats**

The performance and the profitability of the Company depend to a large extent on the input costs as they directly affect the overall cost and realisations, considering the current petroleum pricing fluctuations, which have generally seen an upward movement. Although this being a global scenario, the Company has taken steps to develop some of the cost optimisation measures to offset these increases.

Competition from China and other low cost manufacturers can put pressure on price and impact the Company's global business.

Any economic downturn/recession or unforeseen events like terrorist attacks, floods, can dampen the sales.

### **FUTURE OUTLOOK:**

In view of strong R & D support with experienced product development team and continuous focus on process development/process re-engineering for improvement in yields, the Company has charted out a robust future business plan with enhanced basket of new products. These new products have passed through the technology transfer phase and are ready for commercialisation in the coming years. With these technological support and product innovations being our main strategy for growth, the Company is poised for achieving higher volumes not only in existing products but also by introduction of new products in the coming years.

As stated earlier, while on one hand the Company focuses continuously on cost reduction and quality enhancement of its existing products to meet the challenges of international competition, on the other hand, it continuously strives to develop new products with high demand in the international market and good margins.

### **Voluntary initiatives for generation of thermal energy from renewable bio-mass resources instead of furnace oil (Clean Development Mechanism (CDM)/ Fuel Switch over Project)**

Company has taken a voluntary initiative for generation of thermal energy from renewable biomass resources. The proposed CDM project activity is thermal energy generation project from renewable biomass and displacement of fossil fuel use. The project aims at strong sustainable cause for the society and environment at large by the use of the biomass, apart from cost optimisation.

Company has considered the opportunity of Carbon Credits generation from this project and is in the process of developing documentation for qualification as a CDM project. In this process, the Company has appointed reputed consultant for this project. As soon as the project receives the necessary regulatory approvals, the Project Design Document (PDD) and Project Concept Note (PCN) will be submitted to the National CDM Authority (NCDMA) for requisite consideration towards Host Country Approval (HCA).

This project has resulted into a substantial saving in steam generation cost because of substitution of furnace oil with bio-mass resources.



**INFORMATION & TECHNOLOGY:**

In line with the overall growth objective and strengthening our infrastructure base, the Company has invested in Information Technology (IT) viz SAP Enterprise Resource Planning system for leveraging its business values. Through implementation of SAP, the Company will be able to improve 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.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Sales during the year ended 31<sup>st</sup> March, 2009 were Rs. 10050.25 lacs as against Rs. 8113.84 lacs in the previous year. There was an increase of Rs. 1936.41 lacs in sales over the previous year.

In spite of higher manufacturing overheads, finance cost and depreciation charges, Company earned more profits on account of higher sales and lower material consumption.

**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.

Relations with the employees at all levels remained cordial during the year. Your Company has 164 permanent employees as on 31<sup>st</sup> March, 2009.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis Report describing the Company's projections, estimates, and expectations may be interpreted as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets in which the Company operates, changes in Government regulations, tax laws and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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 and foreign exchange earnings and outgo is given in the Annexure B 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. The Management Discussion and Analysis Report also form a part of this report.

**ACKNOWLEDGMENT:**

Your Directors place on record their sincere appreciation for the support from the shareholders, customers, suppliers, bankers, financial institutions and other business associates and wish to thank all the employees of your Company for their co-operation during the year.

For & on behalf of the Board

**ASHISH S. DANDEKAR**  
Managing Director

Place : Mumbai,  
Dated : 1<sup>st</sup> June, 2009



**ANNEXURE A TO DIRECTORS' REPORT**

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

(a)	Options granted	210800
(b)	Exercise price	Rs. 50/-plus applicable taxes, as may be levied on the Company.
(c)	Option vested	Nil
(d)	Options exercised	Nil
(e)	Total number of shares arising as a result of exercise of options	210800
(f)	Option lapsed	Nil
(g)	Variation in terms of option	Nil
(h)	Money realised by exercise of options	Nil
(i)	Total number of options in force	210800
(j)	Employee-wise details of options granted to	
	1. Senior Management Personnel/Director	Mr. D. R. Puranik – 10000 (Chief Financial Officer)  Mr. S. P. Padhya – 10000 (G. M. - Sales & Marketing)  Mr. P. K. Dhotre – 10000 (G. M. - Materials)  Mr. A. V. Dukane – 10000 (G. M. - Works)  Mr. P. M. Sapre - 10000 (Director)  Mr. S. M. Kulkarni – 10000 (Director)  Mr. A. E. Faizullabhoy – 10000 (Director)
	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.	Nil
	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.	Nil
(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'.	NA

For & On behalf of the Board

**ASHISH S. DANDEKAR**  
Managing Director

Place : Mumbai  
Dated : 1<sup>st</sup> June, 2009

**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.
- (v) Installation of windmills at the Plant.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy; The Company has installed three windmills for generating electricity through wind energy.

No additional investments are envisaged. However, steps have been taken to introduce improved operational methods, rationalisation 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 to conservation of energy

**(A) Power and Fuel Consumption**

	2008-2009	2007-2008
<b>1. Electricity</b>		
Purchased		
Units (KWH)	<b>4842173</b>	4598989
Total amount (Rs. in Lacs)	<b>245.76</b>	212.17
Rate per Unit (Rs.)	<b>5.08</b>	4.61
<b>2. Furnace Oil</b>		
Quantity in (K. Litres)	<b>1405060</b>	1441615
Total amount (Rs. in Lacs)	<b>448.36</b>	366.59
Rate per Unit (Rs.)	<b>31.91</b>	25.43
<b>3. Steam (Briquettes)</b>		
Steam Quantity (M.T.)	<b>4590.78</b>	—
Total amount (Rs. in Lacs)	<b>68.90</b>	—
Cost per M.T of Steam (Rs.)	<b>1500.83</b>	—
<b>(B) Consumption per Unit of production (M.T.)</b>	<b>Standards</b>	Standards
	<b>(if any)</b>	(if any)
Electricity (KWH)	<b>2751</b>	3691
Furnace Oil (K. Litres)	<b>798</b>	1178

**B. TECHNOLOGY ABSORPTION****FORM B**

Form for disclosure of particulars with respect to absorption

Research and Development (R&amp;D)

- 1. Specific areas in which R&D carried out by the Company : New Product development, Process development
- 2. Benefits derived as a result of the above R&D : Cost reduction, Quality up gradation, Development of new markets.

3. Future plan of action : Future plan of action envisages, acceleration in the process of development already set in motion and undertaking more process development works for Bulk Drugs, Fine Chemicals and other products aimed to achieve cost reduction, and improvement in quality.

	(Rs. in Lacs)	
	<b>2008-2009</b>	2007-2008
4. Expenditure on R & D:		
(a) Capital	—	—
(b) Recurring	<b>77.84</b>	80.52
(c) Total	<b>77.84</b>	80.52
(d) Total R&D Expenditure as a percentage of total turnover	<b>0.77</b>	0.97

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R&D Laboratory is recognised by the Department of Scientific and Industrial Research, Govt. of India, where continuous efforts are made to innovate new products and improve the quality of Bulk Drugs and Fine Chemical Products manufactured/procured by the Company and to make the manufacturing process safe, cost effective and environment friendly.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction product development, import substitution, etc. : Technical, innovation 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 sale of the production. The Company is heading towards global leadership in food grade antioxidants.
3. Technology Import : N. A.

#### 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 organised to inspire the confidence of potential buyers.

**(b) Total Foreign Exchange used and earned:** (Rs. in Lacs)

	<b>2008-2009</b>	2007-2008
Foreign exchange used	<b>4434.84</b>	3658.47
Foreign exchange earned	<b>8222.74</b>	7014.99

For & On Behalf of the Board

**ASHISH S. DANDEKAR**  
Managing Director

Place : Mumbai  
Dated: 1<sup>st</sup> June, 2009.

## 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 31<sup>st</sup> March, 2009.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

### 2. BOARD OF DIRECTORS:

#### Composition

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

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

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

Name & Designation of Directors	Category	No. of Board Meetings attended	No. of Directorships held in other Companies	Attendance at last AGM	No. of Committee positions held in other Companies	
					Chairman of Committee	Member of Committee
Mr. Dilip D. Dandekar Chairman	NED	6	8	Yes	Nil	1
Mr. Ashish S. Dandekar Managing Director	ED	9	7	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	8	Nil	Yes	Nil	Nil
Mr. Sharad M. Kulkarni	NED (I)	9	12	Yes	4	4
Mr. Abeezer E. Faizullahoy	NED (I)	7	9	Yes	Nil	Nil
Mr. Bhargav A. Patel (*)	NED (I)	2	6	No	Nil	Nil

(\*) Appointed as an Additional Director with effect from 8<sup>th</sup> January, 2009

ED – Executive Director

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

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 2008-2009, Nine (9) Board Meetings were held on the following dates:

Sr. No.	Category	Board Strength	No. of Directors Present
1	29 <sup>th</sup> April, 2008	5	5
2	26 <sup>th</sup> June, 2008	5	4
3	29 <sup>th</sup> July, 2008	5	4
4	15 <sup>th</sup> September, 2008	5	5
5	16 <sup>th</sup> October, 2008	5	5
6	10 <sup>th</sup> November, 2008	5	4
7	8 <sup>th</sup> January, 2009	5	3
8	16 <sup>th</sup> January, 2009	6	5
9	5 <sup>th</sup> March, 2009	6	6

**CODE OF CONDUCT**

The Board has laid down a Code of Conduct for all Board members and Senior Managerial Personnel of the Company. The Code of Conduct is available on web site of the Company at [www.camlinfinechem.com](http://www.camlinfinechem.com)

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

**PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS BEING RE-APPOINTED/APPOINTED.****(A) Mr. Dilip D. Dandekar**

Mr. Dilip D. Dandekar (G.C.D.), Chairman of the Company since June, 2006, has long and vast experience in the field of Marketing, Administration and overall Management.

**Other Directorships:**

<b>Name of the Company</b>	<b>Position</b>
Camlin Limited	Chairman & Managing Director
Triveni Pencils Limited	Director
Nilmac Packaging Industries Limited	Director
Camart Industries Limited	Director
Camlin International Limited	Director
CAFCO Consultants Limited	Director
Camlin North America Inc	Director
Chemolutions Chemicals Limited	Director
DDI Consultants Private Limited	Director
Colart Camlin Canvas Private Limited	Director
Indo Schottle Private Limited	Director
Federation of Indian Chambers of Commerce and Industry Limited	Director
American Scholar Stationery (India) Private Limited	Director

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

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

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

Mr. Bhargav A. Patel (MBA), Director of the Company is an industrialist and has wide experience in successfully running own business.

**Other Directorships:**

<b>Name of the Company</b>	<b>Position</b>
Peass Industrial Engineers Limited	Director
Peass Export Limited	Director
Peass Automation Limited	Director
Peass Infrastructure Private Limited	Director
ARNO Enterprises Private Limited	Director
Poloroid Investments Private Limited	Director

**COMMITTEES OF THE BOARD:**

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



**3. AUDIT COMMITTEE:****Composition, meetings and the attendance during the year:**

The Audit Committee was constituted on 27<sup>th</sup> 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 2008-2009, Five (5) meetings of the Audit Committee were held on the 29<sup>th</sup> April, 2008, 26<sup>th</sup> June, 2008, 29<sup>th</sup> July, 2008, 16<sup>th</sup> October, 2008, and 16<sup>th</sup> January, 2009.

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)	5
Mr. Pramod M. Sapre	Member	NED (I)	5
Mr. Abeezar E. Faizullahoy	Member	NED (I)	4
Mr. Bhargav A. Patel*	Member	NED (I)	1

\* Appointed as a Member with effect from 8<sup>th</sup> January, 2009

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

**Terms of reference:**

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

**4. REMUNERATION COMMITTEE:****Composition, meetings and the attendance during the year:**

The Remuneration Committee was constituted on 27<sup>th</sup> November, 2006.

During the financial year 2008-2009, One (1) meeting of the Committee was held on 25<sup>th</sup> June, 2008.

The details of composition of the Committee are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Pramod M. Sapre	Chairman	NED (I)	1
Mr. Sharad M. Kulkarni	Member	NED (I)	1
Mr. Abeezar E. Faizullahoy	Member	NED (I)	1

**Terms of reference:**

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

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

**Remuneration Policy:**

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

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

**Remuneration to Directors:**
**(A) MANAGING DIRECTOR**

Following is the Remuneration paid to the Managing Director during the financial year ended 31st March, 2009.  
(Rs. in Lacs)

Name	Salary including HRA	Perquisites#	Contribution to P. F. and Other Funds	Total
Mr. Ashish S. Dandekar	33.12	1.49	10.30	44.91

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

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

Agreement for a period of three (3) years w.e.f. 1<sup>st</sup> September, 2007 has been entered into with the Managing Director.

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

**(B) NON-EXECUTIVE DIRECTORS / INDEPENDENT DIRECTORS**

At the 15<sup>th</sup> Annual General Meeting held on 8<sup>th</sup> August, 2008, Members had passed the resolution for payment of remuneration to Mr. Dilip D. Dandekar, Non Executive Director, effective from 1<sup>st</sup> September, 2008, subject to approval from the Central Government. The Company has received the necessary approval from the Central Government and accordingly has paid the remuneration to Mr. Dilip D. Dandekar effective from 1<sup>st</sup> September, 2008. The detail of payment during the year 2008-2009 is given below:

Name	Remuneration Paid
Mr. Dilip D. Dandekar	3,50,000

Besides the above payment of remuneration, the Company does not pay any other remuneration to Non-Executive Directors/Independent Directors except sitting fees for attending the meetings of the Board/Committee of the Board and reimbursement of conveyance for attending such meetings. The details of payment of sitting fees to Non-Executive Directors during the year 2008-2009 are given below:

Name	Sitting Fees (Rs.)				Total
	Board	Audit Committee	Remuneration Committee	Shareholders/ Investors Grievance Committee	
Mr. Sharad M. Kulkarni	90,000	50,000	5,000	—	1,45,000
Mr. Pramod M. Sapre	80,000	50,000	5,000	—	1,35,000
Mr. Abeezer E. Faizullabhoy	70,000	40,000	5,000	15,000	1,30,000
Mr. Bhargav A. Patel	20,000	10,000	—	—	30,000
Mr. Dilip D. Dandekar	60,000	—	—	10,000	70,000
<b>GRAND TOTAL</b>	<b>3,20,000</b>	<b>1,50,000</b>	<b>15,000</b>	<b>25,000</b>	<b>5,10,000</b>

Details of Shareholding of Non-Executive Director/Independent Directors as on 31<sup>st</sup> March, 2009:

Name	Shares Held
Mr. Dilip D. Dandekar	89420
Mr. Pramod M. Sapre	1100

**5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:****Composition, meetings and the attendance during the year**

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

During the financial year 2008-2009 Four (4) meeting were held on 26<sup>th</sup> June, 2008, 29<sup>th</sup> July, 2008, 16<sup>th</sup> October, 2008 and 16<sup>th</sup> January, 2009.

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. Abeezer E. Faizullabhoy	Chairman	NED (I)	3
Mr. Dilip D. Dandekar	Member	NED	2
Mr. Ashish S. Dandekar	Member	ED	4

The Board has designated Mr. N. R. Joshi, Company Secretary as the Compliance Officer.

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

During the year under review, Sixteen (16) complaints of general nature were received from the shareholders which were attended promptly and replied / 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 29<sup>th</sup> April, 2008.

During the financial year, three (3) meetings were held on 25<sup>th</sup> June, 2008, 9<sup>th</sup> August, 2008 and 13<sup>th</sup> October, 2008.

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

Name	Designation	Category	No. of Meetings attended
Mr. Abeezer E. Faizullabhoy	Chairman	NED (I)	3
Mr. Dilip D. Dandekar	Member	NED	2
Mr. Ashish S. Dandekar	Member	ED	3
Mr. P. M. Sapre	Member	NED (I)	3
Mr. Sharad M. Kulkarni	Member	NED (I)	3

**Terms of reference**

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

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

**7. GENERAL BODY MEETINGS:**

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

Financial Year	Venue	Date & Time
2007-2008	Maharashtra Chamber of Commerce Industry and Agriculture, Babasaheb Dahanukar Sabhagriha, 6 <sup>th</sup> Floor, Oricon House, Fort, Mumbai 400 001.	8 <sup>th</sup> August, 2008 at 3.00 p.m.
2006-2007	Maharashtra Chamber of Commerce Industry and Agriculture, Babasaheb Dahanukar Sabhagriha, 6 <sup>th</sup> Floor, Oricon House, Fort, Mumbai 400 001.	25 <sup>th</sup> July, 2007 at 3.00 p.m.
2005-2006	Hilton House, 48/2, Central Road, MIDC, Andheri (E), Mumbai 400 093.	12 <sup>th</sup> September, 2006 at 4.00 p.m.

One Special resolution was passed at the 13<sup>th</sup> Annual General Meeting, two Special resolutions were passed at the 14<sup>th</sup> Annual General Meeting and three Special resolutions were passed at the 15<sup>th</sup> Annual General Meeting.

During the Financial Year 2008-2009, one Special Resolution was passed through Postal Ballot on 27<sup>th</sup> February, 2009.

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

## 8. 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. 22 (xv) (f) (c & d) to the financial statements in the Annual Report.

### Compliance with Regulations

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

### Accounting Standards

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

### Risk Management

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

### CEO/CFO Certification

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

## 9. MEANS OF COMMUNICATION:

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as Economic Times, Financial Express, Maharashtra Times and Loksatta.
- As per requirements of Clause 51 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.camlinfinechem.com](http://www.camlinfinechem.com) within the time frame prescribed in this regard.

## 10. GENERAL SHAREHOLDER INFORMATION:

- As indicated in the Notice to our Shareholders, the 16<sup>th</sup> Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Friday, the 21<sup>st</sup> August, 2009 at 3.30 p.m.
- Financial Calendar : Financial Reporting by:-
  - Unaudited Results for the quarter ending 30<sup>th</sup> June, 2009 : end of July, 2009.
  - Unaudited Results for the quarter ending 30<sup>th</sup> September, 2009 : end of October, 2009
  - Unaudited Results for the quarter ending 31<sup>st</sup> December, 2009 : end of January, 2010
  - Audited Results for the year ending 31<sup>st</sup> March, 2010 : end of June, 2010
- Date of Book Closure : From 14<sup>th</sup> August, 2009 to 21<sup>st</sup> August, 2009 (both days inclusive)
- Date of Dividend Payment : On or before 20<sup>th</sup> September, 2009

## (v) Listing of Equity Shares on Stock Exchange:-

The Equity Shares of the Company are listed at The Stock Exchange - Mumbai (Stock Code 532834).

The Company has paid the Listing Fees for Financial Year 2009-2010.

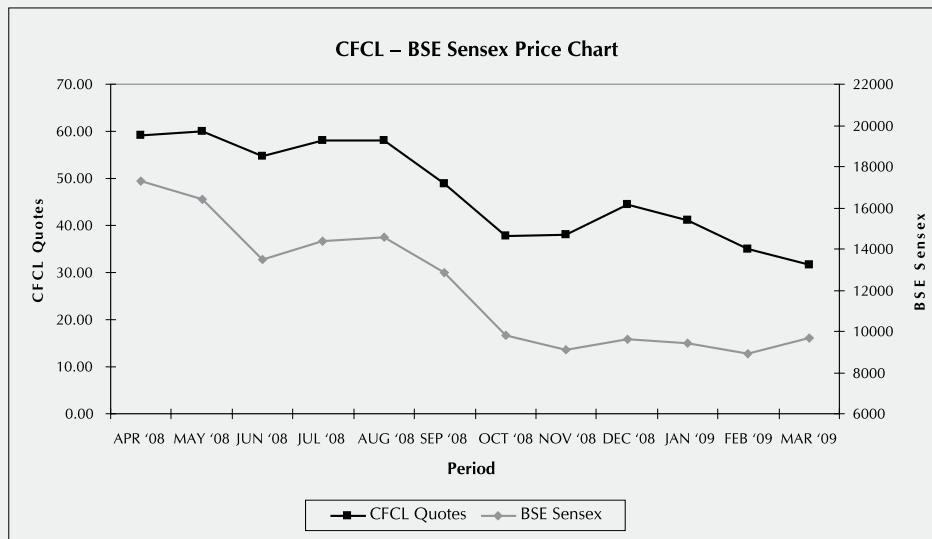
(vi) Demat ISIN in CDSL/NSDL : INE052101016

## (vii) Share Prices (High &amp; Low) for the year 2008-2009 at BSE:-

Month	High (Rs.)	Low (Rs.)
April, 2008	63.95	53.00
May, 2008	67.90	55.10
June, 2008	62.00	48.25
July, 2008	58.65	41.25
August, 2008	64.40	51.50
September, 2008	63.90	46.20
October, 2008	55.50	34.00
November, 2008	48.45	35.00
December, 2008	49.00	32.40
January, 2009	46.00	37.00
February, 2009	47.00	29.05
March, 2009	40.00	29.70

**Stock Performance:**

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



## (viii) 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 – 400072.

## (ix) 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 31<sup>st</sup> March, 2009.

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 500	4792	93.78	693744	11.96
501-1000	152	2.97	124981	2.15
1001-2000	50	0.98	77326	1.33
2001-3000	28	0.55	71915	1.24
3001-4000	9	0.18	31104	0.54
4001-5000	9	0.18	42364	0.73
5001-10000	15	0.29	114687	1.98
10001 and above	55	1.07	4643879	80.07
<b>TOTAL</b>	<b>5110</b>	<b>100.00</b>	<b>5800000</b>	<b>100.00</b>

(xi) Shareholding Pattern as on 31<sup>st</sup> March, 2009:

Category Code	Category of shareholder	No. of Shareholders	Total No. of Shares	Shareholding as a percentage of total no. of Shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals/Hindu Undivided Family	26	2838265	48.94
(b)	Central Government/State Government(s)			
(c)	Bodies Corporate	7	761656	13.13
(d)	Financial Institutions/Banks			
(e)	Any other (Specify)			
	<b>SUB TOTAL (A)(1)</b>	<b>33</b>	<b>3599921</b>	<b>62.07</b>
(2)	Foreign			
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	1	73300	1.26
(b)	Bodies Corporate			
(c)	Institutions			
(d)	Any other (Specify)			
	<b>SUB TOTAL (A)(2)</b>	<b>1</b>	<b>73300</b>	<b>1.26</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>34</b>	<b>3673221</b>	<b>63.33</b>
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds/UTI			
(b)	Financial Institutions/Banks	4	450	0.01
(c)	Central Government/State Government(s)			
(d)	Venture Capital Funds			
(e)	Insurance Companies			
(f)	Foreign Institutional Investors			
(g)	Foreign Venture Capital Investors			
(h)	Any Other (Specify)			
	<b>SUB TOTAL (B)(1)</b>	<b>4</b>	<b>450</b>	<b>0.01</b>

Category Code	Category of shareholder	No. of Shareholders	Total No. of Shares	Shareholding as a percentage of total no. of Shares
(2)	Non – Institutional			
(a)	Bodies Corporate	126	221354	3.82
(b)	Individuals			
	(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4901	1070245	18.45
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	25	830236	14.31
(c)	(1) Non-Resident (Non-Rep)	9	1440	0.02
	(2) Non-Resident (Rep)	10	2254	0.04
(d)	Trust	1	800	0.01
	<b>SUB TOTAL (B)(2)</b>	<b>5072</b>	<b>2126329</b>	<b>36.66</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5076</b>	<b>2126779</b>	<b>36.67</b>
	<b>Total (A)+(B)</b>	<b>5110</b>	<b>5800000</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
	<b>GRAND TOTAL</b>	<b>5110</b>	<b>5800000</b>	<b>100.00</b>

## (xii) 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. INE052I01016. As on 31<sup>st</sup> March, 2009, 94.24% of the total shares of the Company have been dematerialised.

## (xiii) Outstanding: GDR/ADR/Warrants/Options

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

The Company had issued 15,50,000 Equity Warrants of Rs.10/- each at a price of Rs. 52/- per Share/Warrants (including Share Premium of Rs. 42/- per Share/Warrant) to the Promoters Group, their relatives on preferential basis on 21<sup>st</sup> December, 2007. The Warrants are yet to be converted into Equity Shares.

The Company has granted 210800 stock options to the eligible employees/Directors of the Company on 9<sup>th</sup> August, 2008 and 13<sup>th</sup> October, 2008 respectively. Each option entitles the holder thereof to apply for and be allotted one Equity Share of Rs.10/- each upon payment of the exercise price during the exercise period. The vesting period commences after one year from the date of grant of option and expires at end of five years from the date of such grant.

## (ix) 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.

## (xv) Address for correspondence:

Registered Office : ICC Chambers, 3<sup>rd</sup> Floor, Saki Vihar Road, Powai, Mumbai - 400 072.

Tel. No. : 022-28479609/10

Fax No. : 022-28479601

E.mail : secretarial@camlinfinechem.com

## (xvi) Secretarial Department:

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

**10. NON MANDATORY REQUIREMENTS:**

**Non Executive Chairman's Office:**

The Chairman of the Company is a Non Executive Chairman.

**Remuneration Committee:**

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

**Shareholders rights:**

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

**Audit Qualifications:**

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

For & On behalf of the Board

**ASHISH S. DANDEKAR**  
Managing Director

Place : Mumbai

Dated : 1<sup>st</sup> June, 2009.

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**Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance**

The Members of Camlin Fine Chemicals limited

We have examined the compliance of conditions of Corporate Governance by Camlin Fine Chemicals Ltd for the year ended on 31<sup>st</sup> March, 2009 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

**Santosh Parab**  
Partner  
(M. No. 47942)

Place : Mumbai

Date : 1<sup>st</sup> June, 2009.

**AUDITORS' REPORT**

TO

THE MEMBERS OF CAMLIN FINE CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of CAMLIN FINE CHEMICALS LIMITED as at March 31, 2009 and also the related Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, 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 enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to the above, 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 the law have been kept by the Company so far as appears from our examination of these books.
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the Report are in agreement with the books of account.
  - (d) In our opinion, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of Balance Sheet, of the State of the Company's affairs as at 31<sup>st</sup> March, 2009;
    - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **B. K. KHARE & CO.**  
Chartered Accountants

**Santosh Parab**

Partner

Membership No. 47942

Place : Mumbai

Dated : 1<sup>st</sup> June, 2009.

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) According to the information and explanations given to us, all the assets have not been physically verified by the Management during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, during the year, the Company has not disposed of substantial part of fixed assets.
  - (ii) (a) Physical verification of inventory was conducted by the Management at reasonable intervals during the year. In respect of stocks lying with vendors the management has obtained confirmations as on the date of Balance Sheet.
  - (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
  - (iii) (a) The company had granted an unsecured loan to a subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 15 Lacs and there was no balance outstanding at end of the year.
  - (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loan given to the company listed in the register maintained under section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.
- (c) The Company had accepted an unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 100 Lacs and there was no balance outstanding at end of the year.
  - (d) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loan taken from a party listed in the register maintained under section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
  - (v) (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section;
  - (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements exceeding value of rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
  - (vi) According to the information and explanations given to us, the Company has not accepted deposits in terms of provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
  - (vii) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.



- (viii) The Central Government has prescribed maintenance of cost records under sections 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- (ix) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute.
- (x) The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has given corporate guarantee for loans taken by its subsidiary company from bank, the terms and conditions thereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company has not taken any new term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow of the Company, the funds raised on short-term basis have not been utilized for long-term investment.
- (xviii) Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) During the year, the Company has not raised any money by public issue.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B. K. KHARE & CO.**  
Chartered Accountants

**Santosh Parab**

Partner

Membership No. 47942

Place: Mumbai

Dated: 1<sup>st</sup> June, 2009.

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

	Schedules		As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		580.00	580.00
Share Warrants [Refer Note No. 22 (iv)(b)]			80.60	80.60
Reserves and Surplus	2		2,360.94	2,124.25
Employee stock options outstanding		19.41		
Less: Deferred employee compensation expenses [Refer Note No. 22 (v)]		16.82	2.59	—
			<b>3,024.13</b>	<b>2,784.85</b>
<b>Loan Funds</b>				
Secured Loans	3		2,619.62	1,983.21
Unsecured Loans	4		—	100.00
			<b>2,619.62</b>	<b>2,083.21</b>
<b>Deferred Tax Liability (Net)</b> [Refer Note No. 22 (xi)(d)]			<b>315.65</b>	<b>265.05</b>
		<b>TOTAL</b>	<b>5,959.40</b>	<b>5,133.11</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5		5,008.20	4,879.15
Less: Depreciation			1,912.99	1,525.86
Net Block			3,095.21	3,353.29
Capital Work In Progress			285.41	49.66
			<b>3,380.62</b>	<b>3,402.95</b>
<b>Investments</b>	6		<b>184.88</b>	<b>61.96</b>
<b>Current Assets, Loans and Advances</b>				
Inventories	7		2,490.03	1,304.14
Sundry Debtors	8		1,996.87	1,251.37
Cash and Bank Balances	9		152.39	64.79
Loans and Advances	10		535.81	549.19
			<b>5,175.10</b>	<b>3,169.49</b>
<b>Less: Current Liabilities &amp; Provisions</b>				
Liabilities	11		2,608.57	1,373.75
Provisions	12		172.63	127.54
			<b>2,781.20</b>	<b>1,501.29</b>
<b>Net Current Assets</b>			<b>2,393.90</b>	<b>1,668.20</b>
		<b>TOTAL</b>	<b>5,959.40</b>	<b>5,133.11</b>
Schedules 1 to 23 forming part of Accounts				

As per our report of even date annexed

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

**D. D. Dandekar**  
Chairman

**A. S. Dandekar** *Mg. Director*

**S. M. Kulkarni** *Director*

**Santosh Parab**  
Partner  
(M. No. 47942)

**D. R. Puranik**  
Chief Financial Officer

**A. E. Faizullahoy** *Director*

Mumbai  
Dated: 1<sup>st</sup> June, 2009.

**N. R. Joshi**  
Company Secretary &  
General Manager - Legal

**P. M. Sapre** *Director*

**B. A. Patel** *Director*

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

	Schedules	Year ended 31.03.2009 (Rs. in Lacs)	Year ended 31.03.2008 (Rs. in Lacs)
<b>INCOME</b>			
Net Sales	13	<b>10,050.25</b>	8,113.84
Other Operational Income	14	<b>14.23</b>	14.19
Other Income	15	<b>42.93</b>	57.92
	<b>TOTAL INCOME</b>	<b>10,107.41</b>	<b>8,185.95</b>
<b>EXPENDITURE</b>			
Consumption of Materials & Goods traded-in	16	<b>6,517.43</b>	4,857.70
(Increase)/Decrease in Stocks	17	<b>(1,206.08)</b>	(214.63)
Payment to Employees	18	<b>541.64</b>	432.99
Manufacturing & Other Expenses	19	<b>2,779.31</b>	1,815.87
Finance Cost	20	<b>553.46</b>	497.70
Depreciation		<b>401.13</b>	379.76
	<b>TOTAL EXPENDITURE</b>	<b>9,586.89</b>	<b>7,769.39</b>
<b>Net Profit/(Loss) before Tax</b>		<b>520.52</b>	416.56
Provision for taxes			
— Current Tax		<b>113.00</b>	44.63
— Less: MAT Credit Entitlement		—	(43.04)
— Wealth Tax		<b>0.09</b>	0.07
— Deferred Tax		<b>50.60</b>	125.59
— Fringe Benefits Tax		<b>18.35</b>	12.27
<b>Profit/(Loss) after Tax</b>		<b>338.48</b>	277.04
Balance brought forward from last year		<b>19.70</b>	(182.56)
		<b>358.18</b>	<b>94.48</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		<b>17.00</b>	6.92
Proposed Dividend on Equity Shares		<b>87.00</b>	58.00
Tax on Dividend		<b>14.79</b>	9.86
Balance Carried to Balance Sheet		<b>239.39</b>	19.70
		<b>358.18</b>	<b>94.48</b>
Earnings Per Share – Basic (in Rs.)		<b>5.84</b>	5.42
Diluted (in Rs.)		<b>5.84</b>	5.38
Schedules 1 to 23 forming part of Accounts			

As per our report of even date annexed

For **B. K. Khare & Co.**  
Chartered Accountants**D. D. Dandekar**  
Chairman**A. S. Dandekar**

Mg. Director

**S. M. Kulkarni**

Director

**Santosh Parab****D. R. Puranik**

Partner

Chief Financial Officer

**A. E. Faizullahoy**

Director

(M. No. 47942)

**N. R. Joshi****P. M. Sapre**

Director

Mumbai

Company Secretary &amp;

Dated: 1<sup>st</sup> June, 2009.

General Manager - Legal

**B. A. Patel**

Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

PARTICULARS	Year ended 31.03.2009 (Rs. in Lacs)	Year ended 31.03.2008 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items	520.52	416.56
<b>Adjustments for:</b>		
Depreciation	401.13	379.76
Deferred employee compensation expenses amortised	2.59	—
Foreign Exchange loss (Unrealised)	55.45	1.35
Loss on Sale of Fixed Assets	4.58	20.45
Provision for Doubtful Debts (Net)	(118.42)	33.79
Provision for leave encashment	5.61	10.10
Interest Expenses	553.46	497.70
Interest Received/Dividend Received	(10.14)	(1.71)
<b>Operating Profit before Working Capital changes</b>	<b>1,414.78</b>	<b>1,358.00</b>
<b>Adjustments for:</b>		
Trade and other Receivables	(672.35)	(400.77)
Inventories	(1,185.89)	(375.46)
Trade Payables	1,275.53	(321.15)
Other Payables	(104.30)	165.94
<b>Cash generated from Operations</b>	<b>727.77</b>	<b>426.56</b>
Direct taxes paid	(61.00)	(35.13)
<b>Net cash generated from operating activities</b>	<b>666.77</b>	<b>391.43</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(389.92)	(394.62)
Sale of Fixed Assets	6.54	10.26
(Purchase)/Sale of Investments	(122.92)	(61.71)
Interest received	10.04	0.92
Dividend received	0.10	0.79
<b>Net cash used in Investing Activities</b>	<b>(496.16)</b>	<b>(444.36)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings (Net of repayments)	536.41	1.64
Proceeds from Share Capital	—	574.60
Interest Paid	(552.58)	(499.54)
Dividend Paid	(66.84)	—
<b>Net cash generated from Financing Activities</b>	<b>(83.01)</b>	<b>76.70</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>87.60</b>	<b>23.77</b>
Cash and Cash Equivalents (Opening Balance)	64.79	41.02
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>152.39</b>	<b>64.79</b>

As per our report of even date annexed

For <b>B. K. Khare &amp; Co.</b> <i>Chartered Accountants</i>	<b>D. D. Dandekar</b> <i>Chairman</i>	<b>A. S. Dandekar</b>  <b>S. M. Kulkarni</b> <i>Director</i>	<i>Mg. Director</i>
<b>Santosh Parab</b> <i>Partner</i> (M. No. 47942)	<b>D. R. Puranik</b> <i>Chief Financial Officer</i>	<b>A. E. Faizullahoy</b> <i>Director</i>	
Mumbai	<b>N. R. Joshi</b> <i>Company Secretary &amp;</i> <i>General Manager - Legal</i>	<b>P. M. Sapre</b> <i>Director</i>	
Dated: 1 <sup>st</sup> June, 2009.		<b>B. A. Patel</b> <i>Director</i>	

### SCHEDULES TO BALANCE SHEET

	31.03.2009 (Rs. in Lacs)	31.03.2008 (Rs. in Lacs)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs. 10/- each		
(2007-2008 1,00,00,000 Equity Shares of Rs. 10/- each)	<b>1,000.00</b>	1,000.00
<b>Issued, Subscribed &amp; Paid-up</b>		
58,00,000 Equity Shares of Rs. 10/- each (Previous Year 58,00,000)	<b>580.00</b>	580.00
Out of these Shares:		
(a) 48,00,000 Equity Shares issued as fully paid up to the share holders of Camlin Limited pursuant to Scheme of Arrangement without payment being received in cash.		
(b) 9,50,000 Equity Shares issued on preferential allotment to individuals of Promoter Group.		
	<b>580.00</b>	580.00
<b>2. RESERVES AND SURPLUS</b>		
Share Premium Account [Refer Note No. 22 (iv) (b)]	<b>399.00</b>	399.00
General Reserve		
As per last Balance Sheet	<b>1,705.55</b>	1,693.27
Add: Transfer From Profit & Loss Account	<b>17.00</b>	6.92
Add: Impact of transitional provision as per Accounting Standard 15 (Net of Deferred Tax)	—	5.36
	<b>1,722.55</b>	1,705.55
Profit & Loss Account	<b>239.39</b>	19.70
	<b>2,360.94</b>	2,124.25
<b>3. SECURED LOANS</b>		
From Banks: [Refer Note No. 22 (vi)]		
(i) Term Loans	<b>1,150.63</b>	1,585.97
(ii) Cash Credits	<b>1,468.99</b>	397.24
	<b>2,619.62</b>	1,983.21
[Term Loan Repayable within one Year Rs. 512.41 Lacs (Previous Year Rs. 427.86 Lacs)]		
<b>4. UNSECURED LOANS</b>		
Inter Corporate Deposit	—	100.00
	—	100.00
[Repayable within one Year Rs. Nil (Previous Year Rs. 100 Lacs)]		



**SCHEDULES TO BALANCE SHEET**
**5. FIXED ASSETS**

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	BALANCE
	Gross	Additions	Disposals/	As at	Up to	Provided	Disposals/	As at	As at	As at
	Block	during the	Adjustments	31.3.2009	31.3.2008	During the	Adjustments	31.3.2009	31.3.2009	31.3.2008
	year				Year					
Freehold Land	34.69 *	0.92	—	<b>35.61</b>	—	—	—	—	<b>35.61</b>	34.69
Leasehold Land	1.69	—	—	<b>1.69</b>	0.64	0.02	—	0.66	<b>1.03</b>	1.05
Site Development	37.55	—	—	<b>37.55</b>	3.19	0.61	—	3.80	<b>33.75</b>	34.36
Building & Shed	683.38	61.34	0.29	<b>744.43</b>	118.04	24.02	0.08	141.98	<b>602.45</b>	565.34
Plant, Machinery & Equipment	3,873.86	70.94	3.48	<b>3,941.32</b>	1,338.99	359.04	2.97	1,695.06	<b>2,246.26</b>	2,534.87
ERP Hardware/Software Cost	24.58	—	—	<b>24.58</b>	24.58	—	—	24.58	—	—
Furniture & Fittings	148.16	—	0.41	<b>147.75</b>	23.27	9.37	0.21	32.43	<b>115.32</b>	124.89
Vehicles	75.24	20.97	20.94	<b>75.27</b>	17.15	8.07	10.74	14.48	<b>60.79</b>	58.09
Grand Total	4,879.15	154.17	25.12	<b>5,008.20</b>	1,525.86	401.13	14.00	1,912.99	<b>3,095.21</b>	3,353.29
Previous Year	3,955.48	993.28	69.61	<b>4,879.15</b>	1,185.00	379.76	38.90	1,525.86	<b>3,353.29</b>	—
Capital Work In Progress									<b>285.41</b>	49.66

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

	31.03.2009 (Rs. in Lacs)	31.03.2008 (Rs. in Lacs)
<b>6. INVESTMENTS — LONG TERM</b>		
<b>Trade (Unquoted, fully paid up)</b>		
<b>In Subsidiaries</b>		
Sangam Laboratories Ltd.	<b>96.00</b>	36.00
9,60,000 Equity Shares of Rs. 10/- each (Previous Year 3,60,000 Equity Shares)		
Chemolutions Chemicals Ltd.	<b>25.50</b>	5.00
2,55,000 Equity Shares of Rs. 10/- each (Previous Year 50,000 Equity Shares)		
Dulcette Technologies LLC, USA	<b>32.53</b>	20.71
Capital Contribution (\$76,000) (Previous Year Capital Contributions \$51,000)		
Fine Renewable Energy Ltd.	<b>5.10</b>	—
51,000 Equity Shares of Rs. 10/- each		
Fine Lifestyle Brands Ltd.	<b>25.50</b>	—
2,55,000 Equity Shares of Rs. 10/- each		
<b>Non Trade (Unquoted, fully paid up)</b>		
[Refer Note No. 22 (vii)]		
The Saraswat Co-op Bank Ltd.	<b>0.25</b>	0.25
2500 Equity Shares of Rs. 10/- each		
	<b>184.88</b>	61.96
<b>7. INVENTORIES</b>		
Raw Materials	<b>340.68</b>	357.10
Packing Materials	<b>8.94</b>	12.71
Work-in-Process	<b>1,749.10</b>	775.63
Finished Goods	<b>391.31</b>	158.70
	<b>2,490.03</b>	1,304.14

### SCHEDULES TO BALANCE SHEET

	<b>31.03.2009</b> <b>(Rs. in Lacs)</b>	31.03.2008 (Rs. in Lacs)
<b>8. SUNDRY DEBTORS (UNSECURED)</b>		
(i) Outstanding over Six months		
(a) Considered Good	<b>190.46</b>	164.64
(b) Considered doubtful	<b>8.38</b>	126.80
	<b>198.84</b>	291.44
(ii) Other Debts Considered Good [Net of Bills Discounted Rs. 1738.24 Lacs (Previous year Rs. 1407.26 Lacs)]	<b>1,806.41</b>	1,086.73
	<b>2,005.25</b>	1,378.17
Less: Provision for doubtful debts	<b>8.38</b>	126.80
	<b>1,996.87</b>	1,251.37
<b>9. CASH AND BANK BALANCES</b>		
(i) Cash on Hand	<b>3.97</b>	2.57
(ii) Current Account with Scheduled Bank	<b>40.69</b>	45.93
(iii) Fixed Deposit with Scheduled Bank	<b>107.73</b>	16.29
	<b>152.39</b>	64.79
<b>10. LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
(i) Balances with Excise Authorities	<b>54.84</b>	155.45
(ii) Advances recoverable in cash or in kind or for the value to be received	<b>326.98</b>	296.18
(iii) Loans and Advances to Subsidiaries	<b>111.23</b>	16.81
(iv) Deposits	<b>42.76</b>	37.71
(v) MAT Credit Entitlement	—	43.04
	<b>535.81</b>	549.19
<b>11. LIABILITIES</b>		
(i) Sundry Creditors		
Due to SME Undertakings [Refer Note No. 22(xii)]	—	—
Others	<b>2,351.34</b>	1,035.97
	<b>2,351.34</b>	1,035.97
(ii) Interest Accrued but not due on loans	<b>7.04</b>	6.16
(iii) Unclaimed Dividend*	<b>1.02</b>	—
(iv) Other Liabilities	<b>249.17</b>	331.62
	<b>2,608.57</b>	1,373.75
* There are no amount due and outstanding to be credited to the Investor Education and Protection Fund		
<b>12. PROVISIONS</b>		
(i) Provision for Taxes (Net)	<b>27.40</b>	21.85
(ii) Provision for Employees Benefits	<b>43.44</b>	37.83
(iii) Proposed Dividend	<b>87.00</b>	58.00
(iv) Tax on Dividend	<b>14.79</b>	9.86
	<b>172.63</b>	127.54

**SCHEDULES TO PROFIT & LOSS ACCOUNT**

	<b>Year Ended 31.03.2009 (Rs. in Lacs)</b>	Year Ended 31.03.2008 (Rs. in Lacs)
<b>13. SALES</b>		
Gross Sales	<b>10,276.30</b>	8,222.18
Less: Trade Discount	<b>0.15</b>	0.51
Less: Excise Duty	<b>225.90</b>	107.83
	<b>10,050.25</b>	8,113.84
<b>14. OTHER OPERATIONAL INCOME</b>		
Export Benefits	<b>14.23</b>	14.19
	<b>14.23</b>	14.19
<b>15. OTHER INCOME</b>		
Interest	<b>10.04</b>	0.92
[Tax Deducted at Source Rs. 1.75 Lacs (Previous year Rs. 0.18 Lac)]		
Dividend Received	<b>0.10</b>	0.79
Commission Earned	<b>2.74</b>	—
[Tax Deducted at Source Rs. 0.19 Lac (Previous year Rs. Nil)]		
Miscellaneous Receipts	<b>30.05</b>	56.21
	<b>42.93</b>	57.92
<b>16. CONSUMPTION OF MATERIALS AND GOODS</b>		
<b>TRADED-IN</b>		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	<b>357.10</b>	202.98
Add: Purchases	<b>5,987.36</b>	4,842.04
	<b>6,344.46</b>	5,045.02
Less: Closing Stock of Raw Materials	<b>340.68</b>	357.10
	<b>6,003.78</b>	4,687.92
(ii) Packing Materials	<b>92.66</b>	65.12
(iii) Purchase of Finished Goods for resale	<b>420.99</b>	104.66
	<b>6,517.43</b>	4,857.70
<b>17. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS &amp; FINISHED GOODS</b>		
(Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work in process	<b>775.63</b>	631.12
Finished Goods	<b>158.70</b>	88.58
	<b>934.33</b>	719.70
Less: Closing Stock as at year end		
Work in process	<b>1,749.10</b>	775.63
Finished Goods	<b>391.31</b>	158.70
	<b>2,140.41</b>	934.33
	<b>(1,206.08)</b>	(214.63)

### SCHEDULES TO PROFIT & LOSS ACCOUNT

		Year Ended 31.03.2009 (Rs. in Lacs)		Year Ended 31.03.2008 (Rs. in Lacs)
<b>18. PAYMENT TO EMPLOYEES</b>				
Salaries, Wages and Bonus		<b>446.11</b>		365.06
Deferred employee compensation expense amortised		<b>2.59</b>		—
Contribution to Provident & other funds		<b>52.79</b>		41.20
Staff and Labour Welfare		<b>40.15</b>		26.73
		<b>541.64</b>		432.99
<b>19. MANUFACTURING &amp; OTHER EXPENSES</b>				
Power and Fuel		<b>763.02</b>		642.68
Repairs				
— Building		<b>22.36</b>		6.40
— Machinery		<b>53.45</b>		40.07
— Others		<b>56.98</b>		55.94
Job Charges		<b>168.44</b>		1.31
Rent		<b>90.63</b>		54.74
Rates and Taxes		<b>5.80</b>		12.25
Insurance		<b>33.61</b>		39.35
Advertisement and Sales Promotion		<b>111.43</b>		48.89
Transport & Forwarding Charges		<b>190.22</b>		238.22
Commission/Discount/Service Charges on Sales		<b>112.65</b>		76.25
Travelling & Conveyance		<b>131.25</b>		135.00
Directors Meeting Fees		<b>6.68</b>		5.23
Auditor's Remuneration		<b>8.34</b>		8.25
Bad Debts Written Off	<b>226.53</b>		0.86	
Less: Provision Written Back	<b>126.80</b>	<b>99.73</b>	0.86	—
Provision for Doubtful Debts		<b>8.38</b>		34.65
Share Issue Expenses		—		3.99
Loss on Sale/Discarding of Assets		<b>4.58</b>		20.45
Loss on Foreign Exchange Fluctuations		<b>384.84</b>		—
Miscellaneous Expenses		<b>526.92</b>		392.20
		<b>2,779.31</b>		1,815.87
<b>20. FINANCE COST</b>				
On Term Loans		<b>185.74</b>		184.64
On Others		<b>367.72</b>		313.06
		<b>553.46</b>		497.70

## SCHEDULES TO ACCOUNTS

### 21. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

#### (i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards.

#### (ii) FIXED ASSETS

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

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

#### (c) 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.

#### (iii) DEPRECIATION

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

(b) Leasehold land is amortised over respective period of lease.

(c) Capitalised ERP Hardware/Software is amortised over the estimated useful economic life not exceeding five years.

#### (iv) INVESTMENTS

Long term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at cost or fair value whichever is lower.

#### (v) VALUATION OF INVENTORIES

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

#### (vi) EXCISE DUTY

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

#### (vii) 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.



**SCHEDULES TO ACCOUNTS**

- (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.

**(viii) RESEARCH AND DEVELOPMENT**

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account of the year. Capital expenditure on Research & Development is accounted as Fixed Assets.

**(ix) EMPLOYEE STOCK OPTION SCHEME**

In respect of stock options granted pursuant to the Company's Stock Option Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

**(x) RETIREMENT BENEFITS**

- (a) Short Term Employee benefits

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

- (b) Defined Contribution Plan

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

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

- (c) Defined Benefit Plan

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

- (d) Other long-term benefits

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

**(xi) REVENUE/EXPENSE RECOGNITION**

- (a) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- (b) Revenue in respect of overdue interest, insurance claim, export benefits, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.
- (c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.
- (d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

**(xii) CONTINGENT LIABILITIES**

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

## SCHEDULES TO ACCOUNTS

### (xiii) ACCOUNTING FOR TAXES ON INCOME

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

### (xiv) EARNING PER SHARE

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

### (xv) BORROWING COSTS

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

## 22. NOTES TO ACCOUNTS

- (i) Previous year's figures are recast/regrouped wherever necessary.
- (ii) Contingent Liabilities:
- In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 1738.24 Lacs. (Previous year Rs. 1407.26 Lacs)
  - In respect of bank guarantees aggregating to Rs. 285.99 Lacs issued to VAT and Customs authorities. (Previous year Rs. 307.85 Lacs)
  - In respect of corporate bank guarantee amounting to Rs. 500 Lacs issued against the borrowings of Chemolutions Chemicals Ltd., a subsidiary of company.
- (iii) Commitments:
- Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 179.50 Lacs. (Previous year Rs. 7.53 Lacs)
  - The Company has entered into an agreement on March 13, 2007 with Viachem Company LLC, USA to incorporate a joint venture company Dulcette Technologies LLC, USA for marketing of company's products in international markets. The total investment in this joint venture is expected to be to the tune of US \$ 3,00,000 with Camlin Fine Chemicals Ltd's share of 51%. Total capital contribution of the company is US \$ 76,000 equivalent to Rs. 32.53 Lacs out of which capital contribution of US \$ 25,000 equivalent to Rs. 11.82 Lacs has been made during the year.
- (iv) Preferential Allotment
- In accordance with the shareholders' approval in the Extra Ordinary General Meeting held on 6th November, 2007, the Company has, on a preferential basis, issued the Equity Shares to certain relatives of Promoters and entities belonging to 'Promoters Group', in accordance with the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
- Proceeds from the preferential issue to promoter group made in last financial year has been utilised as follows:

	Rs. in Lacs
Funds raised on Preferential Allotment of Equity Shares	574.60
Capital Expenditure	410.68
Long Term Investments & Acquisition of Company	163.92
Total Utilisation	574.60

**SCHEDULES TO ACCOUNTS**

- (b) Pursuant to the preferential issue to promoter group made in last financial year, certain relatives of Promoters and entities belonging to 'Promoter Group' held 15,50,000 warrants. Each of these warrant are entitled to one ordinary share of the company against payments in cash. As per the SEBI Guidelines, an amount equivalent to 10% of the price that is Rs. 5.20 per warrant has been received from the concerned individuals/entities on allotment of warrants. The warrants are exercisable at price of Rs. 52 each, being the price determined in accordance with the SEBI prescribed pricing formula at the time of issue of Warrants. These outstanding warrants have been considered for computation of diluted earnings per shares.
- (v) **Employee Stock Option Scheme**  
In the Annual General Meeting held on 8th August 2008 the members have approved 'Camlin Fine Chemicals Employees Stock Option Scheme, 2008'. In accordance with this scheme the company has granted 194,100 options on 9<sup>th</sup> August, 2008 (Tranche I) and 16,700 options on 13<sup>th</sup> October, 2008 (Tranche II) to the employees, where each option will entitle one fully paid up equity share of Rs. 10 each of the Company. The Company has adopted the 'Intrinsic Value Method' for valuation of the shares under this scheme. The details are summarized as below.

Sr. No.	Particular	2008-2009	
		Tranche I	Tranche II
1.	Exercise/Grant Price*	Rs. 50	Rs. 50
2.	Market Price**	Rs. 60	Rs. 45
3.	Grant Date	09-Aug-08	13-Oct-08
4.	Vesting Commences on	09-Aug-09	13-Oct-09
5.	Vesting Period	5 years	5 years
6.	Option Granted during the year (Nos.)	194,100	16,700
7.	Option outstanding at the end of year (Nos.)	194,100	16,700
8.	Options Exercised during the year	NA	NA

\* Exercise price means price payable by employee for exercising the option granted in pursuance of ESOP.

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

According to Intrinsic Value Method, the difference between intrinsic value and grant price is recognised as Deferred Employee Compensation Expense amounting to Rs. 19.41 Lacs, amortised over the vesting period of 60 months, current year amortisation Rs. 2.59 Lacs.

- (vi) **Term Loans from Banks** are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future.  
Cash Credits from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them as also mortgage/hypothecation of specified Immovable and Movable Fixed Assets of the Company ranking pari passu by way of second charge.  
Vehicle Loans are secured by hypothecation of related vehicles.  
Pending legal formalities subsequent to the Scheme of Arrangement, the Company is in process of registering the aforesaid charges with the concerned authorities.  
Loans amounting to Rs. 1120.20 Lacs are guaranteed by Managing Director.
- (vii) The Company is in process of transferring Investments in the name of the Company. These investments were transferred by Camlin Limited as per the Scheme of Arrangement.
- (viii) **Remuneration to Directors:**
- (a) To Chairman – Professional Fees Rs. 3.50 Lacs (Previous year 'Nil')

**SCHEDULES TO ACCOUNTS**

(b) To Managing Director

(Within limits specified in the Schedule XIII of the Companies Act, 1956)

(Rs. in Lacs)

Particulars	2008-09	2007-2008
Salaries	27.60	20.60
House Rent Allowance	5.52	4.12
Contributions to and provisions for Provident Fund, Family Pension Fund and Superannuation	10.30	8.51
Other perquisites	1.49	1.50
Total	44.91	34.73

As the future liability for gratuity and leave encashment is provided on the actuarial basis for the Company as a whole, the amount pertaining to the director is not ascertainable and, therefore, not included in above.

(ix) Auditor's Remuneration (Net of Service Tax) includes:

(Rs. in Lacs)

	2008-09	2007-08
Audit Fees	6.00	5.50
Tax Audit	1.00	1.00
Certification	0.19	0.84
Other Services	1.00	0.75
Out of Pocket Expenses	0.15	0.16
Total	8.34	8.25

(x) Pending finalisation of wage agreement with workers of Tarapur factory which expired on 31st March, 2007, the wages have been accounted on the basis of expired agreement.

(xi) Disclosures pursuant to the requirements of Accounting Standards:

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

Particulars	2008-09	2007-08
<b>Basic</b>		
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (Rs. Lacs)	338.48	277.04
Equity Shares for calculation of earnings per shares (Nos.)	58,00,000	5,112,877
– Basic Earnings per Share (Rs.)	5.84	5.42
<b>Diluted</b>		
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (Rs. Lacs)	338.48	277.04
Equity Shares for calculation of earnings per shares (Nos.)	58,00,000	5,153,125
– Diluted Earnings per Share (Rs.)	5.84	5.38

(b) Since, the company operates in a single business segment namely, 'Fine Chemicals', the segment-wise disclosure is not required. Further, in the opinion of the management, there is no reportable geographical segment.

(c) Foreign Currency Transactions:

Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Profit & Loss Account is Rs. 384.84 Lacs (Previous Year gain of Rs. 21.87 Lacs).

**SCHEDULES TO ACCOUNTS**

The unhedged exposure of foreign currency transactions as on 31.03.2009 is as follows:

		(In Lacs)	
		<b>31.03.09</b>	31.03.08
(a) Sundry Debtors	(USD)	<b>Nil</b>	55.11
	(EURO)	<b>4.12</b>	5.59
(b) Sundry Creditors	(USD)	<b>33.85</b>	17.29

## (d) Deferred Taxes:

Major items of Deferred Tax Assets and Deferred Tax Liabilities:

(Rs. in Lacs)			
Particulars	Opening Balance as at 01.04.2008	Net Increase/ (Decrease) During the year	Closing Balance as at 31.03.2009
<b>LIABILITIES</b>			
Depreciation	354.52	(18.93)	335.59
Retirement Benefits	8.79	(6.33)	2.46
<b>Sub Total</b>	<b>363.31</b>	<b>(25.26)</b>	<b>338.05</b>
<b>ASSETS</b>			
Unabsorbed Depreciation/Business Loss	34.83	(34.83)	0.00
Provision for doubtful debts	43.10	(40.26)	2.84
Leave Encashment	12.83	1.87	14.70
Taxes, Duties and other sums (Net)	0.84	(0.56)	0.28
Demerger Expenses	6.86	(2.29)	4.57
<b>Sub Total</b>	<b>98.26</b>	<b>(75.86)</b>	<b>22.40</b>
<b>Net Deferred Tax Asset/( Liability)</b>	<b>(265.05)</b>	<b>(50.60)</b>	<b>(315.65)</b>

## (e) Retirement Benefits:

Defined Contribution Plans

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

Defined Benefit Plans

## (i) Gratuity as per Actuarial valuation

		(Rs. in Lacs)	
No. Particulars	<b>31.03.09</b>	31.03.08	
<b>I. Expense recognised in the Statement of Profit and Loss Account</b>			
1. Current Service Cost	<b>6.94</b>	4.43	
2. Interest	<b>5.67</b>	4.70	
3. Expected Return on plan assets	<b>(6.89)</b>	(6.94)	
4. Actuarial (Gain)/Loss	<b>12.26</b>	8.16	
5. Total expense	<b>17.98</b>	10.35	
<b>II. Net Asset/(Liability) recognised in the Balance Sheet</b>			
1. Present Value of Defined Benefit Obligation at the end of the year	<b>77.31</b>	70.49	
2. Fair Value of plan assets at the end of the year	<b>81.45</b>	92.61	
3. Funded status [Surplus/(Deficit)]	<b>4.14</b>	22.12	
4. Net Asset/(Liability) at the end of the year	<b>4.14</b>	22.12	
<b>III. Change in the obligation during the year</b>			
1. Present Value of Defined Benefit Obligation at the beginning of the year	<b>70.49</b>	60.49	
2. Current Service Cost	<b>6.94</b>	4.43	



**SCHEDULES TO ACCOUNTS**

		(Rs. in Lacs)	
No.	Particulars	31.03.09	31.03.08
3.	Interest Cost	5.67	4.70
4.	Actuarial (Gain)/Loss	7.21	13.34
5.	Benefit payments	(13.00)	(12.47)
6.	Present Value of Defined Benefit Obligation at the end of the year	77.31	70.49
<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	92.61	82.25
2.	Expected return on plan assets	6.89	6.94
3.	Contributions by employer	0.00	10.70
4.	Actual benefits paid	(13.00)	(12.47)
5.	Actuarial Gain/(Loss) on Plan Assets	(5.05)	5.19
6.	Fair Value of plan assets at the end of the year	81.45	92.61
<b>V. The major categories of plan assets as a percentage of total plan</b>			
	Funded with LIC	100%	100%
<b>VI. Actuarial assumptions</b>			
1.	Discount Rate	7.5%	8%
2.	Expected rate of return on plan assets	8%	8%

- (ii) Leave Encashment: The accumulated balance of Leave Encashment (Unfunded) provided in the books as at 31st March, 2009 is Rs. 43.44 Lacs (Previous year Rs. 37.83 Lacs), determined on actuarial basis using projected unit credit method.

(f) **Related Party Disclosures**

(a) **Subsidiaries, Joint Venture & Associate Companies**

Name of the Related Party	Nature of Relationship
Chemolutions Chemicals Ltd.	Subsidiary Company
Dulcette Technologies LLC, USA	Subsidiary Company (Joint Venture with Viachem LLC with 51% stake)
Sangam Laboratories Ltd.	Subsidiary Company
Ashish Dandekar (HUF)	HUF
Camlin Ltd.	Associate Company
CAFCO Consultants Ltd.	Associate Company
Camart Agencies Ltd.	Associate Company
DDI Consultants Pvt. Ltd.	Associate Company
Excella Pencils Ltd.	Associate Company
Focussed Event Management Pvt. Ltd.	Associate Company
Nilmac Packaging Industries Ltd.	Associate Company
Triveni Pencils Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company

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

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

## SCHEDULES TO ACCOUNTS

## (c) Transactions with Related Parties

(Rs. in Lacs)				
Sr. No.	Nature of Transactions	Subsidiaries & Joint Venture	Associate Companies	Key Management Personnel & their Relatives
<b>1.</b>	<b>Purchases:</b>			
i.	Goods	11.48	3.37	Nil
ii.	Job Charges	5.82	Nil	Nil
iii.	Services	Nil	Nil	5.30
		(Nil)	(Nil)	(1.80)
<b>2.</b>	<b>Sales:</b>			
i.	Goods	47.28	Nil	Nil
ii.	Fixed Asset	5.00	Nil	Nil
		(Nil)	(Nil)	(Nil)
<b>3.</b>	<b>Investments:</b>			
	Purchases	122.92	Nil	Nil
		(61.71)	(Nil)	(Nil)
<b>4.</b>	<b>Finance:</b>			
i.	Inter Corporate Loans Given	Nil	Nil	Nil
		(15.00)	(Nil)	(Nil)
ii.	Interest Received	7.71	Nil	Nil
		(0.23)	(Nil)	(Nil)
iii.	Inter Corporate Loans Taken	Nil	Nil	Nil
		(Nil)	(350.00)	(Nil)
iv.	Interest Paid	Nil	6.75	Nil
		(Nil)	(11.65)	(Nil)
<b>5.</b>	<b>Other Transactions:</b>			
i.	Advance Given	156.74	Nil	Nil
		(1.58)	(Nil)	(Nil)
ii.	Reimbursement received from parties	49.54	4.56	Nil
		(Nil)	(3.66)	(Nil)
iii.	Reimbursement made to parties	8.13	Nil	Nil
		(Nil)	(16.37)	(Nil)
<b>6.</b>	<b>Outstanding:</b>			
i.	Payable	5.41	Nil	Nil
		(Nil)	(Nil)	(0.15)
ii.	Receivable	131.48	10.23	Nil
		(Nil)	(40.65)	(Nil)
iii.	Inter Corporate Loans Given	Nil	Nil	Nil
		(15.00)	(Nil)	(Nil)
iv.	Inter Corporate Loans Taken	Nil	Nil	Nil
		(Nil)	(100.00)	(Nil)
<b>7.</b>	<b>Managerial Remuneration:</b>	Nil	Nil	44.91
		(Nil)	(Nil)	(34.73)

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

## (d) Significant Transactions with Related Parties

(Rs. in Lacs)		
Particulars	2008-09	2007-08
<b>Subsidiary Companies</b>		
<b>(i) Investments:</b>		
Sangam Laboratories Ltd.	<b>60.00</b>	36.00
Dulcette Technologies LLC	<b>11.82</b>	20.71

**SCHEDULES TO ACCOUNTS**

			(Rs. in Lacs)	
Particulars	2008-09	2007-08		
Chemolutions Chemicals Ltd.	20.50	5.00		
Fine Lifestyle Brands Ltd.	25.50	Nil		
<b>(ii) Sales:</b>				
Chemolutions Chemicals Ltd	45.52	Nil		
<b>(iii) Finance:</b>				
<b>(a) Inter Corporate Loans Given</b>				
Sangam Laboratories Ltd.	Nil	15.00		
<b>(b) Interest Received</b>				
Sangam Laboratories Ltd.	5.21	Nil		
<b>(iv) Outstanding:</b>				
Inter Corporate Loans Given				
Sangam Laboratories Ltd.	Nil	15.00		
<b>(v) Receivables:</b>				
Sangam Laboratories Ltd.	78.19	15.00		
Chemolutions chemicals Ltd.	46.81	Nil		
<b>Associate Companies</b>				
<b>(i) Loans Taken</b>				
Ashish Dandekar (HUF)	Nil	250.00		
Vibha Agencies Pvt. Ltd.	Nil	100.00		
<b>(ii) Finance:</b>				
Interest Paid				
Ashish Dandekar (HUF)	Nil	11.26		
Vibha Agencies Pvt. Ltd.	6.75	0.39		
<b>(iii) Outstanding:</b>				
Inter Corporate Loans Taken				
Vibha Agencies Pvt. Ltd.	Nil	100.00		
<b>Key Management Personnel</b>				
<b>(i) Managerial Remuneration</b>				
Mr. A. S. Dandekar	44.91	34.73		

(xii) Based on the information available with the Company, there are no suppliers covered under the **Micro, Small and Medium Enterprises Development Act, 2006.**

**SCHEDULE 23**
**SUPPLEMENTARY INFORMATION FORMING AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT**

Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of part II of Schedule VI to the Companies Act, 1956.

Details of licensed capacity, installed capacity, production and sales of the goods manufactured.

(Rs./Units in Lacs)											
(i) Details of Goods Manufactured/Sales/Stocks											
Class of Goods	Unit of Measure	#Licenced Capacity in Tons	Installed Capacity in Tons	OPENING STOCK		PRODUCTION/ PURCHASE		SALES		CLOSING STOCK	
				(Qty.)	Value (Rs.)	(Qty.)	Value (Rs.)	(Qty.)	Value (Rs.)	(Qty.)	Value (Rs.)
(A) <b>MANUFACTURED ITEMS</b>											
Chemical & Chemical Products***	Ltrs./Kgs.	5,130	2,548	0.32	157.90	17.61	—	17.37	9,746.11	0.56	244.77
		(5,130)	(2,476)	(0.09)	(87.52)	(16.99)	—	(16.77)	(7,823.51)	(0.31)	(157.90)
(B) <b>TRADING ITEMS</b>											
Chemical & Chemical Products	Nos./Pks.	N.A	N.A	—	0.80	—	420.99	—	304.14	—	146.54
		N.A	N.A	—	(1.05)	—	(104.66)	—	290.33	—	(0.80)
				0.32	158.70	17.61	420.99	17.37	10,050.25	0.56	391.31

Figures in brackets are for the previous year.

# As certified by the Management and relied upon by the Auditors, being a technical matter.

\*\*\* Installed capacity worked out on the basis of existing product mix.

**SCHEDULES TO ACCOUNTS****SCHEDULE 23**

		(Rs./Units in Lacs)			
(ii) RAW MATERIALS CONSUMED		2008-2009		2007-2008	
	Unit of Measure	Qty.	Value* Rs.	Qty.	Value* Rs.
Hydroquinone	Kgs./Ltrs.	17.39	3,020.15	17.85	2,804.27
Other Raw Materials* (None of the items individually exceeded 10% of the total value of Raw Materials consumed)	Kgs./Ltrs.		<u>3,497.28</u>		2,053.43
			<u>6,517.43</u>		<u>4,857.70</u>
* Includes Resale of Material					
<b>(iii) Value of consumption of Raw Materials and Stores</b>					
(a) Indigenous			1,767.49		1,333.83
(b) Imported (Landed Cost) - Raw Material			4,749.94		3,523.87
			<u>6,517.43</u>		<u>4,857.70</u>
<b>(iv) Percentage of Consumption of Raw Materials &amp; Stores</b>					
(a) Indigenous			27%		27%
(b) Imported (Landed Cost) - Raw Material			73%		73%
			<u>100%</u>		<u>100%</u>
<b>(v) Value of Imports on C.I.F. Basis</b>					
(a) Raw Materials			4,483.22		3,489.13
(b) Purchases of Traded Products			420.99		41.69
			<u>4,904.21</u>		<u>3,530.82</u>
<b>(vi) Earnings in Foreign Exchange</b>					
Exports at F.O.B. Value (Including Trading)			8,222.74		7,014.99
<b>(vii) Expenditure in Foreign Currency</b>					
Professional Fees			14.63		10.89
Commission and Sales Promotion			126.01		77.72
Foreign Travel			27.87		24.00
Others			—		15.04
			<u>168.51</u>		<u>127.65</u>

As per our report of even date annexed

For **B. K. Khare & Co.**  
Chartered Accountants**D. D. Dandekar**  
Chairman**A. S. Dandekar**

Mg. Director

**S. M. Kulkarni**

Director

**Santosh Parab****D. R. Puranik****A. E. Faizullahoy**

Director

Partner

Chief Financial Officer

(M. No. 47942)

**N. R. Joshi****P. M. Sapre**

Director

Mumbai

Company Secretary &amp;

Dated: 1<sup>st</sup> June, 2009.

General Manager - Legal

**B. A. Patel**

Director

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. 

1	1	-	7	5	3	6	1
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 State Code 

1	1
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 Balance Sheet 

3	1	0	3	0	9
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 Date 

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 Date Month Year

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	Rights Issue																
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Bonus Issue	Private Placement																
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**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets																
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		5	9	5	9	4	0										
		5	9	5	9	4	0										
Sources of Funds	Reserves & Surplus																
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>6</td><td>3</td><td>5</td><td>3</td></tr></table>			2	3	6	3	5	3								
		2	3	6	3	5	3										
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		5	8	0	0	0	0										
Secured Loans	Unsecured Loans																
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		2	6	1	9	6	2										
Deferred tax Liability (Net)																	
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		3	1	5	6	5											
Application of Funds	Investments																
Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>8</td><td>4</td><td>8</td><td>8</td><td> </td></tr></table>			1	8	4	8	8									
		1	8	4	8	8											
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		3	3	8	0	6	2										
Net Current Assets	Miscellaneous Expenditure																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>9</td><td>3</td><td>9</td><td>0</td></tr></table>			2	3	9	3	9	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> N I L								
		2	3	9	3	9	0										
Accumulated Losses																	
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> N I L																	

**IV. Performance of company (Amount in Rs. Thousands)**

Turnover (Income)	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>1</td><td>0</td><td>7</td><td>4</td><td>1</td></tr></table>			1	0	1	0	7	4	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>5</td><td>8</td><td>6</td><td>8</td><td>9</td><td> </td></tr></table>			9	5	8	6	8	9	
		1	0	1	0	7	4	1											
		9	5	8	6	8	9												
+ - Profit Before Tax	+ - Profit After Tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>2</td><td>0</td><td>5</td><td>2</td><td> </td><td> </td></tr></table>			5	2	0	5	2			<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>3</td><td>8</td><td>4</td><td>8</td><td> </td><td> </td></tr></table>			3	3	8	4	8		
		5	2	0	5	2													
		3	3	8	4	8													
Earning per share in Rs.	Dividend %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>.</td><td>8</td><td>4</td><td> </td><td> </td><td> </td></tr></table>			5	.	8	4				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>%</td><td> </td><td> </td><td> </td><td> </td></tr></table>			1	5	%				
		5	.	8	4														
		1	5	%															

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>.</td><td>3</td><td>3</td></tr></table>	2	9	.	3	3
2	9	.	3	3		
Product Description	API'S					
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>.</td><td>0</td><td>9</td></tr></table>	2	9	.	0	9
2	9	.	0	9		
Product Description	Food Antioxidants					
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>.</td><td>0</td><td>9</td></tr></table>	2	9	.	0	9
2	9	.	0	9		
Product Description	Sweeteners					

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

**D. D. Dandekar**  
Chairman

**A. S. Dandekar** Mg. Director

**Santosh Parab**  
Partner  
(M. No. 47942)

**D. R. Puranik**  
Chief Financial Officer

**S. M. Kulkarni** Director

**A. E. Faizullahoy** Director

**N. R. Joshi**

Company Secretary &  
General Manager - Legal

**P. M. Sapre** Director

Mumbai  
Dated: 1<sup>st</sup> June, 2009.

**B. A. Patel** Director

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

(Rs. in Lacs)

1. Name of the Subsidiary	:	SANGAM LABORATORIES LTD.	DULCETTE TECHNOLOGIES LLC	CHEMOLUTIONS CHEMICALS LTD.
2. Financial year of the subsidiary Company ends on	:	31 <sup>ST</sup> March, 2009	31 <sup>ST</sup> December, 2008	31 <sup>ST</sup> March, 2009
3. Holding Company's interest:				
I. no. of shares held	:	960,000	N.A.	255,000
II. percentage of shareholding	:	80%	61%	68%
4. 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.	:	(24.69)	(14.98)	(22.60)
II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	:	(25.78)	(27.04)	N.A.
5. The net aggregate amount of the subsidiary's profit/(loss) dealt with in the Holding Company's a/cs.:				
I. For the financial year of the subsidiary:	:	Nil	Nil	Nil
II. For the previous financial year of the subsidiary since it became the Holding Company's Subsidiary.	:	Nil	Nil	Nil

As per our report of even date annexed

For **B. K. Khare & Co.**  
*Chartered Accountants***D. D. Dandekar**  
*Chairman***A. S. Dandekar***Mg. Director***S. M. Kulkarni***Director***Santosh Parab***Partner*

(M. No. 47942)

**D. R. Puranik***Chief Financial Officer***A. E. Faizullahoy***Director***N. R. Joshi***Company Secretary &**General Manager - Legal***P. M. Sapre***Director*

Mumbai

Dated: 1<sup>st</sup> June, 2009.**B. A. Patel***Director*



**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**

Sr. No.	Name of Subsidiary	(Rs. in Lacs)			
		SANGAM LABORATORIES LTD.	DULCETTE TECHNOLOGIES LLC	CHEMOLUTIONS CHEMICALS LTD.	FINE LIFESTYLE BRANDS LTD. **
1.	Capital	120.00	52.43	37.50	37.75
2.	Reserves	(86.40)	(49.53)	(27.66)	(6.92)
3.	Total Assets	164.76	52.43	216.45	37.75
4.	Total Liabilities	164.76	52.43	216.45	37.75
5.	Details of Investments	0.25	Nil	Nil	Nil
6.	Turnover	201.96	36.15	138.03	Nil
7.	Profit/(Loss) Before Taxation	(33.39)	(27.26)	(40.41)	(6.92)
8.	Provision For Taxation	1.92	Nil	(12.75)	Nil
9.	Profit/(Loss) After Taxation	(35.31)	(27.26)	(27.66)	(6.92)
10.	Proposed Dividend	Nil	Nil	Nil	Nil

\* Exchange Rate as on 31<sup>st</sup> March, 2009. - 1 US\$ = Rs. 50.95

\*\* The Company was incorporated on 1st September, 2008 and did not commence business operations till 31<sup>st</sup> March, 2009.

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS  
OF CAMLIN FINE CHEMICALS LIMITED

1. We have audited the attached consolidated balance sheet of Camlin Fine Chemicals Limited and its subsidiaries viz Sangam Laboratories Limited, Dulcette Technologies LLC, Chemolutions Chemicals Limited, Fine Lifestyle Brands Limited and Fine Renewable Energy Limited as at 31<sup>st</sup> March, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Camlin Fine Chemicals Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As stated in note (ii)(b) of Schedule 22 to the consolidated financial statements, the separate unaudited financial statements of following subsidiaries have been included in the consolidated financial statements.
  - (a) Dulcette Technologies LLC, whose financial statements reflect total assets of Rs. 52.43 Lacs as at 31<sup>st</sup> March, 2009 and total revenues of Rs. 36.15 Lacs and net cash outflows of Rs. 3.75 Lacs for the year ended 31<sup>st</sup> March, 2009.
  - (b) Fine Lifestyle Brands Limited did not commence business operations and whose financial statements reflect total assets of Rs. 37.75 Lacs as at 31<sup>st</sup> March, 2009 and net cash inflows of Rs. 17.01 Lacs for the period ended 31<sup>st</sup> March, 2009.

- (c) Fine Renewable Energy Limited did not commence business operations and whose financial statements reflect total assets of Rs. 6.60 Lacs as at 31<sup>st</sup> March, 2009 and net cash inflows of Rs. 6.07 Lacs for the period ended 31<sup>st</sup> March, 2009.

Therefore, our opinion insofar as it relates to the amounts included in the consolidated financial statements in respect of these subsidiaries, is based solely on the unaudited separate financial statements prepared by the subsidiaries.

4. We report that the consolidated financial statements have been prepared by Camlin Fine Chemicals Limited's management in accordance with the requirements of Accounting Standard – 21, Consolidated Financial Statements and Accounting Standard – 27, Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Camlin Fine Chemicals Limited, Sangam Laboratories Limited, Chemolutions Chemicals Limited and the unaudited separate financial statements of Dulcette Technologies LLC, Fine Lifestyle Brands Limited and Fine Renewable Energy Limited, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) in the case of the consolidated balance sheet, of the state of affairs of Camlin Fine Chemicals Limited Group as at 31<sup>st</sup> March, 2009;
  - (b) in the case of the consolidated profit and loss account, of the consolidated profit for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows for the year ended on that date.

For **B. K. Khare & Company**  
*Chartered Accountants*

**Santosh Parab**  
*Partner*

Membership No. 47942

Place: Mumbai  
Date: 1<sup>st</sup> June, 2009.

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

	Schedules	(Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		580.00	580.00
Share Warrants [Refer Note No. 22 (v)(b)]			80.60	95.05
Reserves and Surplus	2		2,250.94	2,108.12
Employee stock options outstanding		19.41		
Less: Deferred employee compensation expenses [Refer Note No. 22 (vi)]		16.82	2.59	—
			<u>2,914.13</u>	<u>2,783.17</u>
<b>Minority Interest</b>			21.78	11.87
<b>Loan Funds</b>				
Secured Loans	3		2,832.14	2,020.00
Unsecured Loans	4		5.99	105.99
			<u>2,838.13</u>	<u>2,125.99</u>
<b>Deferred Tax Liability (Net)</b> [Refer Note No. 22 (ix)(f)]			306.66	268.62
<b>TOTAL</b>			<u>6,080.70</u>	<u>5,189.65</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5		5,198.75	4,997.56
Less: Depreciation			1,982.42	1,588.80
Net Block			3,216.33	3,408.76
Capital Work in Progress			285.41	49.66
			<u>3,501.74</u>	<u>3,458.42</u>
<b>Investments</b>	6		0.50	0.50
<b>Goodwill (Net of Amortisation)</b>			—	26.60
<b>Current Assets, Loans and Advances</b>				
Inventories	7		2,935.61	1,333.00
Sundry Debtors	8		2,217.93	1,276.42
Cash and Bank Balances	9		189.10	88.36
Loans and Advances	10		489.73	554.83
			<u>5,832.37</u>	<u>3,252.61</u>
<b>Less: Current Liabilities &amp; Provisions</b>				
Liabilities	11		3,079.76	1,420.73
Provisions	12		174.15	127.75
			<u>3,253.91</u>	<u>1,548.48</u>
<b>Net Current Assets</b>			<u>2,578.46</u>	<u>1,704.13</u>
<b>TOTAL</b>			<u>6,080.70</u>	<u>5,189.65</u>

Schedules 1 to 22 forming part of Accounts

As per our report of even date annexed

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

**D. D. Dandekar**  
Chairman

**A. S. Dandekar**

Mg. Director

**S. M. Kulkarni**

Director

**Santosh Parab**  
Partner  
(M. No. 47942)

**D. R. Puranik**  
Chief Financial Officer

**A. E. Faizullahoy**

Director

**P. M. Sapre**

Director

Mumbai  
Dated : 1<sup>st</sup> June, 2009.

**N. R. Joshi**  
Company Secretary &  
General Manager – Legal

**B. A. Patel**

Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

	Schedules	Year ended 31.03.2009 (Rs. in Lacs)	Year ended 31.03.2008 (Rs. in Lacs)
<b>INCOME</b>			
Net Sales	13	<b>10,411.18</b>	8,126.38
Other Operational Income	14	<b>28.23</b>	14.19
Other Income	15	<b>23.23</b>	57.69
<b>TOTAL INCOME</b>		<b>10,462.64</b>	8,198.26
<b>EXPENDITURE</b>			
Consumption of Materials & Goods traded-in	16	<b>6,966.21</b>	4,867.03
(Increase)/Decrease in Stocks	17	<b>(1,441.91)</b>	(214.22)
Payment to Employees	18	<b>621.49</b>	433.79
Manufacturing & Other Expenses	19	<b>2,921.58</b>	1,841.94
Finance Cost	20	<b>575.53</b>	498.59
Depreciation		<b>407.62</b>	380.37
Amortisation of Goodwill		<b>26.60</b>	2.96
<b>TOTAL EXPENDITURE</b>		<b>10,077.12</b>	7,810.46
<b>Net Profit/(Loss) before Tax</b>		<b>385.52</b>	387.80
Provision for taxes			
— Current Tax		<b>113.00</b>	44.63
— Less: MAT Credit Entitlement		—	(43.04)
— Wealth Tax		<b>0.09</b>	0.07
— Deferred Tax		<b>38.03</b>	125.11
— Fringe Benefits Tax		<b>20.09</b>	12.45
<b>Profit/(Loss) after Tax</b>		<b>214.31</b>	248.58
Less: Minority Interest		<b>(30.30)</b>	(12.33)
<b>Profit/(Loss) after Minority Interest</b>		<b>244.62</b>	260.91
Balance brought forward from last year		<b>3.56</b>	(182.56)
		<b>248.18</b>	78.35
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		<b>17.00</b>	6.93
Proposed Dividend on Equity Shares		<b>87.00</b>	58.00
Tax on Dividend		<b>14.79</b>	9.86
Balance Carried to Balance Sheet		<b>129.39</b>	3.56
		<b>248.18</b>	78.35
Earnings Per Share – Basic (in Rs.)		<b>4.22</b>	5.10
Diluted (in Rs.)		<b>4.22</b>	5.06
Schedules 1 to 22 forming part of Accounts			
As per our report of even date annexed			
For <b>B. K. Khare &amp; Co.</b> Chartered Accountants	<b>D. D. Dandekar</b> Chairman	<b>A. S. Dandekar</b>	<i>Mg. Director</i>
		<b>S. M. Kulkarni</b>	<i>Director</i>
<b>Santosh Parab</b> Partner (M. No. 47942)	<b>D. R. Puranik</b> Chief Financial Officer	<b>A. E. Faizullahoy</b>	<i>Director</i>
		<b>P. M. Sapre</b>	<i>Director</i>
Mumbai Dated : 1 <sup>st</sup> June, 2009.	<b>N. R. Joshi</b> Company Secretary & General Manager – Legal	<b>B. A. Patel</b>	<i>Director</i>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

PARTICULARS	Year ended 31.03.2009 (Rs. in Lacs)	Year ended 31.03.2008 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non—recurring items	385.52	387.80
<b>Adjustments for:</b>		
Depreciation	407.62	380.37
Deferred employee compensation expenses amortised	2.59	—
Misc—Expenditure Written Off	—	0.14
Foreign Exchange loss (Unrealised)	56.42	1.35
Loss on Sale of Fixed Assets	4.58	20.45
Provision for Doubtful Debts	(118.42)	34.65
Provision for leave encashment	5.61	10.10
Interest Expenses	575.53	498.59
Interest Received/Dividend Received	(2.49)	(1.48)
Amortisation of Goodwill	26.60	2.96
<b>Operating Profit before Working Capital changes</b>	<b>1,343.56</b>	<b>1,334.93</b>
<b>Adjustments for:</b>		
Trade and other Receivables	(817.80)	(412.20)
Inventories	(1,602.61)	(381.56)
Trade Payables	1,683.68	(317.03)
Other Payables	(66.38)	190.83
<b>Cash generated from Operations</b>	<b>540.45</b>	<b>414.97</b>
Direct taxes paid	(61.31)	(35.19)
<b>Net cash generated from operating activities</b>	<b>479.14</b>	<b>379.78</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(462.06)	(401.68)
Sale of Fixed Assets	6.54	10.26
Interest received	2.34	0.69
Dividend received	0.15	0.79
<b>Net cash used in Investing Activities</b>	<b>(453.03)</b>	<b>(389.94)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings (Net of repayments)	712.14	(52.87)
Proceeds from Share Capital	(14.45)	608.95
Interest Paid	(574.65)	(500.43)
Dividend Paid	(66.84)	—
Increase in Minority Interest	18.43	—
<b>Net cash generated from Financing Activities</b>	<b>74.63</b>	<b>55.65</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>100.74</b>	<b>45.49</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>88.36</b>	<b>41.02</b>
Cash Received on Acquisition	—	1.85
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>189.10</b>	<b>88.36</b>

As per our report of even date annexed

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

**D. D. Dandekar**  
Chairman

**A. S. Dandekar** Mg. Director

**S. M. Kulkarni** Director

**Santosh Parab**  
Partner  
(M. No. 47942)

**D. R. Puranik**  
Chief Financial Officer

**A. E. Faizullahoy** Director

**P. M. Sapre** Director

Mumbai  
Dated : 1<sup>st</sup> June, 2009.

**N. R. Joshi**  
Company Secretary &  
General Manager – Legal

**B. A. Patel** Director

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs. 10/- each (2007-2008 1,00,00,000 Equity Shares of Rs. 10/- each)	<b>1,000.00</b>	1,000.00
<b>Issued, Subscribed &amp; Paid-up</b>		
58,00,000 Equity Shares of Rs. 10/- each (Previous Year 58,00,000 Equity Shares)	<b>580.00</b>	580.00
Out of these Shares:		
(a) 48,00,000 Equity Shares issued as fully paid up to the share holders of Camlin Limited pursuant to Scheme of Arrangement without payment being received in cash.		
(b) 9,50,000 Equity Shares issued on preferential allotment to individuals of Promoter Group.		
	<b>580.00</b>	580.00
<b>2. RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b> [Refer Note No. 22 (v) (b)]	<b>399.00</b>	399.00
<b>General Reserve</b>		
As per last Balance Sheet	<b>1,705.55</b>	1,693.27
Add: Transfer From Profit & Loss Account	<b>17.00</b>	6.92
Add: Impact of transitional provision as per Accounting Standard – 15 (Net of Deferred Tax)	—	5.36
	<b>1,722.55</b>	1,705.56
<b>Profit &amp; Loss Account</b>	<b>129.39</b>	3.56
	<b>2,250.94</b>	2,108.12
<b>3. SECURED LOANS</b>		
From Banks:		
(i) Term Loans	<b>1,162.32</b>	1,604.99
(ii) Cash Credits	<b>1,669.82</b>	415.01
	<b>2,832.14</b>	2,020.00
[Refer Note No. 22 (vii)]		
[Term Loan repayable within one year Rs. 520.32 Lacs (Previous Year Rs. 436.91 Lacs)]		
<b>4. UNSECURED LOANS</b>		
Inter Corporate Deposit	—	100.00
Sales Tax Defferral	<b>5.99</b>	5.99
	<b>5.99</b>	105.99



**SCHEDULES TO CONSOLIDATED BALANCE SHEET**

(Rs. in Lacs)										
<b>5. FIXED ASSETS</b>										
PARTICULARS	COST				DEPRECIATION				BALANCE	BALANCE
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2009	Up to 31.03.2008	Provided During the Year	Disposals/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
i) Intangible Assets (Internally Generated)										
Product Development [Refer Note No. 22 (viii)]	—	47.77	—	<b>47.77</b>	—	—	—	—	<b>47.77</b>	—
ii) Tangible Assets										
Freehold Land	34.69*	0.92	—	<b>35.61</b>	—	—	—	—	<b>35.61</b>	34.69
Leasehold Land	2.67	—	—	<b>2.67</b>	0.79	0.03	—	0.82	<b>1.85</b>	1.05
Site Development	37.55	—	—	<b>37.55</b>	3.19	0.61	—	3.80	<b>33.75</b>	34.36
Building & Shed	707.87	61.34	0.29	<b>768.92</b>	123.96	24.84	0.08	148.72	<b>620.20</b>	565.34
Plant, Machinery & Equipment	3,966.62	95.31	3.48	<b>4,058.45</b>	1,395.77	364.70	2.97	1,757.50	<b>2,300.95</b>	2,534.87
ERP Hardware/Software Cost	24.58	—	—	<b>24.58</b>	24.58	—	—	24.58	—	—
Furniture & Fittings	148.34	—	0.41	<b>147.93</b>	23.36	9.37	0.21	32.52	<b>115.41</b>	124.89
Vehicles	75.24	20.97	20.94	<b>75.27</b>	17.15	8.07	10.74	14.48	<b>60.79</b>	58.09
Grand Total	4,997.56	226.31	25.12	<b>5,198.75</b>	1,588.80	407.62	14.00	1,982.42	<b>3,216.33</b>	3,353.29
Previous Year	3,955.48	1,111.69	69.61	4,997.56	1,185.00	442.70	38.90	1,588.80	3,408.76	—
Capital Work In Progress									<b>285.41</b>	49.66

\* In respect of Land transferred pursuant to Scheme of Arrangement, Camlin Fine Chemicals Ltd. is in the process of transferring it in its name.

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>6. NON TRADE (UNQUOTED, FULLY PAID UP)</b>		
The Saraswat Co-op Bank Ltd.		
5,000 Equity Shares of Rs. 10/- each	<b>0.50</b>	0.50
	<b>0.50</b>	0.50
<b>7. INVENTORIES</b>		
Raw Materials	<b>522.96</b>	357.78
Packing Materials	<b>9.38</b>	13.86
Work-in-Process	<b>1,749.10</b>	800.09
Finished Goods	<b>654.17</b>	161.27
	<b>2,935.61</b>	1,333.00
<b>8. SUNDRY DEBTORS (UNSECURED)</b>		
(i) Outstanding over Six months		
(a) Considered Good	<b>190.46</b>	164.80
(b) Considered doubtful	<b>8.38</b>	126.80
	<b>198.84</b>	291.60
(ii) Other Debts Considered Good [Net of Bills Discounted Rs. 1,738.24 Lacs (Previous year Rs. 1,407.26 Lacs)]	<b>2,027.47</b>	1,111.62
	<b>2,226.31</b>	1,403.22
Less: Provision for doubtful debts	<b>8.38</b>	126.80
	<b>2,217.93</b>	1,276.42

### SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>9. CASH AND BANK BALANCES</b>		
(i) Cash on Hand	17.40	2.60
(ii) Current Account with Scheduled Bank	171.58	69.47
(iii) Fixed Deposit with Scheduled Bank	0.12	16.29
	<b>189.10</b>	<b>88.36</b>
<b>10. LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
(i) Balances with Excise Authorities	70.26	155.45
(ii) Advances recoverable in cash or in kind or for the value to be received	372.25	318.03
(iii) Deposits	47.22	38.31
(iv) MAT Credit Entitlement	—	43.04
	<b>489.73</b>	<b>554.83</b>
<b>11. LIABILITIES</b>		
(i) Sundry Creditors		
Due to SME Undertakings	—	—
Others	2,781.14	1,057.62
(ii) Interest Accrued but not due on loans	7.04	6.16
(iii) Unclaimed Dividend	1.02	—
(iv) Other Liabilities	290.56	335.77
(v) Advances Received from Customers	—	21.18
	<b>3,079.76</b>	<b>1,420.73</b>
<b>12. PROVISIONS</b>		
(i) Provision for Taxes (Net of Advance Taxes)	28.92	22.06
(ii) Provision for Employees Benefits	43.44	37.83
(iii) Proposed Dividend	87.00	58.00
(iv) Tax on Dividend	14.79	9.86
	<b>174.15</b>	<b>127.75</b>

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT**

	<b>Year ended 31.03.2009 (Rs. in Lacs)</b>	Year ended 31.03.2008 (Rs. in Lacs)
<b>13. SALES</b>		
Gross Sales	<b>10,651.45</b>	8,236.25
Less : Trade Discount	<b>0.15</b>	0.51
Less : Excise Duty	<b>240.12</b>	109.36
	<b><u>10,411.18</u></b>	<u>8,126.38</u>
<b>14. OTHER OPERATIONAL INCOME</b>		
Export Benefits	<b>28.23</b>	14.19
	<b><u>28.23</u></b>	<u>14.19</u>
<b>15. OTHER INCOME</b>		
Interest	<b>2.34</b>	0.69
Dividend Received	<b>0.15</b>	0.79
Sundry Balance Written Back	<b>0.49</b>	—
Miscellaneous Receipts	<b>20.25</b>	56.21
	<b><u>23.23</u></b>	<u>57.69</u>
<b>16. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN</b>		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	<b>357.78</b>	203.70
Add: Purchases	<b>6,616.54</b>	4,851.33
	<b>6,974.32</b>	5,055.03
Less: Closing Stock of Raw Materials	<b>522.96</b>	357.78
	<b>6,451.36</b>	4,697.25
(ii) Packing Materials	<b>93.86</b>	65.12
(iii) Purchase of Finished Goods for resale	<b>420.99</b>	104.66
	<b>6,966.21</b>	4,867.03
<b>17. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS &amp; FINISHED GOODS</b>		
(Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work in process	<b>778.20</b>	658.56
Finished Goods	<b>183.16</b>	88.58
	<b>961.36</b>	747.14
Less: Closing Stock as at year end		
Work in process	<b>1,749.10</b>	800.09
Finished Goods	<b>654.17</b>	161.27
	<b>2,403.27</b>	961.36
	<b><u>(1,441.91)</u></b>	<u>(214.22)</u>

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

		Year ended 31.03.2009 (Rs. in Lacs)			Year ended 31.03.2008 (Rs. in Lacs)
<b>18. PAYMENT TO EMPLOYEES</b>					
Salaries, Wages and Bonus		509.90			355.69
Deferred employee compensation expense amortised		2.59			—
Contribution to Provident & other funds		68.75			51.31
Staff and Labour Welfare		40.25			26.79
		621.49			433.79
<b>19. MANUFACTURING &amp; OTHER EXPENSES</b>					
Power and Fuel		777.11			643.02
Repairs					
— Building		22.46			6.40
— Machinery		58.70			40.19
— Others		59.55			52.24
Job Charges		162.62			—
Rent		93.52			54.74
Rates and Taxes		8.08			12.29
Insurance		34.67			40.51
Advertisement and Sales Promotion		124.74			54.98
Transport & Forwarding Charges		193.94			238.34
Commission/Discount/Service Charges on Sales		114.60			76.26
Travelling & Conveyance		166.25			142.05
Director Meeting Fees		7.68			5.23
Auditor's Remuneration		9.24			8.33
Bad Debts Written Off	226.53		0.96		
Less: Provision Written Back	126.80	99.73	0.86		0.10
Provision for Doubtful Debts		11.30			34.65
Share Issue Expenses		—			3.99
Loss on Sale/Discarding of Assets		4.58			20.45
Loss on Foreign Exchange Fluctuations		384.84			—
Miscellaneous Expenses		587.97			408.17
		2,921.58			1,841.94
<b>20. FINANCE COST</b>					
On Term Loans		188.12			185.29
On Others		387.41			313.30
		575.53			498.59

## 21. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

### (i) FIXED ASSETS

- (a) Fixed assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of CENVAT and VAT). All direct expenses attributable to acquisition of Fixed Assets are capitalised.
- (b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- (c) 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.

### (ii) DEPRECIATION

- (a) Depreciation on all assets of the Entities except leasehold land is provided on Straight-Line basis as applicable under the Companies Act, 1956.
- (b) Leasehold land is amortised over respective period of lease.
- (c) Capitalised ERP Hardware/Software is amortised over the estimated useful economic life not exceeding five years.

### (iii) INTANGIBLE ASSET – PRODUCT DEVELOPMENT & AMORTISATION

Expenditure incurred on development of products are recognised as intangible assets, and are recorded at cost. These assets are amortised over straight line basis over a period of three years from the date of completion of development.

### (iv) INVESTMENTS

Long term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at cost or fair value whichever is lower.

### (v) VALUATION OF INVENTORIES

(a)	Raw Material and Packing Materials.	At weighted average cost
(b)	Work in process and finished goods.	At Cost or Net Realisable Value whichever is lower. Cost includes cost of materials, labour and appropriate manufacturing overheads.

### (vi) EXCISE DUTY

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

### (vii) 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.

**(viii) RESEARCH AND DEVELOPMENT**

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account of the year. Capital expenditure on Research & Development is accounted 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. Other Research & Development cost is expected as incurred.

**(ix) RETIREMENT BENEFITS**

**a. Short Term Employee benefits**

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

**b. Defined Contribution Plan**

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

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

**c. Defined Benefit Plan**

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

**d. Other long-term benefits**

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

**(x) REVENUE/EXPENSE RECOGNITION**

- (a) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- (b) Revenue in respect of overdue interest, insurance claim, export benefits, etc. is recognised to the extent the entities are reasonably certain of its ultimate realisation.
- (c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.
- (d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

**(xi) CONTINGENT LIABILITIES**

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



**(xii) ACCOUNTING FOR TAXES ON INCOME**

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

**(xiii) EARNING PER SHARE**

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

**(xiv) BORROWING COSTS**

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

**22. NOTES TO ACCOUNTS**

- (i) Previous year's figures are recast/regrouped wherever necessary.
- (ii) Principles of consolidation:
  - a. The Consolidated Financial Statements (CFS) comprises the financial statements of Camlin Fine Chemicals Limited and its subsidiaries as at 31.03.2009, which are as under:

Name of the Entities	Country of Incorporation	% Shareholding 31.03.2009	% Shareholding 31.03.2008
Sangam Laboratories Limited	India	80%	60%
Chemolutions Chemicals Limited	India	68%	100%
Fine Lifestyle Brands Limited	India	68%	NA
Fine Renewable Energy Limited	India	77%	NA
Dulcette Technologies LLC	USA	61%	51%

During the year Camlin Fine Chemicals Ltd. has made additional investments in subsidiaries namely Sangam Laboratories Limited, Chemolutions Chemicals Limited, Dulcette Technologies LLC, resulting in change in the share holding percentage, and also promoted new entities namely Fine Lifestyle Brands Limited and Fine Renewable Energy Limited with controlling interest.

- b. The statutory accounting year of Dulcette Technologies LLC is January to December every year, which is different from that of Camlin Fine Chemicals Limited. However, for the purpose of consolidation. Dulcette Technologies LLC has prepared financial statements for the year ended 31<sup>st</sup> March, 2009, which have not been audited.

Two of the above subsidiaries namely Fine Lifestyle Brands Limited and Fine Renewable Energy Limited were incorporated on 1<sup>st</sup> September, 2008 and 28<sup>th</sup> January, 2009 respectively and did not commence business operations till 31<sup>st</sup> March, 2009. The unaudited financial statements of these two entities as on the even date are prepared by the management based on the information available with them.

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

- d. Notes on Accounts of the financial statement of the Company and all the subsidiaries are set out in their respective financial statement.
- e. Goodwill: Goodwill represents the difference between the Group's share in the net worth of a subsidiary, and the cost of acquisition at each point of time of making the investment in the subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

Acquisitions of stakes in subsidiaries during the year have not resulted into Goodwill. Opening balance in Goodwill amounting to Rs. 26.60 Lacs on acquisition of stakes in earlier financial years has been prudentially written off during the year.

- f. Minority interest in the net assets of consolidated subsidiaries consist of: –
- (i) Amount of equity attributable at the date on which investment in subsidiaries is made and
  - (ii) The minorities share of movements in equity since the date the parent subsidiary relationship comes into existence.
- (iii) Contingent Liabilities:
- a. In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 1,738.24 Lacs (Previous year Rs. 1,407.26 Lacs)
  - b. Camlin Fine Chemicals Ltd. has issued bank guarantees aggregating to Rs. 285.99 Lacs (Previous Year Rs. 306.67 Lacs) to VAT and Customs authorities, in line with the statutory requirements.
  - c. In respect of corporate bank guarantee amounting to Rs. 500 Lacs issued against the borrowings of Chemolutions Chemicals Ltd., a subsidiary of Camlin Fine Chemicals Ltd.
- (iv) Commitments:
- Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 179.50 Lacs (Previous Year Rs. 7.53 Lacs).
- (v) Preferential Allotment:
- In accordance with the shareholders' approval in the Extra Ordinary General Meeting held on 6<sup>th</sup> November, 2007, Camlin Fine Chemicals Ltd. has, on a preferential basis, issued the equity shares to certain relatives of Promoters and entities belonging to 'Promoters Group', in accordance with the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
- a. Proceeds from the preferential issue to 'promoter group' made in last financial year has been utilised as follows:–

	Rs. in Lacs
Funds raised on Preferential Allotment of Equity Shares	574.60
Capital Expenditure	410.68
Long Term Investments & Acquisition of Entities	163.92
Total Utilisation	574.60

- b. Pursuant to the preferential issue to 'promoter group' made in last financial year, certain relatives of Promoters and entities belonging to 'Promoter Group' held 15,50,000 warrants. Each of these warrant are entitled to one ordinary share of the company against payments in cash. As per the SEBI Guidelines, an amount equivalent to 10% of the price that is Rs. 5.20 per warrant has been received from the concerned individuals/entities on allotment of warrants. The warrants are exercisable at price of Rs. 52 each, being the price determined in accordance with the SEBI prescribed pricing formula at the time of issue of Warrants. These outstanding warrants have been considered for computation of diluted earnings per shares.

(vi) Employee Stock Option Scheme:

In the Annual General Meeting held on 8<sup>th</sup> August, 2008 the members of Camlin Fine Chemicals Ltd. have approved 'Camlin Fine Chemicals Employees Stock Option Scheme, 2008'. In accordance with this scheme Camlin Fine Chemicals Ltd. has granted 194,100 options on 9<sup>th</sup> August, 2008 (Tranche I) and 16,700 options on 13<sup>th</sup> October, 2008 (Tranche II) to the employees, where each option will entitle one fully paid up equity share of Rs. 10 each of the Company.

The company has adopted the 'Intrinsic Value Method' for valuation of the shares under this scheme. The details are summarized as below.

Sr. No.	Particular	2008-2009	
		Tranche I	Tranche II
1.	Exercise/Grant Price*	Rs. 50	Rs. 50
2.	Market Price**	Rs. 60	Rs. 45
3.	Grant Date	09-Aug-08	13-Oct-08
4.	Vesting Commences on	09-Aug-09	13-Oct-09
5.	Vesting Period	5 years	5 years
6.	Option Granted during the year (Nos.)	194,100	16,700
7.	Option outstanding at the end of year (Nos.)	194,100	16,700
8.	Options Exercised during the year	NA	NA

\* Exercise price means price payable by employee for exercising the option granted in pursuance of ESOP.

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

According to Intrinsic Value Method, the difference between intrinsic value and Grant price is recognised as Deferred Employee Compensation Expense amounting to Rs. 19.41 Lacs, amortised over the vesting period of 60 months, current year amortisation Rs. 2.59 Lacs.

(vii) Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Entities both present and future.

Cash Credits from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them as also mortgage/hypothecation of specified Immovable and Movable Fixed Assets of the Entities ranking pari passu by way of second charge.

Vehicle Loans are secured by hypothecation of related vehicles.

Pending legal formalities subsequent to the Scheme of Arrangement, the Entities are in process of registering the aforesaid charges with the concerned authorities.

Certain Loans amounting to Rs. 1,131.88 Lacs are guaranteed by respective Directors of the companies.

(viii) Chemolutions Chemicals Ltd. has capitalised following expenses in relation to intangible asset namely Product Development.

a. Registration Charges: Rs. 12.31 Lacs.

They are related to approval of product in the international standards which is similar to US FDA/EDQM in Europe and hence without its registration at those bodies, CCL would not be able to get the process approval and their approval is something that recognising the process satisfying the international standards and hence can be treated as Intangible assets.

## b. Other Direct Expenses:

Technical experts employed have been visiting various countries across globe for sourcing and understanding the technology and process/development of process as per the specifications, visits of overseas technical experts for validation of process and products, approval of products, etc. The total expenditure incurred during the year is as follows.

Salary to Technical Experts	Rs. 49.56 Lacs
Foreign tour - Technology sourcing visits	Rs. 17.64 Lacs
Travelling / Petrol expenses of technical experts	Rs. 3.75 Lacs
<b>Total</b>	<b>Rs. 70.95 Lacs</b>

In the opinion of the management looking at the activity undertaken, around 50% of time and efforts have been spent on development and hence Rs. 35.48 Lacs have been treated as attributable to development and accordingly capitalized.

## (ix) Disclosures pursuant to the requirements of Accounting Standards:

(a) **Foreign Currency Transactions:**

Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Profit & Loss Account is Rs. 384.40 Lacs (Previous Year gain Rs. 21.87 Lacs)

The unhedged exposure of foreign currency transactions as on 31.03.2009 is as follows:

(Rs. in Lacs)

		<b>31.03.2009</b>	31.03.2008
(a) Sundry Debtors	(USD)	<b>Nil</b>	55.11
	(EURO)	<b>6.17</b>	5.59
(b) Sundry Creditors	(USD)	<b>34.24</b>	17.29
	(EURO)	<b>4.00</b>	

(b) According to Accounting Standard – 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India, also in the opinion of the management, there are no reportable Segments.

(c) **Related Party Disclosures**(A) **Associate Entities**

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
Ashish Dandekar (HUF)	Associate HUF
Camlin Ltd.	Associate Company
CAFCO Consultants Ltd.	Associate Company
Camart Agencies Ltd.	Associate Company
Excella Pencils Ltd.	Associate Company
DDI Consultants Pvt. Ltd.	Associate Company
Focussed Event Management Pvt. Ltd.	Associate Company
Nilmac Packaging Industries Ltd.	Associate Company
Triveni Pencils Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company
Shrividhya Enterprises	Associate Company

**(B) Key Management Personnel & their relatives**

Name of the Person	Nature of Relationship
Mr. A. S. Dandekar	Managing Director, Camlin Fine Chemicals Ltd.
Mr. S. D. Dandekar	Management Consultant
Vivek A. Dandekar	Promoter Group, Camlin Fine Chemicals Ltd.
Abha A. Dandekar	Promoter Group, Camlin Fine Chemicals Ltd.
Mr. S. M. Parchure	Executive Director, Sangam Laboratories Ltd.
Mr. V. S. Sawant	Executive Director, Sangam Laboratories Ltd.
Mr. Christopher Bluemel	Director & CEO, Chemolutions Chemicals Ltd.

**(C) Transactions with Related Parties**

(Rs. in Lacs)

Sr. No.	Nature of Transactions	Associate Entities	Key Management Personnel & their Relatives
1.	<b>Purchases:</b>		
	i Services	<b>Nil</b> (Nil)	<b>5.30</b> (1.80)
	ii Goods	<b>28.95</b> (20.49)	<b>Nil</b> (Nil)
2.	<b>Sales:</b>		
	Goods	<b>0.16</b> (0.17)	<b>Nil</b> (Nil)
3.	<b>Investments:</b>		
	Purchases	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)
4.	<b>Finance:</b>		
	i Inter Corporate Loans Taken	<b>Nil</b> (350.00)	<b>Nil</b> (Nil)
	ii Interest Paid	<b>6.75</b> (11.65)	<b>Nil</b> (Nil)
5.	<b>Other Transactions:</b>		
	i Reimbursement received from parties	<b>4.56</b> (3.66)	<b>Nil</b> (Nil)
	ii Reimbursement made to parties	<b>Nil</b> (16.37)	<b>Nil</b> (Nil)
6.	<b>Outstanding:</b>		
	i Payable	<b>1.32</b> (2.84)	<b>Nil</b> (0.15)
	ii Receivable	<b>10.23</b> (40.65)	<b>Nil</b> (Nil)
	iii Inter Corporate Loans Taken	<b>Nil</b> (100.00)	<b>Nil</b> Nil
7.	<b>Equity Contribution:</b>	<b>Nil</b> (Nil)	<b>Nil</b> (508.88)
8.	<b>Managerial Remuneration:</b>	<b>Nil</b> (Nil)	<b>90.51</b> (36.33)

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

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

(Rs. in Lacs)

	<b>Particulars</b>	<b>2008-2009</b>	2007-2008
	<b>Associate Entities:</b>		
(i)	Loans Taken		
	Ashish Dandekar (HUF)	<b>Nil</b>	250.00
	Vibha Agencies Private Ltd.	<b>Nil</b>	100.00
(ii)	<b>Finance:</b>		
	Interest Paid		
	Ashish Dandekar (HUF)	<b>Nil</b>	11.26
	Vibha Agencies Private Ltd.	<b>6.75</b>	Nil
(iii)	<b>Outstanding:</b>		
	Loans Taken		
	Ashish Dandekar (HUF)	<b>Nil</b>	100.00
(iv)	<b>Receivables:</b>		
	Camlin Ltd.	<b>9.55</b>	13.21
	<b>Key Management Personnel &amp; their relatives:</b>		
(v)	Equity Contribution		
	Vivek A. Dandekar, Camlin Fine Chemicals Limited	<b>Nil</b>	247.00
	Abha A. Dandekar, Camlin Fine Chemicals Limited	<b>Nil</b>	247.00
	Mr. S. M. Parchure, Sangam Laboratories Limited	<b>Nil</b>	7.44
	Mr. V. S. Sawant, Sangam Laboratories Limited	<b>Nil</b>	7.44
	Mr. Christopher Bluemel	<b>Nil</b>	NA
(vi)	Managerial Remuneration		
	Mr. A. S. Dandekar	<b>44.91</b>	34.73
	Mr. S. M. Parchure	<b>4.80</b>	0.80
	Mr. V. S. Sawant	<b>4.80</b>	0.80
	Mr. Christopher Bluemel*	<b>36.00</b>	NA

\* Chemolutions Chemicals Ltd. has applied to the Central Government under Sec. 269 of the Companies Act, 1956 for approval of appointment of the Director & CEO, he being a foreign national. The approval is still awaited.

**(e) Earnings Per Share (Basic and Diluted):**

(Rs. in Lacs)

	<b>Particulars</b>	<b>2008-2009</b>	2007-2008
	<b>Basic</b>		
	Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (Rs. Lacs)	<b>244.62</b>	260.91
	Weighted Average number of Equity Shares for calculation of earnings per shares (Nos.)	<b>58,00,000</b>	51,12,877
	Basic Earnings per Share – Basic and Diluted (Rs.)	<b>4.22</b>	5.10
	<b>Diluted</b>		
	Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (Rs. '000)	<b>244.62</b>	260.91
	Weighted Average number of Equity Shares for calculation of earnings per shares (Nos.)	<b>58,00,000</b>	51,53,125
	– Diluted Earnings per Share (Rs.)	<b>4.22</b>	5.06



**(f) Deferred Taxes:**

Major items of Deferred Tax Assets and Deferred Tax Liabilities:

(Rs. in Lacs)		
Particulars	Closing Balance 31.03.2009	Closing Balance 31.03.2008
<b>LIABILITIES</b>		
Depreciation	356.28	358.09
Gratuity Contribution	2.46	8.79
Total – A	358.74	366.88
<b>ASSETS</b>		
Unabsorbed Depreciation/Business Loss	29.68	34.64
Provision for doubtful debts	2.84	43.10
Leave Encashment	14.70	12.82
Taxes, Duties and other sum (Net)	0.28	0.84
Demerger Expenses	4.57	6.86
Total – B	52.07	98.26
Net Deferred Tax Asset/(Liability)	(306.67)	(268.62)

- (x) Figures pertaining to the subsidiary entities have been reclassified wherever necessary to bring them in line with the Company's financial statements.

As per our report of even date annexed

For <b>B. K. Khare &amp; Co.</b> <i>Chartered Accountants</i>	<b>D. D. Dandekar</b> <i>Chairman</i>	<b>A. S. Dandekar</b>  <b>S. M. Kulkarni</b>	<i>Mg. Director</i>  <i>Director</i>
<b>Santosh Parab</b> <i>Partner</i> (M. No. 47942)	<b>D. R. Puranik</b> <i>Chief Financial Officer</i>	<b>A. E. Faizullahoy</b>  <b>P. M. Sapre</b>	<i>Director</i>  <i>Director</i>
Mumbai Dated : 1 <sup>st</sup> June, 2009.	<b>N. R. Joshi</b> <i>Company Secretary &amp; General Manager – Legal</i>	<b>B. A. Patel</b>	<i>Director</i>

# CAMLIN FINE CHEMICALS LIMITED

Registered Office: ICC Chambers, 3<sup>rd</sup> Floor, Saki Vihar Road, Powai, Mumbai-400 072

## PROXY FORM Annual General Meeting 2008-2009

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID \_\_\_\_\_ No of Shares \_\_\_\_\_  
I/We, \_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ being a member/members of the above named Company hereby appoint  
Mr./Ms./Kum. \_\_\_\_\_ in the district of  
\_\_\_\_\_ as my/our Proxy to attend and vote for me/us on my/our behalf at the 16<sup>th</sup> Annual General  
Meeting of the Company to be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate,  
Mumbai 400 020 on Friday, the 21<sup>st</sup> August, 2009 at 3.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

Address \_\_\_\_\_

Affix  
Re. 1  
Revenue  
Stamp

Member's Signature \_\_\_\_\_

Note: The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting. A proxy need not be a member.

# CAMLIN FINE CHEMICALS LIMITED

Registered Office: ICC Chambers, 3<sup>rd</sup> Floor, Saki Vihar Road, Powai, Mumbai-400 072

## ATTENDANCE SLIP Annual General Meeting 2008-2009 To be handed over at the entrance of Meeting Hall

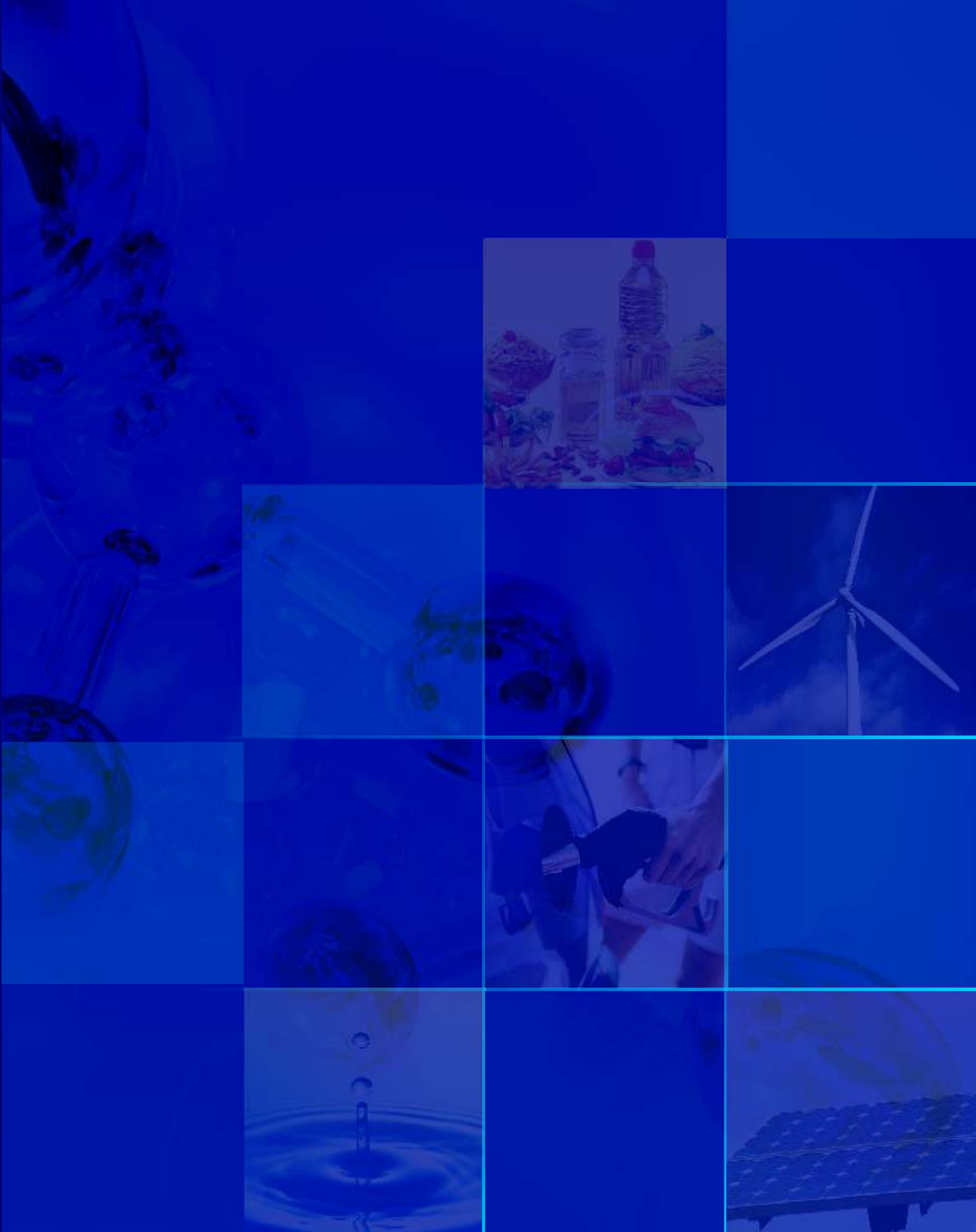
I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Friday, the 21<sup>st</sup> August, 2009 at 3.30 p.m.

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 \_\_\_\_\_





## **Camlin** Fine Chemicals Ltd.

ICC Chambers, 3rd Floor, Opp. Santogen Silk Mills, Saki Vihar Road, Powai, Mumbai - 400 072, India

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