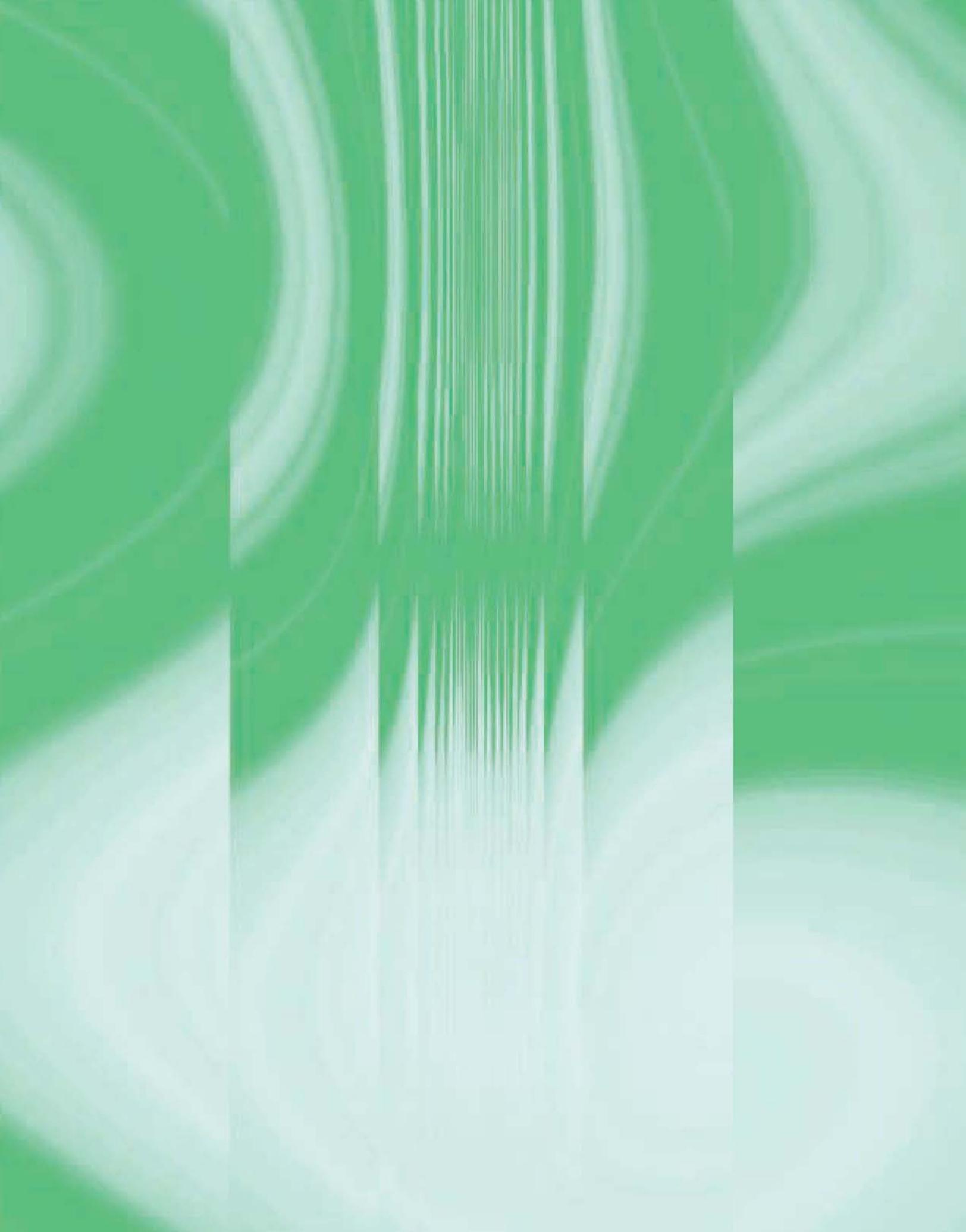




**Camlin** Fine Chemicals Ltd.

1 7 <sup>T H</sup> A N N U A L R E P O R T 2 0 0 9 - 2 0 1 0





**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>	—	Director
<b>Mr. Dattatraya R. Puranik</b>	—	Chief Financial Officer
<b>Mr. Narayan R. Joshi</b>	—	Company Secretary & General Manager - Legal

**REGISTERED OFFICE**

Plot No. F/11 & F/12, WICEL,  
Opp. SEEPZ Main Gate, Central Road,  
Andheri (East), Mumbai 400 093.  
Tel. No.91-22-67001000/40201000  
Fax: 91-22-28324404  
Website: www.camlinfinechem.com

**WORKS**

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

**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 17<sup>th</sup> Annual General Meeting of the Members of Camlin Fine Chemicals Limited, will be held on Thursday 1<sup>st</sup> July, 2010, 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, 2010 and the Balance Sheet as at that date together with the Directors Report and Auditors Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Sharad M. Kulkarni, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Abeezer E. Faizullahbhoj, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint B. K. Khare & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) and the Articles of Association of the Company and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the re-appointment of Mr. Ashish S. Dandekar as the Managing Director of the Company, for a period of 3(Three) years with effect from 01<sup>st</sup> September, 2010, on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. Ashish S. Dandekar and which

has been placed before the meeting and initialed by the Chairman for the purpose of identification, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in the Companies Act, 1956, including any statutory modifications or re-enactments thereof for the time being in force or as may be approved by the Central Government in that behalf from time to time, including any amendments thereto as may be agreed to between the Board and Mr. Ashish S. Dandekar.

**RESOLVED FURTHER THAT** and subject to the approval of the Central Government, the remuneration including benefits, amenities and perquisites as set out in the draft agreement and the Explanatory Statement be paid and allowed to Mr. Ashish S. Dandekar, Managing Director, as the minimum remuneration for the financial year in case of absence or inadequacy of profits for any financial year during the term of such appointment.

**RESOLVED FURTHER THAT** any one of the Directors or the Company Secretary be and is hereby severally authorised to make such applications, sign such documents and take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution”.

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

**“RESOLVED THAT** in supersession of the Special Resolution passed by the Members at the 16<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> August, 2009 and subject to approval of the Central Government, and pursuant to Section 314 (1B) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) consent of the Company be and is hereby accorded to the increase in the remuneration payable to Mrs. Leena A. Dandekar, a relative of the Managing Director, who is holding office or place of profit as ‘General Manager – Systems’, on a basic salary of Rs. 50,000/- per month plus allowances, benefits, perquisites (collectively called remuneration) as set out in the Explanatory Statement with effect from 1<sup>st</sup> July, 2010.

**RESOLVED FURTHER THAT** subject to the approval of the Central Government, the Company also accords its consent under the said Section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) to the payment of increased remuneration in the form of additional increments, and/or allowances/perquisites/benefits subject to an overall ceiling of Rs. 50,000/- per month, which may be payable to other employees in her grade from time to time on account of pay revision and to promote her to higher grade(s) in accordance with the general policy of the Company.

**RESOLVED FURTHER THAT** any one of the Directors or the Company Secretary be and is severally authorised to accept any modifications/directions given by the Central Government while approving the increase in remuneration of Mrs. Leena A. Dandekar and to take all such appropriate steps as may be necessary for giving effect to this resolution for obtaining the approval from the Central Government."

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

**"RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293(1) (d) and other applicable provisions if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time, as they may deem fit, any sum or sums of monies which together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its Free Reserves, that is to say, reserve not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 200.00 Crores together with interest at an agreed rate, additional interest, liquidated damages, commitment charges, costs, charges, expenses and all other monies payable by the Company to Banks/Financial/Institutions etc. (here in after called the 'Lenders') in terms of the Agreements to be entered into by the Company in respect of the said term loans/borrowings."

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

**"RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all immovable and moveable properties of the Company or any part thereof in such form and manner as may be stipulated by the Banks/Financial Institutions etc. (hereinafter called the 'Lenders') in consultation with the Company, wheresoever situate present and future and the whole of the undertaking of the Company, and/or conferring power to enter upon and to take possession of the assets of the Company in certain events to or in favour of them, for securing term loans/borrowings upto Rs. 200.00 Crores, which the Lenders may sanction to the Company from time to time, together with interest at an agreed rate, additional interest, liquidated damages, commitment charges, costs, charges, expenses and all other monies payable by the Company to the Lenders in terms of the Agreements to be entered into by the Company in respect of the said term loans/borrowings.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorised to finalise with the Lenders, the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things, as may be necessary from time to time, for giving effect to this Resolution."

By Order of the Board

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

**Registered Office:**

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

Place : Mumbai,  
Dated: 5<sup>th</sup> May, 2010

**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 9 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> June, 2010 to 1<sup>st</sup> July, 2010 (both days inclusive).
4. The Dividend, if approved, will be paid on or before 30<sup>th</sup> July, 2010 to those eligible shareholders whose names stand in the Register of Members as on 1<sup>st</sup> July, 2010.
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 for financial year ended 31<sup>st</sup> March, 2008 and thereafter may immediately approach the R & T Agent and submit their claim for the said dividend.

By Order of the Board

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

**Registered Office:**

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

Place : Mumbai,  
Dated: 5<sup>th</sup> May, 2010

**ANNEXURE FORMING PART OF THE NOTICE**

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

**SPECIAL BUSINESS:****Item No. 6**

At the 14<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> July, 2007, the Members of the Company had approved the re-appointment and terms of remuneration of Mr. Ashish S. Dandekar as Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> September, 2007.

Mr. Ashish S. Dandekar is responsible for the day to day operations of the Company under the overall superintendence, direction and control of the Board. Since the salary structure of the managerial personnel has undergone a major change in the chemical industry, it is also proposed that his remuneration may also be revised which would be comparable with the remuneration being paid by other chemical Companies in the similar position. Considering the valuable contribution by Mr. Ashish S. Dandekar to the Company, in various key aspects, the Remuneration Committee recommended his name to the Board for his reappointment as the Managing Director and to revise his remuneration package suitably for a period of three years w.e.f. 1<sup>st</sup> September, 2010.

Keeping the above in mind, the Board of Directors at its meeting held on 5<sup>th</sup> May, 2010 reappointed Mr. Ashish S. Dandekar as the Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> September, 2010 on a revised remuneration which is subject to the approval of the members and the Central Government.

The proposed remuneration structure, recommended by the Remuneration Committee and approved by the Board of Directors at their meeting held on 5<sup>th</sup> May, 2010 for re-appointment of Mr. Ashish S. Dandekar is given below:-

**Salary:**

Rs. 3,10,000/- (Rupees Three Lacs Ten Thousand) per month.

Annual increment not exceeding 20% of the salary effective from 1<sup>st</sup> September, 2011.

**House Rent Allowance:**

House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.

**Perquisites and Other Allowances:**

In addition to salary, house rent allowance and commission payable, the Managing Director shall also

be entitled to perquisites and other allowances such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, meal vouchers for himself and his family, club fees, provision of car with driver, telephone/mobile/communication facilities and benefit of personal accident insurance scheme and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors/ Remuneration Committee and the Managing Director, such perquisites and other allowances will however be subject to a ceiling not exceeding 50% of the annual salary of the Managing Director.

Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

**Commission:**

The Managing Director may also be paid remuneration by way of commission (in addition to salary, house rent allowance, perquisites, other allowances) calculated with reference to the Net Profits of the Company for a particular financial year, subject to the overall ceilings laid down under the provisions of Sections 198 and 309 of the Companies Act, 1956.

**Provident, Superannuation and Gratuity Fund:**

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

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

**Minimum Remuneration:**

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

**Memorandum of Concern or Interest:**

None of the Directors of the Company other than Mr. Ashish S. Dandekar is in any way concerned or interested in the above appointment.

Mr. Ashish S. Dandekar shall not be entitled for sitting fees for attending Board/Committee Meetings.

Mr. Ashish S. Dandekar shall not be liable to retire by rotation as a Managing Director, subject to provisions of Section 256 of the Companies Act, 1956.

The Draft Agreement between the Company and the Managing Director setting out the terms and conditions of his appointment is available for inspection of the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m on any working day of the Company.

**General:**

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

**Term of Office:**

He shall hold office as the Managing Director of the Company for a period of three years from 1<sup>st</sup> September, 2010 to 31<sup>st</sup> August, 2013.

**Provision of Car:**

Provision of fully maintained car with reimbursement of Driver's salary for use on Company's business will not be considered as perquisite. The use of car for private purpose shall be billed by the Company to the Managing Director.

**Free Use of Telephone and Communication expenses at the Residence:**

Provision of telephone/mobile/communication expenses at the residence of the Managing Director at Company's cost will not be considered as perquisite. Personal long distance calls shall be billed by the Company to the Managing Director.

**Other Terms and Conditions:**

Other terms and conditions shall be as per the Draft Agreement between the Managing Director with the Company.

Directors recommend Special Resolution for your approval.

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

**(I) General Information:**

**(a) Nature of Industry:**

The Company is a Manufacturer of API's, Food Antioxidants and Sweeteners.

**(b) Date of Commencement of Commercial Production:**

Camlin's Fine Chemicals Division since demerged into the Company pursuant to the Scheme of Arrangement was in operation since 1984.

**(c) Financial Performance based on given indicators as per Audited Financial Results for the year ended 31<sup>st</sup> March, 2010.**

Particulars	(Rs. In Lacs)
Net Sales & Other Income	12633.95
Profit before Interest and Depreciation	1704.87
Interest	603.78
Depreciation	442.59
Profit before Tax	658.50
Profit after Tax	428.68
Share Capital	581.45
Net Worth	3330.80
Book Value per Share (Rs.)	57.28

**(d) Export Performance and Foreign Exchange earned for the Financial Year ended 31<sup>st</sup> March, 2010:**

During the year 2009-10, the Company's exports amounted to Rs. 9686.52 Lacs.

**(e) Foreign Investments or Collaborations, if any**

During the year 2009-10 there were no Foreign Investments/Collaborations undertaken by the Company.

**(II) Information about Managing Director:**

**(a) Background Detail:**

Mr. Ashish S. Dandekar aged 46 years has done his B. A. in Economics and Management Studies from Temple University, USA. He has wide experience of 23 years in the field of Pharmaceuticals and Fine Chemicals Products including Business Planning, Information Systems, Research & Development, Product Development and Marketing.

**(b) Past Remuneration (2009-10):**

Sr. No.	Name of the Managing Director	(Rs. In Lacs)
1	Mr. Ashish S. Dandekar	44.12

**(c) Job Profile and Suitability:**

Mr. Ashish S. Dandekar was appointed as a Managing Director of the Company for a period of three years from 1<sup>st</sup> September, 2007 to 31<sup>st</sup> August, 2010.

Taking into consideration his qualification and experience in relevant field, the Managing Director is best suited for the responsibilities currently assigned to him by the Board of Directors.

**(d) Remuneration Proposed:**

Salary (Per Month)	Rs. 3,10,000/-
Annual Increment	Not exceeding 20% w.e.f. 1 <sup>st</sup> September, 2011.
House Rent Allowance (HRA)	HRA limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.
Perquisites and Allowances	50% of Annual Salary.
Commission	Remuneration by way of commission in addition to salary, house rent allowance, perquisites and allowances calculated with reference to 5% of Net Profit of the Company, subject to overall ceiling laid down under the provisions of Section 198 and 309 of the Companies Act, 1956 or such amount as the Remuneration Committee/ Board of Directors may determine within the aforesaid ceilings.

**(e) Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person:**

Taking into consideration, the size of the Company, the profile of the Managing Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level Directors in other Companies.

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

Besides the remuneration proposed and the remuneration payable to his wife Mrs. Leena A. Dandekar, the Managing Director does not have any other pecuniary relationship with the Company and its managerial personnel.

**(III) Other Information:****(a) Reasons for loss or inadequate profits:**

The Company has inadequate profits of Rs. 658.50 Lacs before tax. This was mainly due

to steep increase in the crude oil prices globally, resulting into an increase in raw material consumption and volatility in foreign exchange and a recessionary environment dominating the economic scenario during the year ended 31<sup>st</sup> March, 2010.

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

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

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

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

**(IV) Disclosures:**

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

Directors recommend Special Resolution for your approval.

**Item No. 7**

Section 314 (1B) of the Companies Act, 1956, inter alia provides that no relative of a Director, shall hold office, or continue to hold office or place of profit in the Company, which carries total monthly remuneration of not less than Rs. 50,000/- except with prior consent of the members by a Special Resolution and approval of the Central Government.

At the 16<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> August, 2009, members had approved the appointment of Mrs. Leena A. Dandekar, wife of Mr. Ashish S. Dandekar, Managing Director, for holding office or continuing to hold office or place of profit with effect from 1<sup>st</sup> July, 2009 on a consolidated salary of Rs. 45,000/- per month.

Taking into consideration her long and varied experience in the field of Administration including ERP implementation and Management and Business Planning and Information Systems and also keeping in view the prevailing salaries for similar positions in the industry, the Board of Directors at its meeting held on 5<sup>th</sup> May, 2010 proposed to revise the remuneration payable to her commensurately.

Apart from receiving a basic salary of Rs. 50,000/- per month with an annual increment subject to a ceiling of Rs. 50,000/- per month (including perquisites and allowances), she shall also be entitled to the following benefits and perquisites:-

- (a) House Rent Allowance of Rs. 25,000/- per month.
- (b) House Maintenance Allowance of Rs. 25,000/- per month.
- (c) Educational Allowance of Rs. 200/- per month.
- (d) Conveyance Allowance of Rs. 900/- per month.
- (e) Meal Vouchers applicable to her grade, which is presently at Rs. 2000/- per month.
- (f) Telephone Re-imbursment of Rs.1000/- per month.
- (g) Leave Travel Concession for self and family, once a year, to and from any place in India, subject to a ceiling of Rs. 30,000/- per annum.
- (h) Reimbursement of full Hospital and Medical expenses for self and family, subject to a ceiling of one month's basic salary.
- (i) Company's contribution to Provident Fund, subject to 12% of basic salary or at any other rate as may be notified by the concerned authorities from time to time.
- (j) Gratuity payable in accordance with an approved fund and which does not exceed fifteen days salary for each completed year of service.
- (k) Rules of the Company in force from time to time, as to leave holidays and payment of ex-gratia, incentive if any shall also be applicable to her.
- (l) Free use of Motor Car shall be provided by the Company for the purpose of Company's business and the Company shall meet the expenses of running, maintenance and other expenses of every kind whatsoever incurred in respect thereof. Use of car for personal purpose shall be billed by the Company to her.

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

Directors recommend Special Resolution for your approval.

#### **Item No. 8**

At present the Company can borrow in aggregate of its paid up capital and free reserves subject to a limit of Rs. 150.00 Crores (Rupees One Hundred and Fifty Crores only). To provide resources to meet additional fund requirements towards various expansion projects and enhanced limits of Working Capital of the Company, it would be required to borrow further funds. As such the borrowing may exceed the borrowing limits stated above. Hence it is proposed to raise the existing borrowing limits to Rs. 200.00 Crores (Rupees Two Hundred Crores only) for which the approval of the members is required under Section 293 (1) (d) of the Companies Act, 1956.

None of the Directors are concerned or interested in the above resolution.

Directors recommend Ordinary Resolution for your approval.

#### **Item No. 9**

At present the Company is authorised to mortgage its immovable property as a security up to a limit of Rs. 150.00 Crores (Rupees One Hundred and Fifty Crores only) towards Capital Expenditure and Working Capital. The Company may be required to create further security on its immovable property beyond Rs. 150.00 Crores as and when the Company borrows further funds. Hence it is proposed to raise the existing limit to Rs. 200.00 Crores (Rupees Two Hundred Crores only) for which the approval of the members is required under Section 293 (1) (a) of the Companies Act, 1956.

None of the Directors are concerned or interested in the above resolution.

Directors recommend Ordinary Resolution for your approval.

By Order of the Board

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

#### **Registered Office:**

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

Place : Mumbai,  
Dated: 5<sup>th</sup> May, 2010

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the 17<sup>th</sup> Annual Report and the Audited Statements of Account for the financial year ended 31<sup>st</sup> March, 2010.

### HIGHLIGHTS OF 2009-10:

Net Sales of the Company were Rs. 12345.41 Lacs as compared to Rs. 10050.25 Lacs in the previous year.

Profit before tax was Rs. 658.50 Lacs as compared to Rs. 520.52 Lacs in the previous year.

Profit after tax was Rs. 428.68 Lacs as compared to Rs. 338.48 Lacs in the previous year.

Directors have recommended a dividend of Rs. 2.00 per Share of Rs. 10/- each (i.e. 20.00%) as compared to Rs. 1.50 per Share of Rs. 10/- each (i.e. 15.00%).

### FINANCIAL RESULTS:

	(Rs. In Lacs)	
	2009-2010	2008-2009
Net Sales & Other Income	<b>12633.95</b>	10107.41
Profit before Interest & Depreciation	<b>1704.87</b>	1475.11
Interest	<b>603.78</b>	553.46
Depreciation	<b>442.59</b>	401.13
Profit before Tax	<b>658.50</b>	520.52
Less: Provision for Tax	<b>229.82</b>	182.04
Profit after Tax	<b>428.68</b>	338.48
Balance brought forward from last year	<b>239.39</b>	19.70
Profit available for Appropriation	<b>668.07</b>	358.18
Appropriations:		
Proposed Dividend	<b>116.29</b>	87.00
Corporate Dividend Tax	<b>19.76</b>	14.79
Transferred to General Reserve	<b>33.00</b>	17.00
Balance Carried forward	<b>499.02</b>	239.39
	<b>668.07</b>	358.18

### OPERATIONAL PERFORMANCE:

During the year under review, total income of the Company rose to Rs. 12633.94 Lacs from Rs. 10107.41 Lacs maintaining a growth rate of 25%.

Despite a volatile foreign exchange situation and a recessionary environment dominating the economic scenario during the year ended 31<sup>st</sup> March, 2010, your Company maintained its profitability. This was mainly due to tighter control over costs, installation of new assets & capacity expansion, improvement in productivity and other operational parameters. The net profit after tax improved

from Rs. 338.48 Lacs to Rs. 428.68 Lacs registering a growth rate of around 27.00% over the previous year.

The Company's main products viz. TBHQ and BHA achieved a combined sale of 2276 MT thereby globally making the Company the largest manufacturer and exporter.

Barring any unforeseen situation, your Directors expect the growth in operations and profitability to continue in the current year as well.

### DIVIDEND:

Your Directors are pleased to recommend payment of a dividend at the rate of Rs. 2.00 per equity share (i.e. 20.00%) on 58,14,480 Equity Shares of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2010. If approved by the shareholders at the ensuing Annual General Meeting, the dividend will absorb Rs. 136.05 Lacs inclusive of Dividend Distribution Tax of Rs. 19.76 Lacs.

Shares that may be allotted on exercise of options granted under the Employee Stock Option Scheme before the book closure will rank pari passu with the existing shares and be entitled to receive the dividend.

### EMPLOYEE STOCK OPTION SCHEME:

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

During the year under review, the Company allotted 14,480 Equity Shares of Rs. 10/- each upon exercise of stock options by the eligible Employees/Directors under the Employee Stock Option Scheme.

The applicable disclosure as stipulated under SEBI Guidelines as at 31<sup>st</sup> March, 2010 is given in Annexure 'A' to this report.

### SUBSIDIARIES:

The Company at present has the following subsidiaries;

- Chemolutions Chemicals Limited.  
A 68% owned subsidiary of the Company posted a total income of Rs. 1657.92 Lacs for the financial year ended 31<sup>st</sup> March, 2010.
- Sangam Laboratories Limited.  
A 91% owned subsidiary of the Company posted a total income of Rs. 120.10 Lacs for the financial year ended 31<sup>st</sup> March, 2010.
- Fine Lifestyle Brands Limited.  
A 51% owned subsidiary of the Company posted a total income of Rs. 5.40 Lacs in its first year of operations for the financial year ended 31<sup>st</sup> March, 2010.

- (d) Fine Renewable Energy Limited.  
A 77% owned subsidiary of the Company posted a total income of Rs. 51.28 Lacs in its first year of operations for the financial year ended 31<sup>st</sup> March, 2010.
- (e) Dulcette Technologies LLC, USA.  
A 51% owned joint venture of the Company posted a total income of Rs. 25.28 Lacs for the financial year ended 31<sup>st</sup> March, 2010.

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

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

As required under the Listing Agreement, particulars of Directors seeking reappointment 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, 2010 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, 2010 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, 2010 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, 2010 on a 'going concern' basis.

**SECRETARIAL AUDIT:**

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit has been carried out during 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, 2010 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 & 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 & Co., Chartered Accountants, as the Statutory Auditors of the Company for the year 2010-2011.

**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 read with the Companies (Particulars of Employees) Rules, 1975, as amended, form 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.

**LABOUR RELATIONS:**

During the year under review, the Company has signed a Wage Agreement with the workers of the Tarapur Plant. The demands raised by them were fully met to the satisfaction of the workers.

The relations with the workers and staff were cordial.

**MANAGEMENT DISCUSSION AND ANALYSIS:****Opportunities**

Growth in manufacture of food products, cattle and poultry feed and oil refining and increase in incidence of diabetics, are expected to result in significant growth in demand for its products. 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 strategy for FY 2010-11, the Company has emphasised on the new opportunities in the business segments such as Industrial Antioxidants, Biodiesel Additives, Natural Shelf life Enhancers and Nutraceuticals.

**Demand among end users**

With increasing literacy in society people are tending towards packaged and preserved food and also with the increase in the working population, demand for packaged food has increased which subsequently increases the demand for the Company's products. Moreover, the Company is focussed in continuous R&D in this segment. So, the Company is exploring further opportunities in this area which will be in the interest of the Company.

**BUSINESS STRATEGY:**

Company has two major business divisions namely Food Ingredients Division and Industrial products Division. These business divisions are created to bring in a sharper focus on the growing sections of fine chemicals market.

**(A) FOOD INGREDIENTS DIVISION**

The focus of food ingredient division is in the area of shelf life enhancement of food products which contain fats and oils, synthetic antioxidants and another segment which would be added in preservation and shelf life enhancement of farm produce, fruits and vegetables.

**(a) Food Antioxidants**

The global market for synthetic food antioxidants is about 10,000 MT and valued at approximately \$ 110 million and growing globally at the rate of 3% p.a. The applications of the synthetic antioxidants is mainly in the prevention of rancidity of the edible fats and oils, hence it is used widely in packaged oils, like palm oil, sunflower oil, rice bran oil, soyabean oil etc. and also in oils and fats used in fried snacks, confectionary, bakery, extruded snack foods, etc. to enhance shelf life.

Company's current manufacturing capacity is 3500MT for 2 major food antioxidants, TBHQ (Tertiary Butyl Hydroquinone) and BHA (Butylated Hydroxy Anisole). Company's

current global market share is about 30% in the food segment.

**The marketing outlook**

Product	World market	Growth	Our share	Current market share%	Planned market share in 3 yrs
TBHQ	7000 MT	3%			
BHA	3000MT	3%			
<b>TOTAL</b>	<b>10000MT</b>	<b>3%</b>	<b>3000MT</b>	<b>30%</b>	<b>40%</b>

The Company plans to increase the market share in the food segment for synthetic antioxidants by increasing the market share of our existing products, TBHQ and BHA to about 40% globally in 3 years to about 4400MT.

Company's strategy is to achieve growth by increasing share in evolving markets like China, India and Brazil, where the food processing industry has been growing at a rate of more than 10%, though the global markets are growing 3% and consolidate our position in the existing large markets like USA, Europe.

**(b) New Food Antioxidant**

Company is launching specialised niche food antioxidant, Ascorbyl Palmitate catering to baby food and cosmetic industry to add into the growth in this segment in the coming 3 years.

World market	Value	Our market in 3 years	Global growth	Value
Approx 450 MT	\$ 20 million	120MT	4%	\$ 6.5 Million

**(c) Customised Food Antioxidants**

The market for customised food antioxidant ready to use formulations is a growing need of the food industry and requires specialised food application laboratory and expertise to develop specialised formulations specific for the customers. Company in collaboration with Kemin Food technologies, headquartered in USA, has already entered this value added business of food antioxidants to further drive the growth. Plans are to gain substantial share of markets especially in USA, Middle East and Europe.

**(d) New Product in Preservation Segment**

The Company has indigenously developed a product for natural freshness preservation of fresh fruits and vegetables and this product is in the process of patent application filing during the current financial year. The world wide statistics for fresh agriculture produce mentions about 30% wastage of fresh farm produce because of damage due to microbes, fungi, damage due to over ripening in transport and storage.

This product which Company intends to launch shortly would address the wastages of fresh farm produce, due to over ripening, damage because of fungi and microbes and possibly minimise losses due to these reasons by about 50%. The potential is huge and we are laying out our strategies to add huge volumes from this market segment.

**(B) INDUSTRIAL PRODUCTS DIVISION**

The Company has created a separate division to bring in a sharper focus on market development. The market share increase is also being planned by expanding the usage of antioxidants TBHQ, in the industrial applications, like Biodiesel, printing inks, plastic and polymers. Moreover the Company will add new products to enter the industrial antioxidant segment.

**(a) Technical Grade TBHQ (M-TBHQ)****Applications:**

- Antioxidant in Biodiesel.
- Anti-skinning Agent in Printing Inks.

The world production capacity of Biodiesel is 35 Million Tons per year. Major markets are Western Europe (31%), USA (20%) and Central Europe (17%). Current capacity utilisation is around 25-30% leading to a consumption of 10 Million MTs per year.

The estimated consumption potential for M-TBHQ is 2000-3000 MTs per year valued at US\$17 Million per year. Growth is expected at 3-4% per year.

Company has applied for product testing and registration in Europe and has started seed marketing of the blends in select markets. Target sales is 500 MTs per year valued at US\$ 4.5 Million per year in 3 years time frame.

**(b) MEHQ****Applications:**

- Polymerisation Inhibitor for Acrylic Monomers.

Estimated consumption approx. 5000 MT valued at US\$28-30 Million. Growth expected at 4-5% per year.

Company has already started commercial production and approvals at major customers in USA, Europe and Asia is under progress. The Company is targeting a volume of 1000 MTs per year at US\$10 Million per year in 3 years time frame.

**(c) TBC****Applications:**

- Polymerisation Inhibitor for Styrene and allied monomers.

Estimated consumption is approx. 2000 MTs per year valued at US\$ 8 million per year. Growth is expected at 3% per year. Company has started commercial production and sample approvals at customers is in process. Target sales volume is 200 MTs per year valued at US\$ 2 Million per year.

**(d) PDMB****Applications:**

- Intermediate for synthesis of pharmaceuticals, paints and azo dyes.
- Also used in manufacture of perfumery compounds.

Company targets a sale of 160 MTs per year valued at US\$ 1 Million per year.

**(e) BHT****Applications:**

- Antioxidant for Elastomers, plastics, food and feed.
- Additive for petroleum based products.

Estimated consumption is around 30,000 MTs per year valued at US\$ 85 Million per year. Growth rate is 1-2% per year. Company has run successful plant trials for this product and seed marketing is planned. Targeted sales volume is 800 MTs per year valued at US\$ 2.8 Million per year in 3 years time frame.

**THE BUSINESS STRATEGY:**

Company's business strategy includes growth and expansion in all the core product segments, strengthening the infrastructure base and to keep the Company technologically advanced and ahead by investing in R&D. Company has laid out a growth strategy for the coming years based on expanding 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 focusing on the development of technology for specialty chemicals with specialised applications with In-House R & D and Technology support.

Today the Company is the world's largest manufacturer and exporter of Food antioxidants like TBHQ and BHA and exporting to more than 45 countries world wide.

Company has so far focussed on food preservation through its food grade anti-oxidants TBHQ and BHA. Company is now expanding its product portfolio with new food grade anti-oxidants and also industrial application. In view of this, the product range has further expanded with a niche food antioxidant Ascorbyl Palmitate with applications in baby foods, cosmetics etc. and industrial anti-oxidants MEHQ, PDMB & TBC. This is going to be the next growth driver.

Company has achieved the growth and reputation in the international markets by building a large customer base

through trust and consistent quality and service over the past decade. The manufacturing facility at Tarapur spanning 6.5 acres, also an EOU unit, has 8 isolated manufacturing facilities dedicated for manufacturing Food antioxidants, Industrial antioxidants and API's.

The food antioxidant manufacturing facilities are designed and governed by food safety certifications, like ISO 22000 : 5000, HACCP, FAMI- QS and British Retail Consortium (BRC). The plant is audited for food safety and quality standards by audit firms of global repute, like SGS and Intertek. The manufacturing facility has been audited by global food and food ingredient Companies which are giants & having trans-national presence.

Dulcette Technologies, LLC is Joint Venture Company in USA, primarily to focus on marketing of Company's products in North America. The potential of antioxidants in North American market is about 60% of the world volume and a similar picture for the Industrial antioxidant segment, with the Company based in USA, with sales force covering East, West and the central part of North America. We plan to increase our current base and be in direct relationship with the customers, bringing a 2 fold benefit of direct customer relationship and better margins for products rather than operating through a distributor driven model.

Company has planned its marketing operations in Europe, Middle East (ME), South America (SA) and China to expand the customer base and business. The markets in SA, China and ME are growing economies and the food industry is evolving and growing, thus presenting a huge potential for expanding our base and market share in these markets.

Company has a marketing and profit sharing alliance with Kemin Food Technologies of USA for value added food antioxidant blends globally. The Company expects to grow its presence in value added blends business in the next 2 to 3 years.

The antioxidants like TBHQ have applications in various other industries like paints, polymers, biodiesel stabilisers, rubber industry, printing inks, resins and many more. Company has entered the segment with a special grade of TBHQ and has expanded the spectrum and reach in the market and have added significant volumes to our existing business. Moreover with our reach in the industrial antioxidant segment Company is developing 3 more products, which will expand the market share in industrial antioxidant segment.

Company is also entering the field of Bio technology products and first patented, biotechnology based Natural shelf life enhancing formula for increasing shelf life of Natural farm produce, like fruits, vegetables and flowers.

## **FUTURE PROSPECTS:**

### **Capacity**

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 state of the art R&D facility and on going product development efforts through internal technology team at the process plant have enabled 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 have also passed through the test of customer approvals and commercialisation.

The entire activity of additional capacity creation has been done with minimum capital expenditure. The enhanced capacity creation at the plant was put to operation in last financial year. The resultant increase in capacity by about 60% over previous year was available through internal process development team with minimum of capital expenditure and this has enabled the Company to be cost effective in operations. Company has its bandwidth in terms of products, facility and technological support to take the output to 4000 tonnes per annum for all the existing and new products during current year.

Presently Company has licensed capacity of 5130 tonnes per annum with installed capacity of 3500 tonnes per annum. Pursuant to the additional installation of the plant and machinery and due to process re-engineering, the enhanced capacity would go upto 4000 tonnes per annum.

## **MARKETING STRATEGY:**

### **Long term Objectives and plans**

Company wants to be a global leader in the Food preservation segment by expanding the product range in various areas of shelf life enhancement like dairy, baby food, infant formulas, agriculture produce like fruits & vegetables, horticulture, aqua industry with preservation of fish, shrimps and also meat industry.

Company is planning to expand the manufacturing capacity of synthetic antioxidants to cater to the demand created in the growing and evolving food markets like China, India, Asia, South America and Middle East and maintain its global leadership position and improve market share.

Company is working on backward integration to improve the margins and be a step ahead of the competition by innovating manufacturing processes, improving yields

and has invested in a process development laboratory. Company has expanded on its research and development by adding on a food application laboratory with food technologists for conducting research and customer projects in food preservation and to work closely with food industry to develop new technologies.

#### MARKETING PLANS:

##### Sales and Marketing set up expansion

Company has expanded the market coverage with appointment of sales team in growing markets to build a strong customer base to build market share. The European marketing office has a Business Manager based at Switzerland to handle the European and East European markets for food and industrial antioxidants and Natural shelf life enhancers. The office is responsible for appointment of distributors and set up of logistic channel for coverage of the markets in Western Europe and Eastern Europe.

Similar models are being implemented in South America, Middle East and China. The advantage is building a stronger and long term base in the regions.

##### Intellectual property

1. Patent filed for innovative manufacturing process for BHA.
2. Patent filed for manufacturing process for Sucralose.
3. Patent filed for biotechnology based product for enhancing shelf life of fruits and vegetables.

**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.

CCL 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. CCL has already arranged a leased facility at Tarapur with prospect of taking over this facility for manufacturing and the production at this place would start in the second quarter. CCL has signed a contract for manufacturing a specialty chemical for an European Company, through the process developed by the Company's Research and Development. This export business has crossed Rs. 1657.00 Lacs in FY 2009-10. CCL has plans to add these new products in its

existing line of business thereby aiming to achieve 100% growth in the current financial year.

**Sangam Laboratories Limited (SLL):** 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 2000MT in these markets alone. SLL has set a growth plan of reaching to a level of Rs. 500.00 Lacs in the coming year.

The plans are also being evaluated to manufacture the product in a country which has an advantage in terms of raw material supply, low cost of manufacturing which would give a tremendous edge and competitiveness in the market over our competitors.

**Fine Renewable Energy Limited (FREL):** is a subsidiary of the Company. This Company is in operations from the current year. FREL was launched to make a foray in renewable energy through windmills, solar panels, micro hydro, bio-mass and other renewable resources. The Company has tapped big companies including some MNC's for sale of its products. The negotiations are in its place and the Company is hopeful to increase its top line growth substantially in the current financial year.

#### RISKS AND CONCERNS:

Risk is intrinsic to business and it is the derisking ability of the Company, which marks its success. Company along its core business has forayed into renewable energy business, new means of applications for bio-technology etc. These strategies would help the Company to add to its growth in the coming years.

The non-availability of key raw materials from international sources at the right quantity and at right price are also a risk factors associated with the business of the Company and the Company has to take relevant steps to source the same with proper planning in view of long standing relationships with these suppliers.

Further, on the international currencies front, volatility of exchange rate is a matter of concern for a Company like us whose major sales are export worldwide. However, the Company being net export earner, the risk associated with currency fluctuation is somehow mitigated and also Company adopts a very conservative and cautious approach in forex operations.

Increase in the cost structure is a risk that threatens profitability. Company has taken suitable cost controls at various levels and cost are constantly monitored to ensure that they are commensurate with the increase business volume.

Lack of clarity on the Government's future policies continues to be an area of major concern for the industry.

The exact impact in view of this cannot be assessed until the proposed changes are actually introduced and implemented.

#### **INFORMATION & TECHNOLOGY:**

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

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

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Company has adequate internal control procedures commensurate with its size and nature of business. 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 suggests 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, 2010 were Rs. 12345.41 Lacs as against Rs. 10050.25 Lacs in the previous year. There was an increase of Rs. 2295.16 Lacs in sales over the previous year. Profit before tax was Rs. 658.50 Lacs as against Rs. 520.52 Lacs showing an increase of Rs. 137.98 Lacs over the previous year.

#### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS:**

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. Company has 177 permanent employees as on 31<sup>st</sup> March, 2010.

#### **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, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

#### **CORPORATE GOVERNANCE:**

As required under Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is given as a part of the Annual Report. 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 forms a part of this report.

#### **ACKNOWLEDGMENT:**

The Board wishes to place on record its appreciation of sincere efforts put in by the employees of the Company, in helping it reach its current growth levels.

Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and government authorities.

For & on behalf of the Board

**ASHISH S. DANDEKAR**  
Managing Director

Place : Mumbai,  
Dated: 5<sup>th</sup> May, 2010

**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	243000
(b) Exercise price	Rs. 50/-plus applicable taxes, as may be levied on the Company.
(c) Options vested	18350
(d) Options exercised	14480
(e) Total number of shares arising as a result of exercise of options	14480
(f) Options lapsed	27800
(g) Variation in terms of options	Nil
(h) Money realised by exercise of options	Rs. 724000/-
(i) Total number of options in force	200720
(j) Employee-wise details of options granted to	
1. Senior Management Personnel/Director	Mr. D. R. Puranik – 10000 Mr. S. P. Padhya – 10000 Mr. P. K. Dhotre – 10000 Mr. A. V. Dukane – 10000 Mr. P. M. Sapre - 10000 Mr. S. M. Kulkarni – 10000 Mr. A. E. Faizullabhoy – 10000 Mr. B. A. Patel – 10000
2. Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year.	None
3. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
(k) Diluted earning per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'earning per share'.	7.30

For &amp; on behalf of the Board

**ASHISH S. DANDEKAR**  
Managing DirectorPlace : Mumbai  
Dated: 5<sup>th</sup> May, 2010

**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**

	2009-2010	2008-2009
<b>1. Electricity</b>		
Purchased		
Units (KWH)	<b>6537594</b>	4842173
Total amount (Rs. in Lacs)	<b>387.85</b>	245.76
Rate per Unit (Rs.)	<b>5.93</b>	5.08
<b>2. Furnace Oil</b>		
Quantity in (K. Litres)	<b>813490</b>	1405060
Total amount (Rs. in Lacs)	<b>226.36</b>	448.36
Rate per Unit (Rs.)	<b>27.83</b>	31.91
<b>3. Steam (Briquettes)</b>		
Steam Quantity (M.T.)	<b>6872.02</b>	4590.78
Total amount (Rs. in Lacs)	<b>280.04</b>	68.90
Cost per M.T. of Steam (Rs.)	<b>4075.15</b>	1500.83
<b>(B) Consumption per Unit of production (M.T.)</b>	<b>Standards</b>	<b>Standards</b>
	<b>(if any)</b>	<b>(if any)</b>
Electricity (KWH)	<b>394.04</b>	363.68
Furnace Oil (K. Litres)	<b>3166.60</b>	1253.32
Steam (Briquettes)(M.Ton)	<b>374.85</b>	383.59

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

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company : New Product development, Process development.
2. Benefits derived as a result of the above R&D : Cost reduction, Quality 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>2009-2010</b>	2008-2009
4. Expenditure on R & D:		
(a) Capital	<b>19.20</b>	—
(b) Recurring	<b>126.60</b>	77.84
(c) Total	<b>145.80</b>	77.84
(d) Total R&D Expenditure as a percentage of total turnover	<b>1.15%</b>	0.77%

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards Technology : The Company's R&D Laboratory is recognised by the Absorption, Adaptation and Innovation 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 : Technical, innovation and improvements undertaken at the efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. 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>2009-2010</b>	2008-2009
Foreign exchange used	<b>5586.35</b>	4434.84
Foreign exchange earned	<b>9686.52</b>	8222.74

For & On Behalf of the Board

**ASHISH S. DANDEKAR**  
Managing Director

Place : Mumbai  
Dated: 5<sup>th</sup> May, 2010.

## 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, 2010.

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

Camlin Fine Chemical's philosophy of Corporate Governance is to conduct its business on the basis of ethical business values 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 Clause 49 of the Listing Agreement.

### 2. BOARD OF DIRECTORS:

#### Composition:-

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

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

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

Name & Designation of Directors	Category	No. of Board Meetings attended	No. of Directorships held in other Companies*	Attendance at last AGM	No. of Committee positions held in other Companies	
					Chairman of Committee	Member of Committee
Mr. Dilip D. Dandekar Chairman	NED	7	8	Yes	Nil	1
Mr. Ashish S. Dandekar Managing Director	ED	9	8	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	9	Nil	Yes	Nil	Nil
Mr. Sharad M. Kulkarni	NED (I)	9	10	Yes	4	4
Mr. Abeezer E. Faizullabhoy	NED (I)	6	1	Yes	Nil	Nil
Mr. Bhargav A. Patel	NED (I)	7	3	Yes	Nil	Nil

ED – Executive Director, NED (I) – Non Executive Director (Independent)

Excludes Directorship in Private Limited Companies, Foreign Companies and Companies formed under Section 25 of the Companies Act, 1956 and alternate Directorship.

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

#### Number of Board Meetings:-

During the financial year 2009-2010, (9) Nine Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1	13 <sup>th</sup> April, 2009	6	6
2	1 <sup>st</sup> June, 2009	6	6
3	26 <sup>th</sup> June, 2009	6	5
4	29 <sup>th</sup> July, 2009	6	3
5	21 <sup>st</sup> August, 2009	6	6
6	23 <sup>rd</sup> October, 2009	6	6
7	1 <sup>st</sup> December, 2009	6	4
8	21 <sup>st</sup> January, 2010	6	5
9	23 <sup>rd</sup> March, 2010	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:**
**(A) Mr. Sharad M. Kulkarni:**

Mr. Sharad M. Kulkarni, aged 71 years is an Independent Director of the Company. He has done his Bachelor in Engineering from University of Pune. He is a Fellow of Institution of Management and Fellow of Institute of Directors, UK. He is a member of the American Society of Civil Engineers. He is also a member of Asia Pacific Advisory Board of Johnson Diversey Inc of USA. He is the past president and current member of the Governing Board of Maharashtra Economic Development Council (MEDC). He has over 43 years of experience in Business Management.

**Other Directorships:**

<b>Name of the Company</b>	<b>Position</b>
Bayer CropScience Ltd.	Director
Global Procurement Consultants Ltd.	Director
Hindustan Construction Co. Ltd.	Director
JM Financial Trustee Company Pvt. Ltd.	Director
KEC International Ltd.	Director
Ineos ABS (India) Ltd.	Director
Lavasa Corporation Ltd.	Director
Navin Fluorine International Ltd.	Director
Raychem RPG Ltd.	Director
RPG Enterprises Ltd.	Director
Travel Voyages Pvt. Ltd.	Director
HCC Real Estate Ltd.	Director

**(B) Mr. Abeezer E. Faizullabhoy:**

Mr. Abeezer E. Faizullabhoy, aged 45 years is an Independent Director of the Company. He is Bachelor of Law from University of Mumbai and a Solicitor from Bombay Incorporated Law Society. He is currently a partner in J. Sagar Associates and his area of practice includes infrastructure & regulatory practice, corporate commercial, litigation, alternate dispute resolution including arbitration and mergers and acquisitions.

**Other Directorships:**

<b>Name of the Company</b>	<b>Position</b>
Messe Frankfurt Trade Fairs India Pvt. Ltd.	Director
Panoramic Universal Ltd.	Director
SOGEFI MNR Filtration India Pvt. Ltd.	Director
EMW Environmental Technologies Pvt. Ltd.	Director
NSA Security (India) Pvt. Ltd.	Director
Gravitational Network Advisors Pvt. Ltd.	Director

**3. 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 meetings and the related attendance etc. of these Committees are given below:-

#### I. 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 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee.

During the financial year 2009-2010, (5) five meetings of the Audit Committee were held on the 13<sup>th</sup> April, 2009, 1<sup>st</sup> June, 2009, 29<sup>th</sup> July, 2009, 23<sup>rd</sup> October, 2009, and 21<sup>st</sup> January, 2010.

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. Abeezer E. Faizullabhoy	Member	NED (I)	4
Mr. Bhargav A. Patel	Member	NED (I)	3

The Audit Committee meetings were attended by the Non-Executive Chairman, Independent Directors, Managing Director and the Chief Financial Officer. The representatives of the Internal Auditors, Statutory Auditors were also invited to the meeting. The Board has designated Mr. N. R. Joshi to act as the secretary to the committee.

##### Terms of reference:

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

#### II. REMUNERATION COMMITTEE:

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

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

No meeting was held during the financial year 2009-2010.

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. Pramod M. Sapre	Chairman	NED (I)
Mr. Sharad M. Kulkarni	Member	NED (I)
Mr. Abeezer E. Faizullabhoy	Member	NED (I)
Mr. Bhargav A. Patel	Member	NED (I)

##### Terms of reference:

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

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

##### Remuneration Policy:

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

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

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

Following is the Remuneration paid to the Managing Director during the financial year ended 31<sup>st</sup> March, 2010.

(Rs. In Lacs)

Name	Salary including HRA	Perquisites#	Contribution to P.F. and Other Funds	Total
Mr. Ashish S. Dandekar	33.12	0.70	10.30	44.12

# 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/communication 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.

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

During the financial year 2009-2010, the Company has paid remuneration of Rs. 6.00 Lacs to Mr. Dilip D. Dandekar.

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/Committees 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 2009-2010 are given below:

(Rs.)

Name	Board	Audit Committee	Shareholders/ Investors Grievance Committee	Total
Mr. Sharad M. Kulkarni	90000	50000	—	140000
Mr. Pramod M. Sapre	90000	50000	—	140000
Mr. Abeezer E. Faizullabhoy	60000	40000	20000	120000
Mr. Bhargav A. Patel	70000	30000	—	100000
Mr. Dilip D. Dandekar	70000	—	20000	90000
GRAND TOTAL	380000	170000	40000	590000

Details of Shareholding of Non-Executive Director/Independent Directors as on 31<sup>st</sup> March, 2010.

Name	Shares held
Mr. Dilip D. Dandekar	89420
Mr. Pramod M. Sapre	2100
Mr. Sharad M. Kulkarni	1000
Mr. Abeezer E. Faizullabhoy	1000

**III. 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 2009-2010 (4) four meetings were held on 1<sup>st</sup> June, 2009, 21<sup>st</sup> August, 2009, 23<sup>rd</sup> October, 2009 and 21<sup>st</sup> January, 2010.

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

Name	Designation	Category	No. of Meetings attended
Mr. Abeezar E. Faizullabhoy	Chairman	NED (I)	4
Mr. Dilip D. Dandekar	Member	NED	4
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, (10) ten 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.

#### IV. 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, (1) one meeting was held on 23<sup>rd</sup> October, 2009.

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

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

##### 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.

#### 4. GENERAL BODY MEETINGS:

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

Financial Year	Venue	Date and Time
2008-2009	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	21 <sup>st</sup> August, 2009 at 3.30 p.m.
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.

Three Special Resolutions were passed at the 14<sup>th</sup> Annual General Meeting, three Special Resolutions were passed at the 15<sup>th</sup> Annual General Meeting and two Special Resolutions were passed through poll at the 16<sup>th</sup> Annual General Meeting.

During the Financial Year 2009-2010, no resolution was passed through Postal Ballot.

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

**5. 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. 21 (x) (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 your Company by SEBI, Stock Exchange or any other statutory authority in any matter relating to capital markets after the listing of Shares on the Bombay Stock Exchange Ltd.

**Accounting Standards:**

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

**Risk Management:**

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

**CEO/CFO Certification:**

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

**6. 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.

**7. GENERAL SHAREHOLDER INFORMATION:**

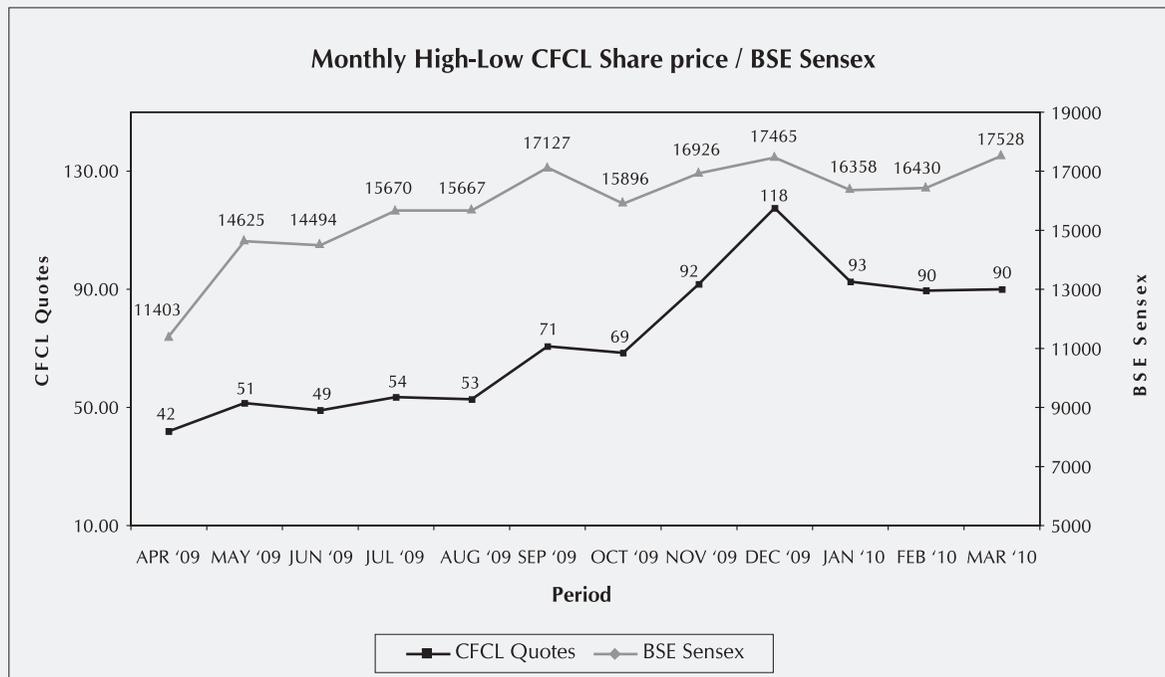
- (i) As indicated in the Notice to our Shareholders, the 17<sup>th</sup> Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020 on Thursday, the 1<sup>st</sup> July, 2010 at 3.30 p.m.
- (ii) Financial Calendar
- |   |   |   |
|---|---|---|
| Unaudited Results for the quarter ending 30 <sup>th</sup> June, 2010      | : | Financial Reporting by: mid of August, 2010 |
| Unaudited Results for the quarter ending 30 <sup>th</sup> September, 2010 | : | mid of November, 2010                       |
| Unaudited Results for the quarter ending 31 <sup>st</sup> December, 2010  | : | mid of February, 2011                       |
| Audited Results for the year ending 31 <sup>st</sup> March, 2011          | : | end of May, 2011                            |
- (iii) Date of Book Closure : From 24<sup>th</sup> June, 2010 to 1<sup>st</sup> July, 2010 (both days inclusive)
- (iv) Date of Dividend Payment : on or before 30<sup>th</sup> July, 2010
- (v) Listing of Equity Shares on Stock Exchange : Bombay Stock Exchange Limited (Stock Code 532834)
- (vi) Demat ISIN in CDSL/NSDL : INE052I01016

(vii) Share Price (High & Low) for the year 2009-2010 at BSE:-

Month	High (Rs.)	Low (Rs.)
April, 2009	42.40	32.05
May, 2009	55.10	40.00
June, 2009	59.75	47.55
July, 2009	53.80	42.00
August, 2009	57.50	50.00
September, 2009	71.50	47.00
October, 2009	78.00	56.10
November, 2009	96.45	62.25
December, 2009	118.90	87.50
January, 2010	120.80	90.00
February, 2010	99.80	85.30
March, 2010	93.75	85.00

#### 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 Agents 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 lodgement, subject to the transfer instrument being valid and complete in all respects.

(x) Distribution of Shareholding as on 31<sup>st</sup> March, 2010:

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Up to 500	4976	93.14	711778	12.24
501 - 1000	166	3.11	131474	2.26
1001 - 2000	80	1.50	125464	2.16
2001 - 3000	25	0.47	65824	1.13
3001 - 4000	15	0.28	51445	0.89
4001 - 5000	15	0.28	70263	1.21
5001 - 10000	17	0.32	136779	2.35
10001 and above	48	0.90	4521453	77.76
<b>TOTAL</b>	<b>5342</b>	<b>100.00</b>	<b>5814480</b>	<b>100.00</b>

(xi) Shareholding Pattern as on 31<sup>st</sup> March, 2010:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total Shareholding as a percentage of total no. of Shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals/Hindu Undivided Family	13	2504395	43.07
(b)	Central Government/State Government(s)			
(c)	Bodies Corporate	3	375926	6.47
(d)	Financial Institutions/Banks			
(e)	Any other (Specify)			
	<b>SUB TOTAL (A)(1)</b>	<b>16</b>	<b>2880321</b>	<b>49.54</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>17</b>	<b>2953621</b>	<b>50.80</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	Total Shareholding as a percentage of total no. of Shares
(2)	Non – Institutional			
(a)	Bodies Corporate	155	444317	7.64
(b)	Individuals			
	i) Individual shareholders holding nominal share capital upto Rs.1 lakh	5120	1675085	28.82
	ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	19	718437	12.36
(c)	1) Non-Resident (Non-Rep)	11	2140	0.04
	2) Non-Resident (Rep)	15	19630	0.34
(d)	Trust	1	800	0.01
	<b>SUB TOTAL (B)(2)</b>	<b>5321</b>	<b>2860409</b>	<b>49.19</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5325</b>	<b>2860859</b>	<b>49.20</b>
	<b>Total (A)+(B)</b>	<b>5342</b>	<b>5814480</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
	<b>GRAND TOTAL</b>	<b>5342</b>	<b>5814480</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, 2010, 94.42% of the totals shares of the Company have been dematerialised.

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

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

The Company has issued 14,480 Equity Shares of Rs. 10/- each to its Employees/Directors under the ESOP Scheme – 2008 at a price of Rs. 50/- per Share on 23<sup>rd</sup> October, 2009, 21<sup>st</sup> January, 2010 and 25<sup>th</sup> March, 2010.

The Company has granted 32,200 stock options to the eligible Employees/Directors of the Company on 23<sup>rd</sup> October, 2009. 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.

## (xiv) 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.

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

## (xvi) Address for correspondence:

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

Tel No. : 022- 67001000/40201000

Fax No. : 022-28324404

E-mail : secretarial@camlinfinechem.com

## (xvii) Secretarial Department:

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

**8. 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 : 5<sup>th</sup> May, 2010.

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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, 2010 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 : 5<sup>th</sup> May, 2010.

**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, 2010 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, 2010 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, 2010;
    - (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 & COMPANY**  
Chartered Accountants

**Santosh Parab**  
Partner

Membership No. 47942  
Firm Registration No. 105102W

Place: Mumbai  
Date: 5<sup>th</sup> May, 2010

**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. 504.07 Lacs and balance outstanding at the end of the year is Rs. 349.26 Lacs.
  - (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loan given to the company listed in the register maintained under Section 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, during the period ended March 31, 2010 the company has not taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (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 explanation given to us, in respect of transactions which have been made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and exceeding the value of Rs. 5,00,000 in respect of any party during the year, we are not in the position to compare the prices with the prevailing market prices or prices charged to other parties as there have been no other such purchases or sales of exact type of goods, materials or sales of services and hence we have relied on managements representation as to reasonableness of such prices.
  - (vi) 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 2010 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) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow of the Company, the funds raised on short-term basis have not been utilised 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 & COMPANY**  
Chartered Accountants

**Santosh Parab**  
Partner

Membership No. 47942  
Firm Registration No. 105102W

Place: Mumbai  
Date: 5<sup>th</sup> May, 2010

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedules		As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		581.45	580.00
Share Warrants			—	80.60
Reserves and Surplus	2		2,741.39	2,360.94
Employee stock options outstanding		19.04		
Less: Deferred employee compensation expenses [Refer note 21 (iv)]		11.08	7.96	2.59
			<b>3,330.80</b>	<b>3,024.13</b>
<b>Loan Funds</b>				
Secured Loans	3		4,036.95	2,619.62
			<b>4,036.95</b>	<b>2,619.62</b>
<b>Deferred Tax Liability (Net)</b> [Refer note 21 (x)(d)]			330.47	315.65
			<b>7,698.22</b>	<b>5,959.40</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	4		6,045.90	5,008.20
Less: Depreciation			2,323.69	1,912.99
Net Block			3,722.21	3,095.21
Capital Work In Progress			206.71	285.41
			<b>3,928.92</b>	<b>3,380.62</b>
<b>Investments</b>	5		339.88	184.88
<b>Current Assets, Loans and Advances</b>				
Inventories	6		2,252.51	2,490.03
Sundry Debtors	7		3,295.76	1,996.87
Cash and Bank Balances	8		292.35	152.39
Loans and Advances	9		936.36	535.81
			<b>6,776.98</b>	<b>5,175.10</b>
<b>Less: Current Liabilities &amp; Provisions</b>				
Liabilities	10		3,065.34	2,608.57
Provisions	11		282.22	172.63
			<b>3,347.56</b>	<b>2,781.20</b>
<b>Net Current Assets</b>			<b>3,429.42</b>	<b>2,393.90</b>
			<b>7,698.22</b>	<b>5,959.40</b>
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

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

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

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

**S. M. Kulkarni** Director

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

**P. M. Sapre** Director

Mumbai  
Dated: 5<sup>th</sup> May, 2010.

**B. A. Patel** Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

	Schedules	Year ended 31.03.2010 (Rs. in Lacs)	Year ended 31.03.2009 (Rs. in Lacs)
<b>INCOME</b>			
Net Sales	12	<b>12,345.41</b>	10,050.25
Other Operational Income	13	<b>176.62</b>	14.23
Other Income	14	<b>111.91</b>	42.93
<b>TOTAL INCOME</b>		<b>12,633.94</b>	10,107.41
<b>EXPENDITURE</b>			
Consumption of Materials & Goods Traded-in	15	<b>7,344.37</b>	6,517.43
(Increase)/Decrease in Stocks	16	<b>190.71</b>	(1,206.08)
Payment to Employees	17	<b>652.35</b>	541.64
Manufacturing & Other Expenses	18	<b>2,741.64</b>	2,779.31
Finance Cost	19	<b>603.78</b>	553.46
Depreciation	4	<b>442.59</b>	401.13
<b>TOTAL EXPENDITURE</b>		<b>11,975.44</b>	9,586.89
<b>Net Profit/(Loss) before Tax</b>		<b>658.50</b>	520.52
Provision for Taxes			
— Current Tax		<b>215.00</b>	113.00
— Wealth Tax		—	0.09
— Deferred Tax		<b>14.82</b>	50.60
— Fringe Benefit Tax		—	18.35
<b>Profit after Tax</b>		<b>428.68</b>	338.48
Balance brought forward from last year		<b>239.39</b>	19.70
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>668.07</b>	358.18
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		<b>33.00</b>	17.00
Proposed Dividend on Equity Shares		<b>116.29</b>	87.00
Tax on Dividend		<b>19.76</b>	14.79
Balance Carried to Balance Sheet		<b>499.02</b>	239.39
		<b>668.07</b>	358.18
Earnings Per Share – Basic (in Rs.)		<b>7.39</b>	5.84
– Diluted (in Rs.)		<b>7.30</b>	5.84
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***D. R. Puranik***Chief Financial Officer***A. S. Dandekar***Mg. Director***Santosh Parab***Partner*

(M. No. 47942)

**S. M. Kulkarni***Director***N. R. Joshi***Company Secretary &**General Manager - Legal***P. M. Sapre***Director*

Mumbai

Dated: 5<sup>th</sup> May, 2010.**B. A. Patel***Director*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

	Year ended 31.03.2010 (Rs. in Lacs)	Year ended 31.03.2009 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items	658.50	520.52
<b>Adjustments for:</b>		
Depreciation	442.59	401.13
Deferred employee compensation expenses amortised	6.79	2.59
Foreign Exchange loss/(gain) (Unrealised)	(33.14)	55.45
Profit on Sale of Fixed Assets	(2.32)	4.58
Provision for Doubtful Debts (Net)	18.90	(118.42)
Provision for leave encashment	7.55	5.61
Interest Expenses	603.78	553.46
Interest Received/Dividend Received	(32.51)	(10.14)
<b>Operating Profit before Working Capital changes</b>	<b>1,670.14</b>	<b>1,414.78</b>
<b>Adjustments for:</b>		
Trade and other Receivables	(1,718.35)	(672.35)
Inventories	237.52	(1,185.89)
Trade Payables	525.87	1,275.53
Other Payables	(31.50)	(104.30)
<b>Cash used in Operations</b>	<b>683.68</b>	<b>727.77</b>
Direct taxes paid	(147.20)	(61.00)
<b>Net cash generated from operating activities</b>	<b>536.48</b>	<b>666.77</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,088.22)	(389.92)
Sale of Fixed Assets	99.65	6.54
(Purchase)/Sale of Investments	(155.00)	(122.92)
Interest received	32.46	10.04
Dividend received	0.05	0.10
<b>Net cash used in Investing Activities</b>	<b>(1,111.06)</b>	<b>(496.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings (Net of repayments)	1,417.34	536.41
Proceeds from Share Capital	7.24	—
Interest Paid	(608.25)	(552.58)
Dividend Paid	(87.00)	(66.84)
Tax on Dividend	(14.79)	—
<b>Net cash generated from Financing Activities</b>	<b>714.54</b>	<b>(83.01)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>139.96</b>	<b>87.60</b>
Cash and Cash Equivalents (Opening Balance)	152.39	64.79
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>292.35</b>	<b>152.39</b>

As per our report of even date annexed

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

**D. D. Dandekar** *Chairman*

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

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

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

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

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

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

Mumbai  
Dated: 5<sup>th</sup> May, 2010.

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

## SCHEDULES TO BALANCE SHEET

	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs.in Lacs)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs. 10/- each		
(2008-2009 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>		
58,14,480 Equity Shares of Rs. 10/- each (Previous Year 58,00,000)	<b>581.45</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.		
(c) 14,480 Equity Shares issued under ESOS [Refer note 21 (iv)].		
	<b>581.45</b>	580.00
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>80.60</b>	—
[Refer note 21 (iii)]		
<b>Share Premium Account</b>		
As per Last Balance Sheet	<b>399.00</b>	399.00
Add: Additions during the year	<b>7.22</b>	—
[Refer note 21 (iv)]	<b>406.22</b>	399.00
<b>General Reserve</b>		
As per Last Balance Sheet	<b>1,722.55</b>	1,705.55
Add: Transfer From Profit & Loss Account	<b>33.00</b>	17.00
	<b>1,755.55</b>	1,722.55
Profit & Loss Account	<b>499.02</b>	239.39
	<b>2,741.39</b>	2,360.94
<b>3. SECURED LOANS</b>		
<b>From Banks:</b>		
[Refer note 21 (v)]		
(i) Term Loans	<b>1,689.48</b>	1,150.63
[Repayable within one Year Rs. 622.53 Lacs (Previous Year Rs. 512.41 Lacs)]		
(ii) Cash Credits	<b>2,160.89</b>	1,468.99
<b>From Others:</b>		
(iii) Loan Against Leased Assets [Refer note 21(v)]	<b>186.58</b>	—
[Repayable within one Year Rs. 31.59 Lacs (Previous Year Rs. Nil)]		
	<b>4,036.95</b>	2,619.62

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

(Rs. In Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	BALANCE
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2010	Up to 31.3.2009	Provided During the Year	Disposals/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land	35.61	154.77 *	—	<b>190.38</b>	—	—	—	—	<b>190.38</b>	35.61
Leasehold Land	1.69	—	—	<b>1.69</b>	0.66	0.02	—	0.68	<b>1.01</b>	1.03
Site Development	37.55	—	—	<b>37.55</b>	3.80	0.61	—	4.41	<b>33.14</b>	33.75
Building & Shed	744.43	207.78	—	<b>952.21</b>	141.98	28.31	—	170.29	<b>781.92</b>	602.45
Plant, Machinery & Equipment	3,941.32	463.73	8.92	<b>4,396.13</b>	1,695.06	383.65	7.76	2,070.95	<b>2,325.18</b>	2,246.26
ERP Hardware/Software Cost	24.58	81.15	—	<b>105.73</b>	24.58	12.51	—	37.09	<b>68.64</b>	—
Furniture & Fittings	147.75	60.87 **	120.30	<b>88.32</b>	32.43	6.40	24.13	14.70	<b>73.62</b>	115.32
Vehicles	75.27	—	—	<b>75.27</b>	14.48	7.15	—	21.63	<b>53.64</b>	60.79
Lease Assets	—	198.62 **	—	<b>198.62</b>	—	3.94	—	3.94	<b>194.68</b>	—
Grand Total	5,008.20	1,166.92	129.22	<b>6,045.90</b>	1,912.99	442.59	31.89	2,323.69	<b>3,722.21</b>	3,095.21
Previous Year	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>	—
Capital Work In Progress									<b>206.71</b>	285.41

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

 \*\* Additions to leased assets include assets sold and leased back having WDV of Rs. 96.17 Lacs as at 31<sup>st</sup> March, 2010.

	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
<b>5. INVESTMENTS – LONG TERM</b>		
<b>Trade (Unquoted, fully paid up)</b>		
<b>In Subsidiaries</b>		
Sangam Laboratories Ltd.	<b>251.00</b>	96.00
25,10,000 Equity Shares of Rs. 10/- each (Previous Year 9,60,000 Equity Shares)		
Chemolutions Chemcials Ltd.	<b>25.50</b>	25.50
2,55,000 Equity Shares of Rs. 10/- each (Previous Year 2,55,000 Equity Shares)		
Dulcette Technologies LLC, USA	<b>32.53</b>	32.53
Capital Contribution (\$76,000) (Previous Year Capital Contribution \$76,000)		
Fine Renewable Energy Ltd.	<b>5.10</b>	5.10
51,000 Equity Shares of Rs. 10/- each (Previous Year 51,000 Equity Shares)		
Fine Lifestyle Brands Ltd.	<b>25.50</b>	25.50
2,55,000 Equity Shares of Rs. 10/- each (Previous Year 2,55,000 Equity Shares)		
<b>Non Trade (Unquoted, fully paid up)</b>		
[Refer Note No. 21 (vi)]		
The Saraswat Co-op Bank Ltd.	<b>0.25</b>	0.25
2500 Equity Shares of Rs. 10/- each		
	<b>339.88</b>	184.88
<b>6. INVENTORIES</b>		
Raw Materials	<b>268.11</b>	340.68
Packing Materials	<b>34.70</b>	8.94
Work-in-Process	<b>1,899.22</b>	1,749.10
Finished Goods	<b>50.48</b>	391.31
	<b>2,252.51</b>	2,490.03

## SCHEDULES TO BALANCE SHEET

	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
<b>7. SUNDRY DEBTORS (UNSECURED)</b>		
(i) Outstanding over Six months		
(a) Considered Good	419.50	190.46
(b) Considered Doubtful	27.28	8.38
	<b>446.78</b>	198.84
(ii) Other Debts Considered Good [Net of Bills Discounted Rs. 1,898.81 Lacs (Previous year Rs. 1,738.24 Lacs)]	2,876.26	1,806.41
	<b>3,323.04</b>	2,005.25
Less: Provision for Doubtful Debts	27.28	8.38
	<b>3,295.76</b>	1,996.87
<b>8. CASH AND BANK BALANCES</b>		
(i) Cash on Hand	2.40	3.97
(ii) Current Account with Scheduled Bank	30.82	40.69
(iii) Fixed Deposit with Scheduled Bank	259.13	107.73
	<b>292.35</b>	152.39
<b>9. LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
(i) Balances with Excise Authorities	52.02	54.84
(ii) Advances recoverable in cash or in kind or for the value to be received	400.30	326.98
(iii) Loans and Advances to Subsidiaries [Refer note 21 (vii)]	349.07	111.23
(iv) Deposits	134.97	42.76
	<b>936.36</b>	535.81
<b>10. LIABILITIES</b>		
(i) Sundry Creditors		
Due to SME Undertakings [Refer note 21 (xi)]	—	—
Others	2,844.07	2,351.34
	<b>2,844.07</b>	2,351.34
(ii) Interest Accrued but not due on Loans	2.57	7.04
(iii) Unclaimed Dividend*	2.97	1.02
(iv) Other Liabilities	215.73	249.17
	<b>3,065.34</b>	2,608.57
* There are no amount due and outstanding to be credited to the Investor Education and Protection Fund		
<b>11. PROVISIONS</b>		
(i) Provision for Taxes (Net)	95.18	27.40
(ii) Provision for Employees Benefits	50.99	43.44
(iii) Proposed Dividend	116.29	87.00
(iv) Tax on Dividend	19.76	14.79
	<b>282.22</b>	172.63

**SCHEDULES TO PROFIT & LOSS ACCOUNT**

	Year Ended 31.03.2010 (Rs. in Lacs)	Year Ended 31.03.2009 (Rs. in Lacs)
<b>12. SALES</b>		
Gross Sales	12,603.11	10,276.30
Less: Trade Discount	—	0.15
Less: Excise Duty	257.70	225.90
	<b>12,345.41</b>	<b>10,050.25</b>
<b>13. OTHER OPERATIONAL INCOME</b>		
Export Benefits	—	14.23
Gain on Foreign Exchange Fluctuations	104.63	—
Processing Charges	71.99	—
[Tax Deducted at Source Rs. 1.44 Lacs (Previous Year Rs. Nil)]	<b>176.62</b>	<b>14.23</b>
<b>14. OTHER INCOME</b>		
Interest	32.46	10.04
[Tax Deducted at Source Rs. 2.46 Lacs (Previous Year Rs. 0.18 Lac)]		
Dividend Received	0.05	0.10
Profit on Sale of Assets	2.32	—
Commission Earned	—	2.74
Miscellaneous Receipts	77.08	30.05
	<b>111.91</b>	<b>42.93</b>
<b>15. CONSUMPTION OF MATERIALS AND GOODS</b>		
<b>TRADED-IN</b>		
(i) Raw Materials		
Stock of Raw Materials as per Last Balance Sheet	340.68	357.10
Add: Purchases	6,536.70	5,987.36
	<b>6,877.38</b>	<b>6,344.46</b>
Less: Closing Stock of Raw Materials	268.11	340.68
	<b>6,609.27</b>	<b>6,003.78</b>
(ii) Packing Materials	95.66	92.66
(iii) Purchase of Finished Goods for Resale	639.44	420.99
	<b>7,344.37</b>	<b>6,517.43</b>
<b>16. (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	1,749.10	775.63
Finished Goods	391.31	158.70
	<b>2,140.41</b>	<b>934.33</b>
Less: Closing Stock as at year end		
Work-in-Process	1,899.22	1,749.10
Finished Goods	50.48	391.31
	<b>1,949.70</b>	<b>2,140.41</b>
	<b>190.71</b>	<b>(1,206.08)</b>

### SCHEDULES TO PROFIT & LOSS ACCOUNT

		Year Ended 31.03.2010 (Rs. in Lacs)		Year Ended 31.03.2009 (Rs. in Lacs)
<b>17. PAYMENT TO EMPLOYEES</b>				
Salaries, Wages and Bonus		550.43		446.11
Deferred employee compensation expense amortised		6.79		2.59
Contribution to Provident & other funds		43.41		52.79
Staff and Labour Welfare		51.72		40.15
		<u>652.35</u>		<u>541.64</u>
<b>18. MANUFACTURING &amp; OTHER EXPENSES</b>				
Power and Fuel		905.45		763.02
Repairs				
— Building		1.90		22.36
— Machinery		119.77		53.45
— Others		104.64		56.98
Job Charges		123.25		168.44
Labour Charges		135.80		95.14
Rent		127.68		90.63
Rates and Taxes		11.21		5.80
Insurance		39.29		33.61
Advertisement and Sales Promotion		142.82		111.43
Transport & Forwarding Charges		211.11		190.22
Commission/Discount/Service Charges on Sales		37.77		112.65
Travelling & Conveyance		132.61		131.25
Directors Meeting Fees		6.75		6.68
Auditor's Remuneration		8.13		8.34
Legal & Professional fees		227.48		113.79
Bad Debts Written Off	—		226.53	
Less: Provision Written Back	—	—	<u>126.80</u>	99.73
Provision for Doubtful Debts		18.90		8.38
Loss on Sale/Discarding of Assets		—		4.58
Loss on Foreign Exchange Fluctuations		—		384.84
Miscellaneous Expenses		387.08		317.99
		<u>2,741.64</u>		<u>2,779.31</u>
<b>19. FINANCE COST</b>				
On Term Loans		167.33		185.74
On Others		436.45		367.72
		<u>603.78</u>		<u>553.46</u>

**SCHEDULES TO ACCOUNTS**

**20. 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.

**(iii) 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.

**(iv) DEPRECIATION**

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

**(v) 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.

**(vi) 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.

**(vii) 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.

**(viii) 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.

**(ix) 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.

**(x) EMPLOYEE STOCK OPTION SCHEME**

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

**(xi) 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.

**(xii) REVENUE/EXPENSE RECOGNITION**

- (a) Revenue from the sale of products is recognised when title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding collectability of the amount due, associated costs or the possible return of goods.
- (b) Revenue in respect of overdue interest, insurance claim, export benefits, etc is recognised to the extent the Company is reasonably certain of its ultimate realisation.
- (c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.

**SCHEDULES TO ACCOUNTS**

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

**(xiii) 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.

**(xiv) 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.

**(xv) 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.

**(xvi) 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.

**(xvii) LEASE HOLD IMPROVEMENTS**

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

**(xviii) CASH FLOW STATEMENTS**

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

**(xix) LEASE**

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

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

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

**SCHEDULES TO ACCOUNTS****21. NOTES TO ACCOUNTS**

- (i) Contingent Liabilities:
- In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 1,898.81 Lacs . (Previous Year Rs. 1,738.24 Lacs).
  - In respect of bank guarantees aggregating to Rs. 366.65 Lacs issued to VAT and Customs authorities. (Previous Year Rs. 285.99 Lacs).
  - In respect of corporate bank guarantee amounting to Rs. 500 Lacs issued against the borrowings of Chemolutions Chemicals Ltd., a subsidiary of Company.
- (ii) Commitments:
- Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 25.40 Lacs. (Previous Year Rs. 179.50 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 USD 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.
- (iii) Pursuant to the preferential issue to promoter group made in financial year ended March 31, 2008, certain relatives of Promoters and entities belonging to 'Promoter Group' were issued 15,50,000 warrants, each of which was entitled to one ordinary share of the Company against payment of cash. As per the SEBI Guidelines, an amount equivalent to 10% of the price that is Rs. 5.20 per warrant had been received from the concerned individuals/entities on allotment of these warrants. These warrants were exercisable at Rs. 52 each on or before June 20, 2009. The concerned promoters and entities have not exercised the option on these warrants by the stipulated date and hence the options have lapsed. As per the SEBI Guidelines and terms of the issue, the advance paid against these warrants of Rs. 80.60 Lacs has been forfeited by the Company and transferred to the Capital Reserve.
- (iv) Employee Stock Option Scheme
- The Company has Employee Stock Option Scheme called "Camlin Fine Chemicals Employees Stock Option Scheme, 2008" which was approved by the members on 8<sup>th</sup> August, 2008. The scheme is an employee share based payment plan administered through Employee Stock Option. Each option under the scheme will entitle one fully paid up equity share of Rs. 10/- each of the Company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009
Number of Options granted	1,94,100	16,700	32,200
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant		
Exercise Price (per share)	Rs. 50	Rs. 50	Rs. 50
Method of settlement	By issue of Shares at Exercise Price		
Vesting Conditions	10% On expiry of 12 months from the date of grant;		
	15% On expiry of 24 months from the date of grant;		
	20% On expiry of 36 months from the date of grant;		
	25% On expiry of 48 months from the date of grant;		
	30% On expiry of 60 months from the date of grant;		

## SCHEDULES TO ACCOUNTS

Details of Stock options are as follows:

Summary of Stock Options	No. of Stock Options		
	Tranche I	Tranche II	Tranche III
Options outstanding on 1st April, 2009	1,94,100	16,700	Nil
Options granted during the year	Nil	Nil	32,200
Options forfeited/lapsed during the year	16,800	11,000	Nil
Options exercised during the year	14,230	250	Nil
Options outstanding on 31st March, 2010	1,63,070	5,450	32,200
Options vested but not exercised on 31st March, 2010	3,500	320	Nil

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III
Average Share Price *	Rs. 57.25	Rs. 48.63	Rs. 61.31
Exercise/Grant Price **	Rs. 50.00	Rs. 50.00	Rs. 50.00
Market Price ***	Rs. 60.00	Rs. 45.00	Rs. 58.50

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

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

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

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

Particulars	Tranche I	Tranche II	Tranche III
Opening unamortised amount	16,82,000	Nil	N.A.
Total amount to be amortised over the vesting period	Nil	Nil	2,73,700
Charge to Profit and Loss Account for the year	6,29,043	Nil	49,836
ESOP lapsed	1,68,000	Nil	—
Unamortised amount carried forward	8,84,597	Nil	2,23,864

Accordingly, during the year, 14,480 Equity Shares of Rs. 10/- each have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to Rs. 7,21,500 has been accounted.

- (v) 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.

During the year the Company has registered the aforesaid charges with the concerned authorities.

Loans amounting to Rs. 660.11 Lacs (Previous Year Rs. 1,120.20 Lacs) are guaranteed by Managing Director.

**SCHEDULES TO ACCOUNTS**

Loan against Leased Assets are secured by furniture & fixtures taken on lease.

- (vi) The Company has transferred Investments in Equity Shares of Saraswat Co-operative Bank Ltd. in its name.
- (vii) Details of Loans and Advances in the nature of Loans to Subsidiaries and Associates.

<b>Particulars</b>	<b>Balance at the year end</b>	<b>Maximum amount outstanding during the year</b>
Sangam Laboratories Ltd.	Nil	155.00
	(64.77)	(124.00)
Chemolutions Chemicals Ltd.	272.00	272.00
	(46.45)	(200.00)
Fine Renewable Energy Ltd.	25.99	25.99
	(Nil)	(Nil)
Fine Lifestyle Brands Ltd.	51.08	51.08
	(Nil)	(Nil)

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

**(viii) Remuneration to Directors :**

(a) To Chairman – Professional Fess Rs. 6.00 Lacs (Previous year Rs. 3.50 Lacs)

(b) To Managing Director

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

(Rs. in Lacs)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Salaries	<b>27.60</b>	27.60
House Rent Allowance	<b>5.52</b>	5.52
Contributions to and provisions for Provident Fund, Family Pension Fund and Superannuation	<b>10.30</b>	10.30
Other Perquisites	<b>0.70</b>	1.49
<b>Total</b>	<b>44.12</b>	44.91

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)

	<b>2009-10</b>	<b>2008-09</b>
Audit Fees	<b>6.00</b>	6.00
Tax Audit	<b>1.00</b>	1.00
Certification	<b>0.50</b>	0.19
Other Services	<b>4.25</b>	1.00
Out of Pocket Expenses	<b>0.13</b>	0.15
<b>Total</b>	<b>11.88</b>	8.34

**SCHEDULES TO ACCOUNTS**

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

(a) Earnings Per Share (Basic and Diluted)

Particulars	2009-10	2008-09
<b>Basic</b>		
Net Profit/(Loss) After Tax as per profit and loss account available for Equity Shareholders (Rs. Lacs)	<b>428.68</b>	338.48
Equity Shares for calculation of Earnings Per Shares (Nos.)	<b>58,03,715</b>	58,00,000
– Basic Earnings Per Share (Rs. )	<b>7.39</b>	5.84
<b>Diluted</b>		
Net Profit/(Loss) After Tax as per profit and loss account available for Equity Shareholders (Rs. Lacs)	<b>428.68</b>	338.48
Equity Shares for calculation of Earnings Per Shares (Nos.)	<b>58,75,702</b>	58,00,000
– Diluted Earnings Per Share (Rs.)	<b>7.30</b>	5.84

(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 credited to the Profit & Loss Account is Rs. 104.63 Lacs (Previous Year loss of Rs. 384.84 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2010 is as follows:

(Rs. in Lacs)

		31-03-2010	31-03-2009
(a) Sundry Debtors	(USD)	<b>23.91</b>	Nil
	(EURO)	<b>32.03</b>	4.12
(b) Sundry Creditors	(USD)	<b>33.51</b>	33.85

(d) Deferred Taxes:

Major items of Deferred Tax Assets and Deferred Tax Liabilities:

(Rs. in Lacs)

Particulars	Opening Balance as on 01.04.2009	Net Increase/ (Decrease) during the year	Closing Balance as on 31.03.2010
<b>LIABILITIES</b>			
Depreciation	335.59	20.08	355.67
Retirement Benefits	2.46	(1.53)	0.93
Lease Payments	—	2.76	2.76
<b>Sub Total</b>	<b>338.05</b>	<b>21.31</b>	<b>359.36</b>
<b>ASSETS</b>			
Provision for doubtful debts	2.85	6.42	9.27
Leave Encashment	14.70	2.63	17.33
Taxes ,Duties and other sums (Net)	0.28	(0.28)	0.00
Demerger Expenses	4.57	(2.28)	2.29
<b>Sub Total</b>	<b>22.40</b>	<b>6.49</b>	<b>28.89</b>
<b>Net Deferred Tax Asset/( Liability)</b>	<b>(315.65)</b>	<b>(14.82)</b>	<b>(330.47)</b>

**SCHEDULES TO ACCOUNTS**

## (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	31.03.10	31.03.09
<b>I</b>	<b>Expense recognised in the Statement of Profit and Loss Account</b>		
1.	Current Service Cost	5.70	6.94
2.	Interest	6.23	5.67
3.	Expected Return on plan assets	(7.29)	(6.89)
4.	Actuarial (Gain)/Loss	9.00	12.26
5.	Total expense	13.65	17.98
<b>II</b>	<b>Net Asset/(Liability) recognised in the Balance Sheet</b>		
1.	Present Value of Defined Benefit Obligation at end of the year	84.89	77.31
2.	Fair Value of plan assets at the end of the year	87.64	81.45
3.	Funded status [Surplus/(Deficit)]	2.75	4.14
4.	Net Asset/(Liability) at the end of the year	2.75	4.14
<b>III</b>	<b>Change in the obligation during the year</b>		
1.	Present Value of Defined Benefit Obligation at the beginning of the year	77.31	70.49
2.	Current Service Cost	5.70	6.94
3.	Interest Cost	6.23	5.67
4.	Actuarial (Gain)/Loss	0.89	7.21
5.	Benefit payments	(5.25)	(13.00)
6.	Present Value of Defined Benefit Obligation at the end of the year	84.89	77.31
<b>IV</b>	<b>Change in Fair Value of Assets during the year ended</b>		
1.	Fair Value of plan assets at the beginning of the year	81.45	92.61
2.	Expected return on plan assets	7.28	6.89
3.	Contributions by employer	12.27	0.00
4.	Actual benefits paid	(5.25)	(13.00)
5.	Actuarial Gain/(Loss) on Plan Assets	(8.11)	(5.05)
6.	Fair Value of plan assets at the end of the year	87.64	81.45
<b>V</b>	<b>The major categories of plan assets as a percentage of total plan</b>		
	Funded with LIC	100%	100%
<b>VI</b>	<b>Actuarial assumptions</b>		
1.	Discount Rate	7.5%	7.5%
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 31<sup>st</sup> March, 2010 Rs. 50.99 Lacs (Previous Year Rs. 43.44 Lacs), determined on actuarial basis using projected unit credit method.

**SCHEDULES TO ACCOUNTS**
**(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
Fine Lifestyle Brands Ltd.	Subsidiary Company
Fine Renewable Energy Ltd.	Subsidiary Company
Fine Lifestyle Solutions Ltd.	Step down Subsidiary Company
Camlin Ltd. (Till 14th December 2009)	Associate Company
Focussed Event Management Pvt. Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company
Abana Medisys 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
Mrs. L. A. Dandekar	Promoter Group
Vivek A. Dandekar	Promoter Group
Abha A. Dandekar	Promoter Group

**(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	8.04	Nil	Nil
		(11.48)	(3.37)	(Nil)
	ii. Job Charges	Nil	Nil	Nil
		(5.82)	(Nil)	(Nil)
	iii. Services	Nil	Nil	8.40
		(Nil)	(Nil)	(5.30)
	iv. Salaries	Nil	Nil	4.05
		(Nil)	(Nil)	(Nil)
<b>2</b>	<b>Sales:</b>			
	i. Goods	141.12	Nil	Nil
		(47.28)	(Nil)	(Nil)
	ii. Fixed Asset	2.83	Nil	Nil
		(5.00)	(Nil)	(Nil)

## SCHEDULES TO ACCOUNTS

				(Rs. in Lacs)
Sr. No.	Nature of Transactions	Subsidiaries & Joint Venture	Associate Companies	Key Management Personnel & their Relatives
	iii. Job Charges	72.24	Nil	Nil
		(Nil)	(Nil)	(Nil)
	iv. Services	21.05	Nil	Nil
		(Nil)	(Nil)	(Nil)
<b>3.</b>	<b>Investments:</b>			
	i. Purchases	155.00	Nil	Nil
		(122.92)	(Nil)	(Nil)
<b>4.</b>	<b>Finance:</b>			
	i. Inter Corporate Loans Given	349.08	Nil	Nil
		(156.74)	(Nil)	(Nil)
	ii. Interest Received	24.64	Nil	Nil
		(7.71)	(Nil)	(Nil)
<b>5.</b>	<b>Other Transactions:</b>			
	i. Reimbursement received from parties	8.27	5.18	Nil
		(49.54)	(4.56)	(Nil)
	ii. Reimbursement made to parties	Nil	Nil	Nil
		(8.13)	(Nil)	(Nil)
<b>6.</b>	<b>Outstanding:</b>			
	i. Payable	5.41	Nil	Nil
		(5.41)	(Nil)	(Nil)
	ii. Receivable	257.57	5.18	Nil
		(131.48)	(10.23)	(Nil)
	iii. Inter Corporate Loans Given	349.08	Nil	Nil
		(156.74)	(Nil)	(Nil)
<b>7.</b>	<b>Managerial Remuneration:</b>	Nil	Nil	44.12
		(Nil)	(Nil)	(44.91)

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

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

			(Rs. in Lacs)
Particulars	2009-10	2008-09	
<b>Subsidiary Companies</b>			
<b>(i) Purchase of Investments:</b>			
Sangam Laboratories Ltd.	<b>155.00</b>	60.00	
Dulcette Technologies LLC, USA	<b>Nil</b>	11.82	
Chemolutions Chemicals Ltd.	<b>Nil</b>	20.50	
Fine Lifestyle Brands Ltd.	<b>Nil</b>	25.50	
<b>(ii) Sales:</b>			
Chemolutions Chemicals Ltd.	<b>115.30</b>	45.52	

**SCHEDULES TO ACCOUNTS**

		(Rs. in Lacs)	
Particulars	2009-10	2008-09	
<b>(iii) Finance:</b>			
(a) Inter Corporate Loans Given			
Chemolutions Chemicals Ltd.	272.00	46.45	
Sangam Laboratories Ltd.	95.00	60.00	
Fine Lifestyle Brands Ltd.	51.08	Nil	
(b) Interest Received			
Sangam Laboratories Ltd.	7.92	5.21	
Chemolutions Chemicals Ltd.	12.63	2.49	
<b>(iv) Outstanding:</b>			
Inter Corporate Loans Given			
Sangam Laboratories Ltd.	Nil	60.00	
Chemolutions Chemicals Ltd.	272.00	46.45	
<b>(v) Receivables:</b>			
Sangam Laboratories Ltd.	13.12	78.19	
Chemolutions Chemicals Ltd.	244.44	46.81	
<b>Associate Companies</b>			
<b>(i) Finance:</b>			
Interest Paid			
Vibha Agencies Pvt. Ltd.	Nil	6.75	
<b>Key Management Personnel</b>			
<b>(i) Managerial Remuneration</b>			
Mr. A. S. Dandekar	44.12	44.91	

(g) Lease		(Rs. in Lacs)	
Particulars	2009-10	2008-09	
Total Minimum Lease Payments at the year end	22.53	—	
Less: Amount Representing finance charges	10.49	—	
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	12.04	—	
Minimum Lease Payments:			
Not later than one year [For finance lease : Present value Rs. 31.59 Lacs as on 31.03.2010 (Rs. Nil as on 31.03.2009)]	54.77	—	
Later than one year but not later than five years [For finance lease : Present value Rs. 154.75 Lacs as on 31.03.2010 (Rs. Nil as on 31.03.2009)]	196.55	—	
Later than five years [For finance lease : Present value Rs. Nil as on 31.03.2010 (Rs. Nil as on 31.03.2009)]	—	—	

(xi) Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of **Micro, Small & Medium Enterprises Development Act, 2006** as on 31<sup>st</sup> March, 2010.

(xii) Previous year's figures are recast/regrouped wherever necessary.

**SCHEDULES TO ACCOUNTS****SCHEDULE 22****SUPPLEMENTARY INFORMATION FORMING AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT**

Additional information pursuant to the provisions of paragraphs 3, 4C &amp; 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.

**(i) Details of Goods Manufactured/Sales/Stocks****(Rs./Units in Lacs)**

	Class of Goods	Unit of Measure	#Licensed 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 (5,130)	3,500 (2,548)	0.56 (0.31)	244.77 (157.90)	25.76 (17.61)	— —	26.18 (17.37)	11,685.21 (9,746.11)	0.14 (0.56)	47.55 (244.77)
(B)	<b>TRADING ITEMS</b>											
	Chemical & Chemical Products	Nos./Pks.	N.A N.A	N.A N.A	— —	146.54 (0.80)	— —	639.44 (420.99)	— —	660.20 (304.14)	— —	2.93 (146.54)
					0.56	391.31	25.76	639.44	26.18	12,345.41	0.14	50.48

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.

<b>(ii) Raw Materials Consumed</b>	Unit of Measure	<b>2009-2010</b>		<b>2008-2009</b>	
		<b>Qty.</b>	<b>Value* Rs.</b>	<b>Qty.</b>	<b>Value* Rs.</b>
Hydroquinone	Kgs./Ltrs.	<b>24.23</b>	<b>3,762.85</b>	17.39	3,020.15
Other Raw Materials* (None of the items individually exceed 10% of the total value of Raw Materials consumed)	Kgs./Ltrs.		<b>3,581.52</b>		3,497.28
			<b>7,344.37</b>		<b>6,517.43</b>
* Includes Resale of Material					
<b>(iii) Value of consumption of Raw Materials and Stores</b>					
(a) Indigenous			<b>2,140.79</b>		1,767.49
(b) Imported (Landed Cost) - Raw Material			<b>5,203.58</b>		4,749.94
			<b>7,344.37</b>		<b>6,517.43</b>
<b>(iv) Percentage of Consumption of Raw Materials &amp; Stores</b>					
(a) Indigenous			<b>29%</b>		27%
(b) Imported (Landed Cost) - Raw Material			<b>71%</b>		73%
			<b>100%</b>		100%
<b>(v) Value of Imports on C.I.F. Basis</b>					
(a) Raw Materials			<b>5,365.97</b>		4,483.22
(b) Purchases of Traded Products			—		420.99
			<b>5,365.97</b>		4,904.21
<b>(vi) Earnings in Foreign Exchange</b>					
Exports at F.O.B. Value (Including Trading)			<b>9,686.52</b>		8,222.74
<b>(vii) Expenditure in Foreign Currency</b>					
Professional Fees			<b>98.43</b>		14.63
Commission and Sales Promotion			<b>81.04</b>		126.01
Foreign Travel			<b>40.91</b>		27.87
			<b>220.38</b>		168.51

As per our report of even date annexed

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

Chartered Accountants

**Santosh Parab**

Partner

(M. No. 47942)

Mumbai

Dated: 5<sup>th</sup> May, 2010.**D. R. Puranik**  
Chief Financial Officer**N. R. Joshi**  
Company Secretary &  
General Manager - Legal**D. D. Dandekar** Chairman**A. S. Dandekar** Mg. Director**S. M. Kulkarni** Director**P. M. Sapre** Director**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.   -      State Code    
 Balance Sheet        
 Date Date Month Year

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

Public Issue	<input type="text"/>	Rights Issue	<input type="text"/>																
	N	I	L								N	I	L						
Bonus Issue	<input type="text"/>	Private Placement	<input type="text"/>																
	N	I	L								N	I	L						

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	<input type="text"/>	Total Assets	<input type="text"/>																
	7	6	9	8	2	2					7	6	9	8	2	2			
Sources of Funds										Reserves & Surplus	<input type="text"/>								
Paid-up Capital	<input type="text"/>		<input type="text"/>																
	5	8	1	4	5						2	7	4	9	3	5			
Secured Loans	<input type="text"/>	Unsecured Loans	<input type="text"/>																
	4	0	3	6	9	5					N	I	L						
Deferred Tax Liability (Net)	<input type="text"/>																		
	3	3	0	4	7														
Application of Funds										Investments	<input type="text"/>								
Net Fixed Assets	<input type="text"/>		<input type="text"/>																
	3	9	2	8	9	2					3	3	9	8	8				
Net Current Assets	<input type="text"/>	Miscellaneous Expenditure	<input type="text"/>																
	3	4	2	9	4	2					N	I	L						
Accumulated Losses	<input type="text"/>																		
	N	I	L																

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

Turnover (Income)	<input type="text"/>	Total Expenditure	<input type="text"/>																
	1	2	6	3	3	9	4				1	1	9	7	5	4	4		
+ - Profit Before Tax	<input type="text"/>	+ - Profit After Tax	<input type="text"/>																
	6	5	8	5	0						4	2	8	6	8				
Earning Per Share in Rs.	<input type="text"/>	Dividend %	<input type="text"/>																
	7	.	3	9							2	0	%						

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

Item Code No. (ITC Code)	<input type="text" value="2"/> <input type="text" value="9"/> . <input type="text" value="3"/> <input type="text" value="3"/>
Product Description	API'S
Item Code No. (ITC Code)	<input type="text" value="2"/> <input type="text" value="9"/> . <input type="text" value="0"/> <input type="text" value="9"/>
Product Description	Food Antioxidants
Item Code No. (ITC Code)	<input type="text" value="2"/> <input type="text" value="9"/> . <input type="text" value="0"/> <input type="text" value="9"/>
Product Description	Sweeteners

As per our report of even date annexed

For <b>B. K. Khare &amp; Co.</b> Chartered Accountants	<b>D. D. Dandekar</b> <i>Chairman</i>
<b>Santosh Parab</b> Partner (M. No. 47942)	<b>D. R. Puranik</b> <i>Chief Financial Officer</i>
Mumbai	<b>A. S. Dandekar</b> <i>Mg. Director</i>
Dated: 5 <sup>th</sup> May, 2010.	<b>S. M. Kulkarni</b> <i>Director</i>
	<b>N. R. Joshi</b> <i>Company Secretary &amp; General Manager - Legal</i>
	<b>P. M. Sapre</b> <i>Director</i>
	<b>B. A. Patel</b> <i>Director</i>

**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.	Fine Lifestyle Brands Ltd.	Fine Renewable Energy Ltd.	Fine Lifestyle Solutions Ltd.*
2.	Financial year of the Subsidiary Company ends on :	31 <sup>st</sup> March, 2010	31 <sup>st</sup> December, 2009	31 <sup>st</sup> March, 2010			
3.	Holding Company's interest:						
	I. no. of shares held :	2,510,000	N.A.	255,000	255,000	51,000	N.A.
	II. percentage of shareholding :	91.28%	61%	68%	51%	77%	38.25%
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. :	(92.06)	(12.37)	(89.79)	(22.69)	(10.41)	(2.05)
	II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary. :	(25.78)	(27.04)	(22.60)	(4.86)	(0.34)	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	Nil	Nil	Nil
	II. For the previous financial year of the subsidiary since it became the Holding Company's Subsidiary. :	Nil	Nil	Nil	Nil	Nil	Nil

\* Fine Lifestyle Solutions Limited, is a step down subsidiary of Camlin Fine Chemicals Limited, in which Fine Lifestyle Brands Limited, a subsidiary of Camlin Fine Chemicals Limited holds 75% of equity shares.

As per our report of even date annexed

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

*Chartered Accountants*

**D. D. Dandekar**

*Chairman*

**D. R. Puranik**

*Chief Financial Officer*

**A. S. Dandekar**

*Mg. Director*

**Santosh Parab**

*Partner*

(M. No. 47942)

**S. M. Kulkarni**

*Director*

**N. R. Joshi**

*Company Secretary &  
General Manager - Legal*

**P. M. Sapre**

*Director*

Mumbai

Dated: 5<sup>th</sup> May, 2010.

**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**

(Rs. in Lacs)

Sr. No.	Name of Subsidiary	Sangam Laboratories Ltd.	Dulcette Technologies LLC	Chemolutions Chemicals Ltd.	Fine Lifestyle Brands Ltd.	Fine Renewable Energy Ltd.	Fine Lifestyle Solutions Ltd.**
1.	Capital	275.00	52.43	37.50	50.00	6.60	5.00
2.	Reserves	(199.40)	(69.81)	(159.71)	(40.78)	(13.49)	(5.37)
3.	Total Assets	317.87	52.43	897.66	101.08	32.60	14.98
4.	Total Liabilities	317.87	52.43	897.66	101.08	32.60	14.98
5.	Details of Investments	0.25	Nil	Nil	3.75	Nil	Nil
6.	Turnover	120.10	25.28	1,657.92	5.40	51.28	6.19
7.	Profit/(Loss) Before Tax	(112.20)	(22.61)	(135.94)	(33.59)	(13.05)	(5.37)
8.	Provision For Taxation	0.80	Nil	(3.89)	Nil	Nil	Nil
9.	Profit/(Loss) After Tax	(113.00)	(22.61)	(132.05)	(33.59)	(13.05)	(5.37)
10.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil

\* Exchange Rate as on 31<sup>st</sup> March, 2010. - 1 US\$ = Rs. 45.14.

\*\* Fine Lifestyle Solutions Limited, is a step down subsidiary of Camlin Fine Chemicals Limited, in which Fine Lifestyle Brands Limited, a subsidiary of Camlin Fine Chemicals Limited holds 75% of equity shares..

**AUDITORS' REPORT****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 Sangam Laboratories Limited, Dulcette Technologies LLC, Chemolutions Chemicals Limited, Fine Lifestyle Brands Limited, Fine Lifestyle Solutions Limited and Fine Renewable Energy Limited as at 31<sup>st</sup> March, 2010, 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 (i)(b) of Schedule 22 to the consolidated financial statements, the separate unaudited financial statements of Dulcette Technologies LLC have been included in the consolidated financial statements. These financial statements of Dulcette Technologies LLC reflect total assets of Rs. 52.45 Lacs as at 31<sup>st</sup> March, 2010, total revenues of Rs. 25.28 Lacs and net cash inflows of Rs. 0.53 Lacs for the year ended 31<sup>st</sup> March, 2010.

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

4. Fine Lifestyle Solutions Limited became subsidiary of Fine Lifestyle Brands Limited on 01.06.2009 and hence its results in Consolidated Financial Statements are reflected for the period 01.06.2009 to 31.03.2010.
5. 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.
6. 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, Fine Lifestyle Brands Limited, Fine Lifestyle Solutions Limited, Fine Renewable Energy Limited and the unaudited separate financial statements of Dulcette Technologies LLC, 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, 2010;
  - (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  
Firm Registration No. 105102W

Place: Mumbai  
Date: 5<sup>th</sup> May, 2010

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedules	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	581.45	580.00
Share Warrants		—	80.60
Reserves and Surplus	2	2,323.80	2,250.94
Employee stock options outstanding		19.04	
Less: Deferred employee compensation expenses [Refer note 22 (v) ]		11.08	2.59
		<u>2,913.21</u>	<u>2,914.13</u>
<b>Minority Interest</b>		11.28	21.78
<b>Loan Funds</b>			
Secured Loans	3	4,648.78	2,832.14
Unsecured Loans	4	13.23	5.99
		<u>4,662.01</u>	<u>2,838.13</u>
<b>Deferred Tax Liability (Net)</b> [Refer note 22 (viii)(c)]		318.39	306.66
<b>TOTAL</b>		<u>7,904.89</u>	<u>6,080.70</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	6,251.73	5,198.75
Less: Depreciation		2,425.18	1,982.42
Net Block		3,826.55	3,216.33
Capital Work In Progress		211.48	285.41
		<u>4,038.03</u>	<u>3,501.74</u>
<b>Investments</b>	6	0.50	0.50
<b>Current Assets, Loans and Advances</b>			
Inventories	7	2,620.95	2,935.61
Sundry Debtors	8	4,245.47	2,217.93
Cash and Bank Balances	9	353.05	189.10
Loans and Advances	10	732.44	489.73
		<u>7,951.91</u>	<u>5,832.37</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	11	3,803.33	3,079.76
Provisions	12	282.22	174.15
		<u>4,085.55</u>	<u>3,253.91</u>
<b>Net Current Assets</b>		<u>3,866.36</u>	<u>2,578.46</u>
<b>TOTAL</b>		<u>7,904.89</u>	<u>6,080.70</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*

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

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

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

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

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

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

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

Mumbai  
Dated : 5<sup>th</sup> May, 2010.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Schedules	Year ended 31.03.2010 (Rs. in Lacs)	Year ended 31.03.2009 (Rs. in Lacs)
<b>INCOME</b>			
Net Sales	13	<b>14,028.18</b>	10,411.18
Other Operational Income	14	<b>112.25</b>	28.23
Other Income	15	<b>112.49</b>	23.23
<b>TOTAL INCOME</b>		<b>14,252.92</b>	10,462.64
<b>EXPENDITURE</b>			
Consumption of Materials & Goods traded-in	16	<b>8,775.03</b>	6,966.21
(Increase)/Decrease in Stocks	17	<b>154.18</b>	(1,441.91)
Payment to Employees	18	<b>776.71</b>	621.49
Manufacturing & Other Expenses	19	<b>3,067.50</b>	2,921.59
Finance Cost	20	<b>677.77</b>	575.52
Depreciation	5	<b>466.99</b>	407.62
Amortisation of Goodwill		—	26.60
<b>TOTAL EXPENDITURE</b>		<b>13,918.18</b>	10,077.12
<b>Net Profit /(Loss) before Tax</b>		<b>334.74</b>	385.52
Provision for taxes			
— Current Tax		<b>215.00</b>	113.00
— Wealth Tax		—	0.09
— Deferred Tax		<b>11.73</b>	38.03
— Fringe Benefit Tax		—	20.09
<b>Profit /(Loss) after Tax</b>		<b>108.01</b>	214.31
Less: Minority Interest		<b>(13.07)</b>	(30.31)
<b>Profit /(Loss) after Tax Minority Interest</b>		<b>121.08</b>	244.62
Balance brought forward from last year		<b>129.39</b>	3.56
		<b>250.47</b>	248.18
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>250.47</b>	248.18
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		<b>33.00</b>	17.00
Proposed Dividend on Equity Shares		<b>116.29</b>	87.00
Tax on Dividend		<b>19.76</b>	14.79
Balance Carried to Balance Sheet		<b>81.42</b>	129.39
		<b>250.47</b>	248.18
Earnings Per Share – Basic (in Rs.)		<b>2.09</b>	4.22
Diluted (in Rs.)		<b>2.06</b>	4.22
Schedules 1 to 22 forming part of Accounts			

As per our report of even date annexed

For **B. K. Khare & Co.**  
Chartered Accountants**Santosh Parab**  
Partner  
(M. No. 47942)**D. R. Puranik**  
Chief Financial Officer**N. R. Joshi**  
Company Secretary &  
General Manager – Legal**D. D. Dandekar** Chairman**A. S. Dandekar** Mg. Director**S. M. Kulkarni** Director**P. M. Sapre** Director**B. A. Patel** DirectorMumbai  
Dated : 5<sup>th</sup> May, 2010.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

	Year ended 31.03.2010 (Rs. in Lacs)	Year ended 31.03.2009 (Rs. In Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items	334.74	385.52
<b>Adjustments for:</b>		
Depreciation	466.99	407.62
Deferred employee compensation expenses amortised	6.79	2.59
Foreign Exchange loss/(gain) (Unrealised)	65.10	56.42
Profit on Sale of Fixed Assets	(1.45)	4.58
Provision for Doubtful Debts (Net)	21.53	(118.42)
Provision for leave encashment	7.55	5.61
Interest Expenses	677.77	575.53
Interest Received/Dividend Received	(8.71)	(2.49)
Amortisation of Goodwill	—	26.60
<b>Operating Profit before Working Capital changes</b>	<b>1,570.32</b>	<b>1,343.56</b>
<b>Adjustments for:</b>		
Trade and other Receivables	(2,392.02)	(817.80)
Inventories	314.66	(1,602.61)
Trade Payables	690.57	1,683.68
Other Payables	72.60	(66.38)
<b>Cash used in Operations</b>	<b>256.13</b>	<b>540.45</b>
Direct taxes paid	(147.96)	(61.31)
<b>Net cash generated from operating activities</b>	<b>108.17</b>	<b>479.14</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,101.85)	(462.06)
Sale of Fixed Assets	100.02	6.54
(Purchase)/Sale of Investments	—	—
Profit/(Loss) on Sale of Investments	—	—
Interest received	8.57	2.34
Dividend received	0.14	0.15
<b>Net cash used in Investing Activities</b>	<b>(993.12)</b>	<b>(453.03)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings (Net of repayments)	1,816.64	712.14
Proceeds from Unsecured Loans	7.24	
Proceeds from Share Capital	7.25	(14.45)
Interest Paid	(682.24)	(574.65)
Dividend Paid	(87.00)	(66.84)
Tax on Dividend	(14.79)	—
Increase in Minority Interest	1.79	18.43
<b>Net cash generated from Financing Activities</b>	<b>1,048.90</b>	<b>74.63</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>163.95</b>	<b>100.74</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents (Opening Balance)	189.10	88.36
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>353.05</b>	<b>189.10</b>

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

Chartered Accountants

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

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

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

**D. D. Dandekar** Chairman

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

**S. M. Kulkarni** Director

**P. M. Sapre** Director

**B. A. Patel** Director

Mumbai  
Dated : 5<sup>th</sup> May, 2010.

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at 31.03.2010 (Rs.in Lacs)	As at 31.03.2009 (Rs.in Lacs)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
100,00,000 Equity Shares of Rs. 10/- each (2008-2009 100,00,000 Equity Shares of Rs. 10/- each)	<b>1,000.00</b>	1,000.00
<b>Issued, Subscribed &amp; Paid-up</b>		
58,14,480 Equity Shares of Rs. 10/- each (Previous Year 58,00,000)	<b>581.45</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.		
(c) 14,480 Equity Shares issued under ESOS [Refer note 22 (v)].		
	<b>581.45</b>	580.00
<b>2. RESERVES AND SURPLUS</b>		
Capital Reserve [Refer note 22 (iv) ]	<b>80.60</b>	—
<b>Share Premium Account</b>		
As per Last Balance Sheet	<b>399.00</b>	399.00
Add:Additions during the year [Refer note 22 (v)]	<b>7.23</b>	—
	<b>406.23</b>	399.00
<b>General Reserve</b>		
As per last Balance Sheet	<b>1,722.55</b>	1,705.55
Add: Transfer From Profit & Loss Account	<b>33.00</b>	17.00
	<b>1,755.55</b>	1,722.55
Profit & Loss Account	<b>81.42</b>	129.39
	<b>2,323.80</b>	2,250.94
<b>3. SECURED LOANS</b>		
<b>From Banks:</b>		
[Refer note 22 (vi)]		
(i) Term Loans [Term Loan Repayable within one Year Rs. 654.12 Lacs (Previous Year Rs. 520.32 Lacs)]	<b>2,283.49</b>	1,162.32
(ii) Cash Credits	<b>2,178.71</b>	1,669.82
<b>From Others:</b>		
(iii) Loan Against Leased Assets [Refer note 22(vi)] [Repayable within one Year Rs. 31.59 Lacs (Previous Year Rs. Nil)]	<b>186.58</b>	—
	<b>4,648.78</b>	2,832.14
<b>4. UNSECURED LOANS</b>		
From Director	<b>7.24</b>	—
Sales Tax Deferral	<b>5.99</b>	5.99
	<b>13.23</b>	5.99

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

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	BALANCE
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2010	Up to 31.03.2009	Provided During the Year	Disposals/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
i) Intangible Assets (Internally Generated)										
Product Development	47.77	—	—	47.77	—	15.93	—	15.93	31.84	47.77
ii) Tangible Assets										
Freehold Land	35.61	154.77 **	—	190.38	—	—	—	—	190.38	35.61
Leasehold Land	2.67	—	—	2.67	0.82	0.03	—	0.85	1.82	1.85
Site Development	37.55	—	—	37.55	3.80	0.61	—	4.41	33.14	33.75
Building & Shed	768.92	207.78	—	976.70	148.72	29.13	—	177.85	798.85	620.20
Plant, Machinery & Equipment	4,058.45	472.59	2.50	4,528.54	1,757.50	391.28	0.10	2,148.68	2,379.86	2,300.95
ERP Hardware/Software Cost	24.58	81.15	—	105.73	24.58	12.51	—	37.09	68.64	—
Furniture & Fittings	147.93	60.87 **	120.30	88.50	32.52	6.41	24.13	14.80	73.70	115.41
Vehicles	75.27	—	—	75.27	14.48	7.15	—	21.63	53.64	60.79
Lease Assets	—	198.62 **	—	198.62	—	3.94	—	3.94	194.68	—
Grand Total	5,198.75	1,175.78	122.80	6,251.73	1,982.42	466.99	24.23	2,425.18	3,826.55	3,216.33
Previous Year	4,997.56	226.31	25.12	5,198.75	1,588.80	407.62	14.00	1,982.42	3,216.33	—
Capital Work In Progress									211.48	285.41

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

\*\* Additions to leased assets include Rs. 108.87 Lacs include assets which were sold and leased back at book value.

	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (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	0.50	0.50
	<b>0.50</b>	<b>0.50</b>
<b>7. INVENTORIES</b>		
Raw Materials	347.27	522.96
Packing Materials	37.34	9.38
Work-in-Process	1,940.02	1,749.10
Finished Goods	296.32	654.17
	<b>2,620.95</b>	<b>2,935.61</b>
<b>8. SUNDRY DEBTORS (UNSECURED)</b>		
(i) Outstanding over Six months		
(a) Considered Good	430.64	190.46
(b) Considered Doubtful	29.91	8.38
	<b>460.55</b>	<b>198.84</b>
(ii) Other Debts Considered Good [Net of Bills Discounted Rs. 1,898.81 Lacs (Previous Year Rs. 1,738.24 Lacs)]	3,814.83	2,027.47
	<b>4,275.38</b>	<b>2,226.31</b>
Less: Provision for Doubtful Debts	29.91	8.38
	<b>4,245.47</b>	<b>2,217.93</b>

### SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
<b>9. CASH AND BANK BALANCES</b>		
(i) Cash on Hand	18.17	17.40
(ii) Current Account with Scheduled Bank	59.76	171.58
(iii) Fixed Deposit with Scheduled Bank	275.12	0.12
	<b>353.05</b>	189.10
<b>10. LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
(i) Balances with Excise Authorities	52.02	70.26
(ii) Advances recoverable in cash or in kind or for the value to be received	491.73	372.25
(iii) Loans and Advances to Subsidiaries	41.57	—
(iv) Deposits	147.12	47.22
	<b>732.44</b>	489.73
<b>11. LIABILITIES</b>		
(i) Sundry Creditors		
Due to SME Undertakings [Refer note 22(x)]	3,471.71	2,781.14
Others	3,471.71	2,781.14
(ii) Interest Accrued but not due on loans	2.57	7.04
(iii) Unclaimed Dividend*	2.97	1.02
(iv) Other Liabilities	326.08	290.56
	<b>3,803.33</b>	3,079.76
* 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)	95.18	28.92
(ii) Provision for Employees Benefits	50.99	43.44
(iii) Proposed Dividend	116.29	87.00
(iv) Tax on Dividend	19.76	14.79
	<b>282.22</b>	174.15

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT**

	Year ended 31.03.2010 (Rs. in Lacs)	Year ended 31.03.2009 (Rs. in Lacs)
<b>13. SALES</b>		
Gross Sales	14,296.06	10,651.45
Less : Trade Discount	—	0.15
Less : Excise Duty	267.88	240.12
	<b>14,028.18</b>	<b>10,411.18</b>
<b>14. OTHER OPERATIONAL INCOME</b>		
Export Benefits	—	28.23
Gain on Foreign Exchange Fluctuations	104.91	—
Processing Charges	7.34	—
[Tax Deducted at Source Rs. 1.88 Lacs (Previous Year Rs. Nil)]		
	<b>112.25</b>	<b>28.23</b>
<b>15. OTHER INCOME</b>		
Interest	8.57	2.34
[Tax Deducted at Source Rs. 2.46 Lacs (Previous year Rs. 0.18 Lacs)]		
Dividend Received	0.14	0.15
Profit on Sale of Assets	1.45	—
Sundry Balance Written Back	—	0.49
Miscellaneous Receipts	102.33	20.25
	<b>112.49</b>	<b>23.23</b>
<b>16. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN</b>		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	535.71	357.78
Add: Purchases	7,360.60	6,616.54
	<b>7,896.31</b>	<b>6,974.32</b>
Less: Closing Stock of Raw Materials	347.27	522.96
	<b>7,549.04</b>	<b>6,451.36</b>
(ii) Packing Materials	98.78	93.86
(iii) Purchase of Finished Goods for Resale	1,127.21	420.99
	<b>8,775.03</b>	<b>6,966.21</b>
<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	1,761.61	778.20
Finished Goods	628.91	183.16
	<b>2,390.52</b>	<b>961.36</b>
Less: Closing Stock as at year end		
Work-in-Process	1,940.02	1,749.10
Finished Goods	296.32	654.17
	<b>2,236.34</b>	<b>2,403.27</b>
	<b>154.18</b>	<b>(1,441.91)</b>

### SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended 31.03.2010 (Rs.in Lacs)	Year Ended 31.03.2009 (Rs.in Lacs)
<b>18. PAYMENT TO EMPLOYEES</b>		
Salaries, Wages and Bonus	670.87	509.90
Deferred employee compensation expense amortised	6.79	2.59
Contribution to Provident & other funds	43.41	68.75
Staff and Labour Welfare	55.64	40.25
	<u>776.71</u>	<u>621.49</u>
<b>19. MANUFACTURING &amp; OTHER EXPENSES</b>		
Power and Fuel	933.35	777.11
Repairs		
— Building	2.42	22.46
— Machinery	123.56	58.70
— Others	39.44	59.55
Job Charges	229.81	162.62
Labour Charges	135.80	—
Rent	154.64	93.52
Rates and Taxes	11.47	8.08
Insurance	42.05	34.67
Advertisement and Sales Promotion	151.82	124.74
Transport & Forwarding Charges	226.91	193.94
Commission/Discount/Service Charges on Sales	41.42	114.60
Travelling & Conveyance	159.01	166.25
Directors Meeting Fees	6.75	7.68
Auditor's Remuneration	15.12	9.24
Legal & Professional fees	227.48	
Bad Debts Written Off	—	226.53
Less: Provision Written Back	—	<u>126.80</u>
Provision for Doubtful Debts	21.53	11.30
Provision for Doubtful Advances	14.29	—
Loss on Sale/Discarding of Assets	0.81	4.58
Loss on Foreign Exchange Fluctuations	4.52	384.85
Miscellaneous Expenses	525.30	587.97
	<u>3,067.50</u>	<u>2,921.59</u>
<b>20. FINANCE COST</b>		
On Term Loans	170.82	188.12
On Others	506.95	387.40
	<u>677.77</u>	<u>575.52</u>

**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.

**(iii) 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.

**(iv) DEPRECIATION**

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

**(v) 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.

**(vi) 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.

**(vii) 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.

**(viii) 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.

**(ix) 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.

**(x) EMPLOYEE STOCK OPTION SCHEME**

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

**(xi) 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.

**(xii) REVENUE/EXPENSE RECOGNITION**

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

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

(c) Expenses are accounted for on accrual basis 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.

**(xiii) 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.

**(xiv) 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.

**(xv) 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.

**(xvi) 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.

**(xvii) LEASE HOLD IMPROVEMENTS**

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

**(xviii) CASH FLOW STATEMENTS**

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

**(xix) LEASE**

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

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

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

**22. NOTES TO ACCOUNTS**
**(i) Principles of consolidation:**

- (a) The Consolidated Financial Statements (CFS) comprises the financial statements of Camlin Fine Chemicals Limited and its subsidiaries as at 31.03.2010, which are as under:

<b>Name of the Entities</b>	<b>Country of Incorporation</b>	<b>% Shareholding 31.03.10</b>	<b>% Shareholding 31.03.09</b>
Sangam Laboratories Limited	India	<b>91.28%</b>	80%
Chemolutions Chemicals Limited	India	<b>68%</b>	68%
Fine Lifestyle Brands Limited	India	<b>51%</b>	68%
Fine Renewable Energy Limited	India	<b>77%</b>	77%
Dulcette Technologies LLC	USA	<b>61%</b>	61%
Fine Lifestyle Solutions Ltd. (Step down subsidiary)	India	75% Held by Fine Lifestyle Brands Ltd.	Nil

During the year Camlin Fine Chemicals Ltd. has made additional investments in subsidiary namely Sangam Laboratories Limited, resulting in change in the share holding percentage.

- (b) The statutory accounting year of Dulcette Technologies LLC, USA 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, USA has prepared financial statements for the year ended March 31, 2010, which have not been audited.

- (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) Minority interest in the net assets of consolidated subsidiaries consist of:
- (1) Amount of equity attributable at the date on which investment in subsidiaries is made and
  - (2) The minorities share of movements in equity since the date the parent subsidiary relationship comes into existence.
- (ii) Contingent Liabilities:
- (a) In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 1,898.81 Lacs. (Previous Year Rs. 1,738.24 Lacs).
  - (b) In respect of bank guarantees aggregating to Rs. 366.65 Lacs issued to VAT and Customs authorities. (Previous Year Rs. 285.99 Lacs).
  - (c) In respect of corporate bank guarantee amounting to Rs. 500 Lacs (Previous Year Rs. 500 Lacs) issued against the borrowings of Chemolutions Chemicals Ltd, a subsidiary of Company.
- (iii) Commitments:
- (a) Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 25.40 Lacs. (Previous Year Rs. 179.50 Lacs).
- (iv) Pursuant to the preferential issue to promoter group made in financial year ended March 31, 2008, certain relatives of Promoters and entities belonging to 'Promoter Group' were issued 15,50,000 warrants, each of which was entitled to one ordinary share of the Company against payment of cash. As per the SEBI Guidelines, an amount equivalent to 10% of the price that is Rs. 5.20 per warrant had been received from the concerned individuals / entities on allotment of these warrants. These warrants were exercisable at Rs. 52 each on or before June 20, 2009. The concerned promoters and entities have not exercised the option on these warrants by the stipulated date and hence the options have lapsed. As per the SEBI Guidelines and terms of the issue, the advance paid against these warrants of Rs. 80.60 Lacs has been forfeited by the Company and transferred to the Capital Reserve.
- (v) Employee Stock Option Scheme
- The Company has Employee Stock Option Scheme called "Camlin Fine Chemicals Employees' Stock Option Scheme, 2008" which was approved by the members on 8<sup>th</sup> August 2008. The scheme is an employee share based payment plan administered through Employee Stock Option. Each option under the scheme will entitle one fully paid up equity share of Rs. 10/- each of the Company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III
Grant Date	9 <sup>th</sup> August 2008	13 <sup>th</sup> October 2008	23 <sup>rd</sup> October 2009
Number of Options granted	1,94,100	16,700	32,200
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant		
Exercise Price (per share)	Rs. 50	Rs. 50	Rs. 50
Method of settlement	By issue of Shares at Exercise Price		
Vesting Conditions	10 % On expiry of 12 months from the date of grant;		
	15 % On expiry of 24 months from the date of grant;		
	20 % On expiry of 36 months from the date of grant;		
	25 % On expiry of 48 months from the date of grant;		
	30 % On expiry of 60 months from the date of grant;		

Details of Stock options are as follows:

Summary of Stock Options	No. of Stock Options		
	Tranche I	Tranche II	Tranche III
Options outstanding on 1 <sup>st</sup> April, 2009	1,94,100	16,700	0
Options granted during the year	Nil	Nil	32,200
Options forfeited/lapsed during the year	16,800	11,000	Nil
Options exercised during the year	14,230	250	Nil
Options outstanding on 31 <sup>st</sup> March, 2010	1,63,070	5,450	32,200
Options vested but not exercised on 31 <sup>st</sup> March, 2010	3,500	320	Nil

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III
Average Share Price *	Rs. 57.25	Rs. 48.63	Rs. 61.31
Exercise/Grant Price **	Rs. 50.00	Rs. 50.00	Rs. 50.00
Market Price ***	Rs. 60.00	Rs. 45.00	Rs. 58.50

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

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

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

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

Particulars	(Amount in Rupees)		
	Tranche I	Tranche II	Tranche III
Opening unamortised amount	16,82,000	Nil	N.A.
Total amount to be amortised over the vesting period	Nil	Nil	2,73,700
Charge to Profit and Loss Account for the year	6,29,043	Nil	49,836
ESOP lapsed	1,68,000	Nil	—
Unamortised amount carried forward	8,84,597	Nil	2,23,864

Accordingly, during the year, 14,480 Equity Shares of Rs. 10/- each have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to Rs. 7,21,500 has been accounted.

- (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.

During the year the Company has registered the aforesaid charges with the concerned authorities.

Loans amounting to Rs. 665.95 Lacs (Previous Year Rs. 1131.88 Lacs) are guaranteed by respective Directors of the companies.

Loan against Leased Assets are secured by furniture & fixtures taken on lease.

- (vii) The Company has transferred Investments in equity shares of Saraswat Co-operative Bank Ltd. in its name.

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

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

Particulars	2009-10	2008-09
<b>Basic</b>		
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (Rs. Lacs)	<b>121.08</b>	244.62
Equity Shares for calculation of Earnings Per Shares (Nos.)	<b>58,03,715</b>	58,00,000
– Basic Earnings Per Share (Rs.)	<b>2.09</b>	4.22
<b>Diluted</b>		
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (Rs. Lacs)	<b>121.08</b>	244.62
Equity Shares for calculation of Earnings Per Shares (Nos.)	<b>58,75,702</b>	58,00,000
– Diluted Earnings Per Share (Rs.)	<b>2.06</b>	4.22

**(b) Foreign Currency Transactions:**

Exchange variation (Net) arising on translation of Foreign Currency transactions credited to the Profit & Loss Account is Rs. 40.44 Lacs (Previous Year loss of Rs. 384.40 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2010 is as follows:

		(Rs. in Lacs)	
		31.03.10	31.03.09
(a) Sundry Debtors	(USD)	<b>23.91</b>	Nil
	(EURO)	<b>76.33</b>	6.17
(b) Sundry Creditors	(USD)	<b>33.51</b>	34.24
	(EURO)	<b>1.62</b>	4.00

**(c) Deferred Taxes:**

Major items of Deferred Tax Assets and Deferred Tax Liabilities:

		(Rs. in Lacs)	
Particulars		Closing Balance as on 31.03.2010	Closing Balance as on 31.03.2009
<b>LIABILITIES</b>			
Depreciation		<b>373.27</b>	356.28
Retirement Benefits		<b>0.93</b>	2.46
Lease Payments		<b>2.76</b>	—
<b>Sub Total</b>		<b>376.96</b>	358.74
<b>ASSETS</b>			
Unabsorbed Depreciation/Business Loss		<b>29.68</b>	29.68
Provision for doubtful debts		<b>9.27</b>	2.84
Leave Encashment		<b>17.33</b>	14.70
Taxes, Duties and other sums (Net)		—	0.28
Demerger Expenses		<b>2.29</b>	4.57
<b>Sub Total</b>		<b>58.57</b>	52.07
<b>Net Deferred Tax Asset/( Liability)</b>		<b>(318.39)</b>	(306.67)

**(d) Related Party Disclosures**
**(a) Associate Companies**

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
Camlin Ltd. (Till 14 <sup>th</sup> December 2009)	Associate Company
Focussed Event Management Pvt. Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company
Abana Medisys Pvt. Ltd.	Associate Company
Shrividya Enterprises	Associate Company
Pavan Energy Systems	Associate Entity
Pagoda Advisors Pvt. Ltd.	Associate Company
Mantra Exim Pvt. Ltd.	Associate Company

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

<b>Name of the Person</b>	<b>Nature of Relationship</b>
Mr. A. S. Dandekar	Managing Director, Camlin Fine Chemicals Ltd.
Mr. S. D. Dandekar	Management Consultant
Mr. D. D. Dandekar	Chairman
Mrs. L. A. Dandekar	Promoter Group, Camlin Fine Chemicals Ltd.
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 Blumel	Director & CEO, Chemolutions Chemicals Ltd.

**(c) Transactions with Related Parties**

(Rs. in Lacs)

<b>Sr. No.</b>	<b>Nature of Transactions</b>	<b>Associate Companies</b>	<b>Key Management Personnel &amp; their Relatives</b>
<b>1. Purchases:</b>			
i.	Goods	<b>49.55</b> (28.95)	<b>Nil</b> (Nil)
ii.	Services	<b>Nil</b> (Nil)	<b>8.40</b> (5.30)
iii.	Salaries	<b>Nil</b> (Nil)	<b>4.05</b> (Nil)
<b>2. Sales:</b>			
i.	Goods	<b>Nil</b> (0.16)	<b>Nil</b> (Nil)
ii.	Interest Paid	<b>1.37</b> (6.75)	<b>Nil</b> (Nil)
<b>3. Other Transactions:</b>			
	Reimbursement received from parties	<b>5.18</b> (4.56)	<b>Nil</b> (Nil)
<b>4. Outstanding:</b>			
i.	Payable	<b>18.62</b> (1.32)	<b>Nil</b> (Nil)
ii.	Receivable	<b>5.18</b> (10.23)	<b>—</b> (Nil)
<b>5. Equity Contributions:</b>		<b>12.25</b> (Nil)	<b>—</b> (Nil)
<b>6. Managerial Remuneration:</b>		<b>Nil</b> (Nil)	<b>90.92</b> (90.51)

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

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

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
<b>Associate Companies</b>		
(i) Purchases		
Shrividya Enterprises	16.18	Nil
Pavan Energy Systems	26.58	Nil
(ii) <b>Finance</b>		
Interest Paid		
Vibha Agencies Pvt Ltd.	Nil	6.75
(iii) <b>Payable</b>		
<b>Camlin Ltd.</b>	0.10	Nil
Pavan Energy Systems	17.02	Nil
(iii) <b>Receivable</b>		
<b>Camlin Ltd.</b>	Nil	9.55
<b>Key Management Personnel</b>		
Managerial Remuneration		
Mr. A. S. Dandekar	44.12	44.91
Mr. S. M. Parchure	3.60	4.80
Mr. V. S. Sawant	3.60	4.80
Mr. Christopher Bluemel	39.60	36.00

**(e) Lease** (Rs. in Lacs)

Particulars	2010	2009
Total Minimum Lease Payments at the year end	22.53	—
Less: Amount Representing finance charges	10.49	—
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	12.04	—
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value Rs. 31.59 Lacs as on 31.03.2010 (Rs. Nil as on 31.03.2009)]	54.77	—
Later than one year but not later than five years [For finance lease : Present value Rs. 154.75 Lacs as on 31.03.2010 (Rs. Nil as on 31.03.2009)]	196.55	—
Later than five years [For finance lease : Present value Rs. Nil as on 31.03.2010 (Rs. Nil as on 31.03.2009)]	—	—

- (f) The business activity reflected in the consolidated financial statement comprise primary of the business of "Fine Chemicals". The other business segments namely windmills and brand retails do not constitute in aggregate more than 10% of consolidated income, result of operation and capital employed. Accordingly, there are no reportable segments as per AS-17.

- (ix) Figures pertaining to the subsidiary entities have been reclassified wherever necessary to bring them in line with the Company's financial statements.
- (x) Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of **Micro, Small & Medium Enterprises Development Act, 2006** as on 31<sup>st</sup> March, 2010.

As per our report of even date annexed

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

*Chartered Accountants*

**D. D. Dandekar**

*Chairman*

**D. R. Puranik**

*Chief Financial Officer*

**A. S. Dandekar**

*Mg. Director*

**Santosh Parab**

*Partner*

(M. No. 47942)

**S. M. Kulkarni**

*Director*

**P. M. Sapre**

*Director*

**N. R. Joshi**

*Company Secretary &  
General Manager – Legal*

**B. A. Patel**

*Director*

Mumbai

Dated : 5<sup>th</sup> May, 2010.

## CAMLIN FINE CHEMICALS LIMITED

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

### PROXY FORM Annual General Meeting 2009-2010

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 17<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 Thursday, the 1<sup>st</sup> July, 2010 at 3.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Address \_\_\_\_\_

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

Affix  
Re. 1  
Revenue  
Stamp

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

### ATTENDANCE SLIP Annual General Meeting 2009-2010 To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 17<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Thursday, the 1<sup>st</sup> July, 2010 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 \_\_\_\_\_





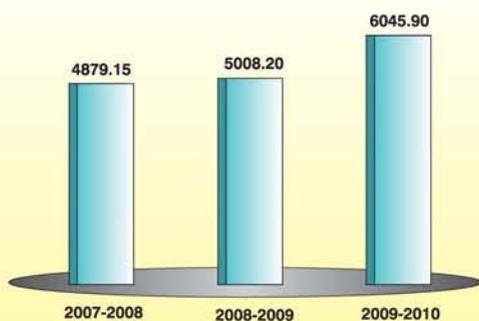
**FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

Sr. No.	Year Ending 31st March	2009-10	2008-09	2007-08
<b>A.</b>	<b>Assets Employed</b>			
1.	<b>Fixed Assets</b>			
	Gross Block	<b>6045.90</b>	5008.20	4879.15
	Less: Depreciation	<b>2323.69</b>	1912.99	1525.86
	Net Block	<b>3722.21</b>	3095.21	3353.29
	Capital Work In Progress	<b>206.71</b>	285.41	49.66
	Net Fixed Assets	<b>3928.92</b>	3380.62	3402.95
2.	Net Current Assets	<b>3429.42</b>	2393.90	1668.2
3.	Others	<b>339.88</b>	184.88	61.96
	<b>Total</b>	<b>7698.22</b>	5959.40	5133.11
<b>B.</b>	<b>Financed By</b>			
1.	Equity Share Capital	<b>581.45</b>	580.00	580.00
2.	Share Warrants	<b>0.00</b>	80.60	80.60
3.	Reserves & Surplus	<b>2741.39</b>	2360.94	2124.25
4.	Employee Stock Options Outstanding	<b>7.96</b>	2.59	0.00
5.	<b>Shareholder's Funds</b>	<b>3330.80</b>	3024.13	2784.85
6.	Loan Funds	<b>4036.95</b>	2619.62	2083.21
7.	Deferred Tax Liability	<b>330.47</b>	315.65	265.05
	<b>Total</b>	<b>7698.22</b>	5959.40	5133.11
<b>C.</b>	<b>Sales &amp; Profitability</b>			
1.	Gross Sales/Other Operating Income	<b>12779.73</b>	10290.53	8421.79
2.	Less: Excise Duty/Discount	<b>257.70</b>	226.05	293.76
3.	Net Sales/Other Operating Income	<b>12522.03</b>	10064.48	8128.03
4.	Other Income	<b>111.91</b>	42.93	57.92
5.	<b>Total Income</b>	<b>12633.94</b>	10107.41	8185.95
6.	<b>Operating Profit (EBIDTA)</b>	<b>1704.87</b>	1475.11	1294.02
7.	Finance Cost	<b>603.78</b>	553.46	497.70
8.	Profit Before Depreciation & Tax	<b>1101.09</b>	921.65	796.32
9.	Depreciation	<b>442.59</b>	401.13	379.76
10.	Profit Before Tax	<b>658.50</b>	520.52	416.56
11.	Taxes	<b>229.82</b>	182.04	139.52
12.	Profit After Tax	<b>428.68</b>	338.48	277.04
14.	Dividend & Tax on Dividend	<b>136.05</b>	101.79	67.86
15.	Retained Earnings	<b>292.63</b>	236.69	209.18
<b>D.</b>	<b>Per Share Information</b>			
1.	Earning Per Share (Basic)	<b>7.39</b>	5.84	5.42
2.	Earning Per Share (Diluted)	<b>7.30</b>	5.84	5.38
3.	Book Value Per Share (Rs)	<b>57.28</b>	52.14	48.01
4.	Dividend Per Share (Rs.) (Excluding Tax on Dividend)	<b>2.00</b>	1.50	1.00

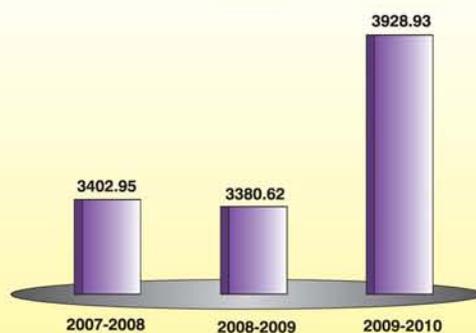
### Fixed Asset - Gross Block

(Rs. in Lacs)



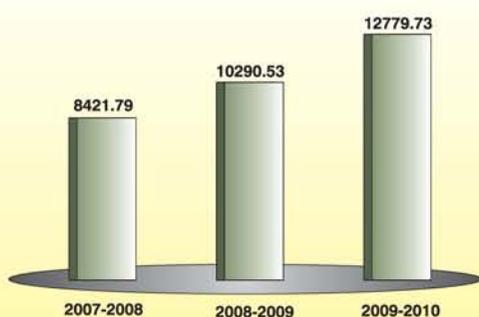
### Net Fixed Asset - Gross Block

(Rs. in Lacs)



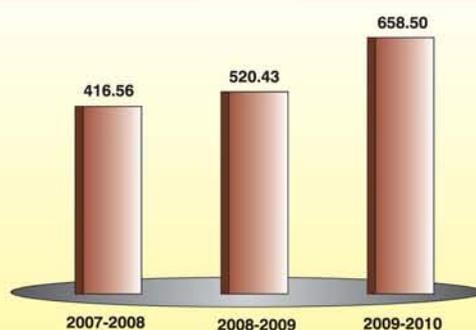
### Gross Sales/Other Operating Income

(Rs. in Lacs)



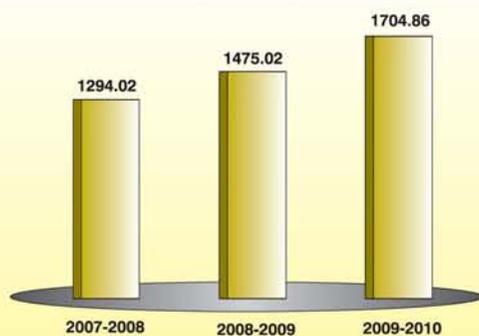
### Profit Before Tax

(Rs. in Lacs)



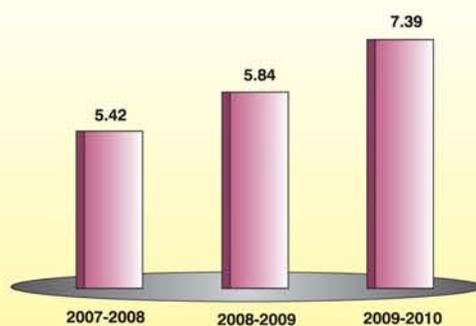
### Profit Before Interest, Depreciation & Tax (PBITD)

(Rs. in Lacs)



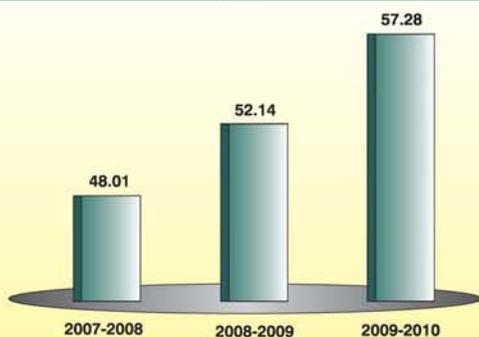
### Earning Per Share (Basic)

(Rs. in Lacs)



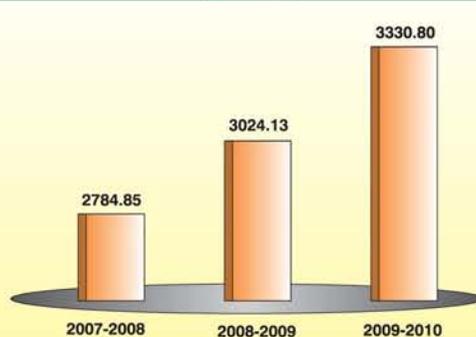
### Book Value Per Share

(in Rs.)



### Shareholders' Funds

(Rs. in Lacs)





## **Camlin** Fine Chemicals Ltd.

Plot No. F 11 & 12 WICEL, Opp. SEEPZ Main Gate

Central Road, Andheri (East), Mumbai - 400 093

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Website : [www.camlinfinechem.com](http://www.camlinfinechem.com)