

COME *GROW* with US





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Leadership

Wide range of products

Vision three fold growth in the next 5 years

Strategic Intent optimise costs and resources

New Businesses drawing books,
notebooks, pre-school

Five Manufacturing Facilities across India

Extensive distribution network

Strong retail network

Investment for automation and
capacity expansion

Exports USA, Europe, Middle East, Asia Pacific

Strong Brand Equity

COME
Grow
with US

“Camlin demonstrated the strength and power of its brand, its reach and its connect with the customers through the best result it has posted since inception.”



Dear Shareholders,

2009-2010 has been an excellent year at Camlin. Camlin demonstrated the strength and power of its brand, its reach and its connect with the customers through the best result it has posted since inception. The year marked growth all around. Growth in revenues by 17%. Growth in EBIDTA by 40% and growth in PAT by 97% to Rs. 12.04 Cr. ROCE for Camlin improved from 16% last year to 21% in the current year. We believe we are at an inflection like never before. Camlin is all set to grow three fold in the next five years.

Macro tailwinds

Camlin's growth is directly linked with the growth in literacy and education in India. The urgency to enhance literacy and 'education for all' is being felt now. Initiatives taken by the Government like the 'Sarva Shiksha Abhiyan' and the Right of Children to Free and Compulsory Education Act, 2009 are steps in the right direction. From our point of view, this is great news as high literacy means more demand for our products. We have also observed that schools are not alone in encouraging better quality of products. Parents understand the need to buy better quality products for their children as well. In all, the opportunity for Camlin products is at an inflection.

Camlin connects

We touch your lives. Camlin has been a mentor to every child. If you have children or while you were a child, you would have used a Camlin product, and you definitely do so even now. The power of the Camlin brand is enormous with strong consumer connectivity. Camlin has aggressively built on the strong brand through new products, better communication and wider reach. As the opportunity expands, Camlin is all set to 'Camlinize' it.

Touching more consumers

Camlin touches over 55 million households. The Company has been extending this reach to more consumers every year. Camlin products are today available across over 150,000 retail touch points. As India grows and this growth travels from larger cities to smaller cities and class C towns, Camlin is extending its reach. Its products are today reaching these smaller towns and connecting with consumers there. This is a whole new market that is waiting to explode. Camlin is also increasing its interaction with schools. We expect to touch over 25,000 top schools.

New products, better products

Camlin has a strong R&D set up that is constantly anticipating customer needs and working on creating new products and improving existing products. The opportunity is increasing. The reach is increasing. And we are adding new products to make the most of the opportunity and the inflection.

Expanding manufacturing, enhancing capacity and modernising

Camlin has invested extensively over the last three years to modernise and increase capacity by four times. And the capacities are going on-stream at an opportune time when the focus on education is growing. Manufacturing is critical to our business as it helps us get scale which in turn helps us reduce our cost of production.

New business opportunity

We serve India's education space. We have closely followed the education opportunity in India. Within this, we feel there is a good opportunity to grow the pre-school space. Camlin has made a modest beginning by starting our own pre-school called Alphakids in Andheri, Mumbai. The response has been extremely encouraging. Consequently, we will be opening 2 more pre-schools in 2010-2011 in Thane and Kharghar respectively. Going forward, we intend to grow this business and create another revenue stream for Camlin shareholders.

Outlook

We are very excited about the next few years. The education and literacy drive of the Government and the increase in per capita GDP in India are creating a platform for a structural growth phase. We are creating new products, more competitively. We are penetrating deeper into India to smaller towns. We are expanding our reach and touching more consumers every day. We are generating better cash flow for further investment. We are in a virtuous cycle now.

We feel confident. And our confidence stems from the team we have built that is passionate about the business we are in. Thank you for your support in all our endeavours.

Yours Sincerely,



Dilip Dandekar
Chairman & Managing Director

Camlin Visiting Card

THE COMPANY

- India's premier company in stationery and colour products
- Established in 1931

PORTFOLIO

Unmatched and extensive range of over 2,000 products

AWARDS AND RECOGNITIONS

- The Permanent Marker TV Commercial, (of Rudali with Bindi fame) has been selected to be shown in Japan as one of the world's greatest TV Commercials by NTV Network, the biggest TV network in Japan.
- Camlin Limited was awarded the title of 'Edge Winner' for its successful SAP implementation by Network Computing, one of the leading IT magazines in India.
- The brand 'Camlin' was adjudged as Power Brand of the Year 2009-10 in the stationery category by Planman.

REACH

- Over 150,000 retail outlets
- Over 50 million households

INFRASTRUCTURE

- Manufacturing facilities at 5 locations:
Maharashtra
Tarapur, Vasai and Taloja
- Jammu & Kashmir
Samba and Jammu

FINANCIALS

- During the year 2009-2010, Camlin recorded a total income of Rs. 330.87 Cr, in comparison to Rs. 283.67 Cr in the previous year. The EBIDTA stood at Rs. 29.24 Cr as against Rs. 20.87 Cr in the previous year, registering an increase of 40%. The PAT for 2009-2010 was Rs. 12.04 Cr, up 97% over the previous year. The Earnings Per Share stood at Rs. 2.00 as against Rs. 1.02 for the previous year.

Camlin's Contribution to Art

All India Camel Colour Contest

Over 35 lakh students from nearly 7,000 schools across the country participate in this contest that aims to promote art amongst children in India. This contest has been taking place regularly for the past 20 years and has become the art event to look forward to in the school calendar.

All India Art Teacher's Art Exhibitions

These exhibitions are organised for art teachers who get an opportunity to display their work. The aim of these exhibitions is to recognise the special role art teachers play in fostering the artistic talent of children. Winning teachers not only receive cash prizes, trophies and certificates but every year, one art teacher is sponsored to visit art galleries in Europe.

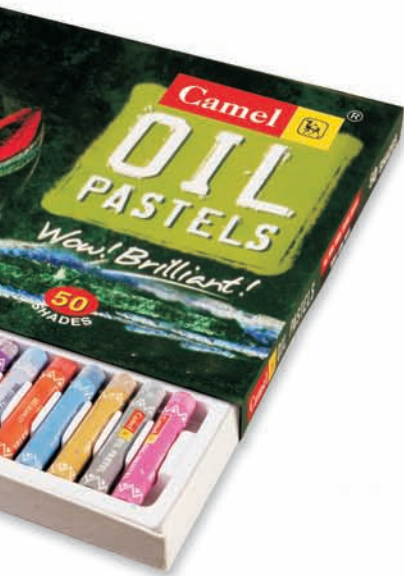
Camel Art Foundation

The Camel Art Foundation has been organising regional art exhibitions for professional artists and fine art students for many years now. Winners are awarded cash prizes, trophies and certificates while national winners are sponsored to visit art galleries in Europe.



Camlin Universe

Camlin offers an entire range of products across categories of consumers: be it students or corporate professionals, artists or hobby enthusiasts.



SCHOOL & EDUCATION PRODUCTS

Water Colour Cakes/Tubes, Poster Colours, Wax Crayons, Oil Pastels, Plastic Crayons, Sketch Pens, Wooden Pencils, Scales, Erasers, Sharpeners, Colour Pencils, Math Sets, Dissection Boxes, Engineering Boxes, Mini-Drafters, Other Technical Instruments, Notebooks, Mechanical Pencils, High-Polymer Leads, Fountain Pen, Fountain Ink

OFFICE PRODUCTS

White Board Markers, Permanent Markers, Highlighters, Ball Pens, Gel Pens, Stamp Pads, Refills, Paint Markers, CD Markers, Carbon Papers, Glue Sticks, Gum/Paste, Inks





FINE ART & HOBBY PRODUCTS

Artist Oil Colours, Artist Acrylic Colours,
Canvas Rolls, Canvas Boards, Easels, Artist
Water Colours, Oil Sketching Papers,
Drawing Inks, Brushes, Painting Mediums,
Glass Colours, Fabric Colours, Powder
Colours, Fabric Glue, Artist Poster Colours



Our Initiative in Education

Our Schools



Activities



Alphakids

Classrooms



Events

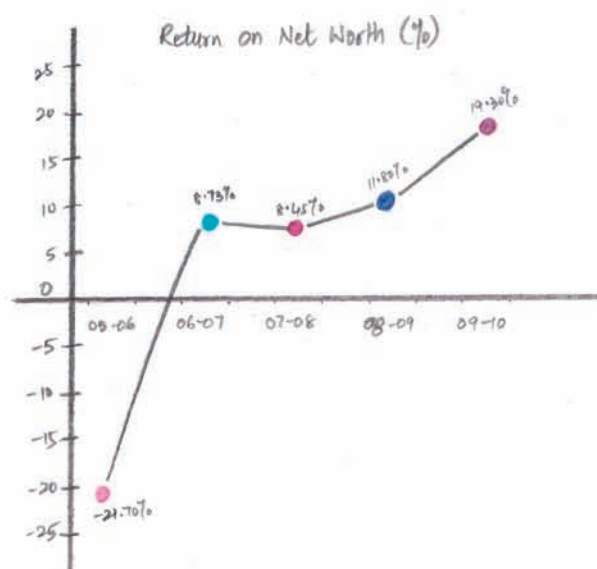
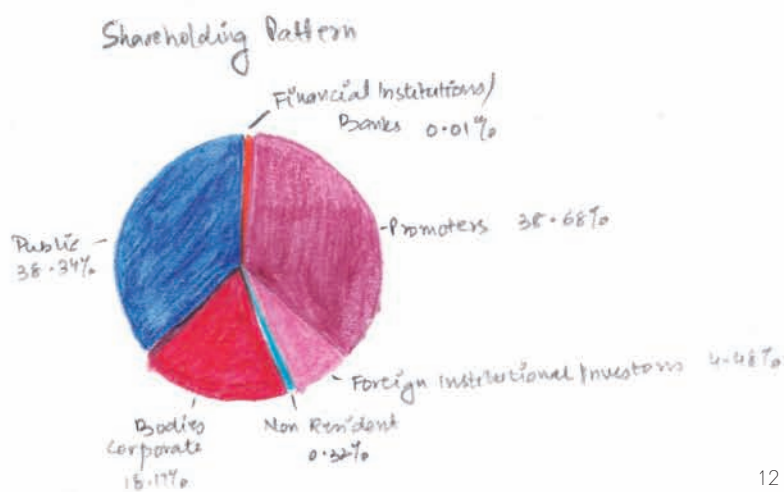


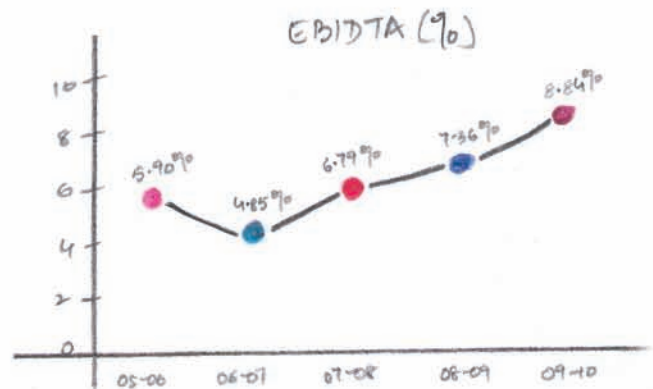
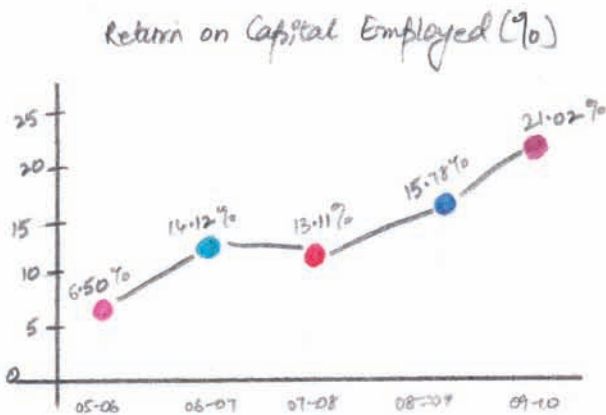
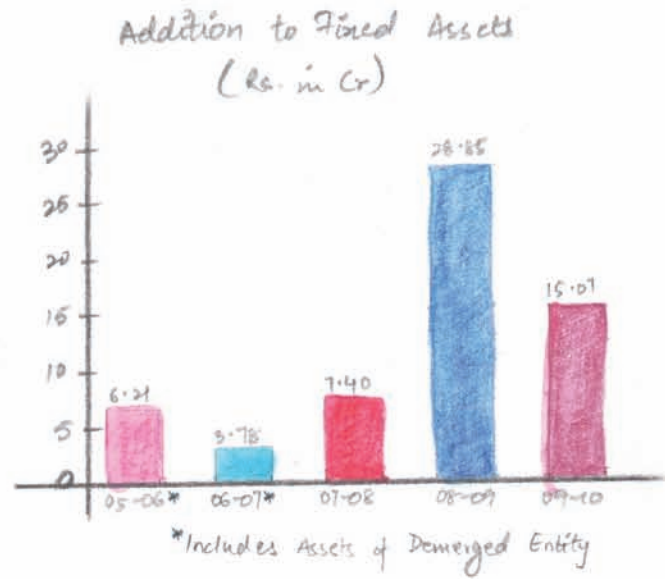
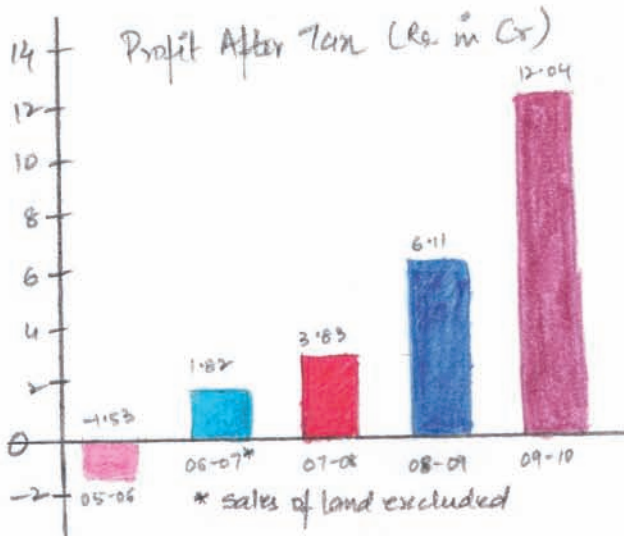
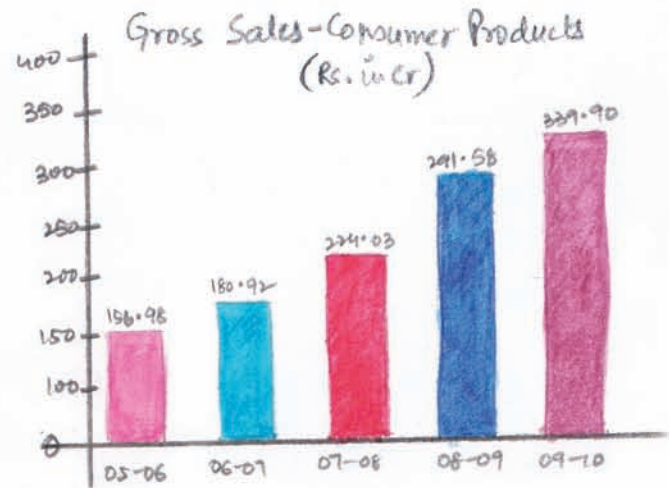
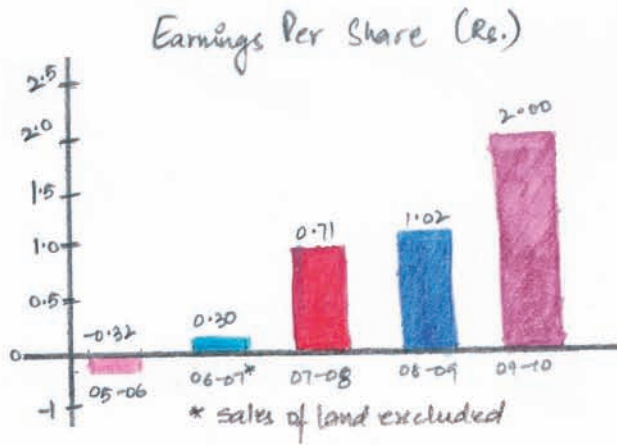
Financial Snapshot

Rs. in Cr

| Particulars | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|---------------------------------|---------|---------|---------|---------|---------|
| Gross Sales (Consumer Products) | 339.90 | 291.58 | 224.03 | 180.92 | 156.98 |
| Total Other Income | 0.53 | 0.55 | 0.57 | 1.63* | 0.77 |
| EBIDTA | 29.24 | 20.87 | 14.56 | 11.37* | 11.67 |
| Depreciation and Amortisation | 6.84 | 6.03 | 5.45 | 5.50 | 6.71 |
| Profit Before Tax | 16.57 | 9.55 | 6.50 | 2.15* | (1.75) |
| Profit After Tax | 12.04 | 6.11 | 3.83 | 1.82* | (1.53) |
| Gross Block | 89.89 | 78.34 | 50.15 | 43.15 | 75.81 |
| Net Block | 55.56 | 45.99 | 21.51 | 18.05 | 41.16 |
| Investments | 1.26 | 0.77 | 0.99 | 0.99 | 1.14 |
| Net Current Assets | 47.87 | 43.35 | 38.88 | 16.03 | 20.09 |
| Total Debts | 42.58 | 39.37 | 20.44 | 15.32 | 59.77 |
| Share Capital | 6.03 | 6.00 | 6.00 | 4.80 | 4.80 |
| Reserves and Surplus | 56.36 | 47.46 | 42.68 | 21.08 | 10.47 |
| Net Worth | 62.38 | 51.79 | 45.33 | 20.85 | 7.05 |
| Earnings Per Share (Basic) | 2.00 | 1.02 | 0.71 | 0.30* | (0.32) |

* excludes land sale





Milestones

1931

We began our operations. Our initial products were Horse Brand Ink Powders and Tablets; later followed by Camel Ink.

1946

Dandekar & Co. was re-christened as Camlin (a combination of Camel and Ink) Private Limited.

1947

From inks, our activities expanded into a range of products, such as pain balms, chalks, rubber stamp pads, gums and adhesives.

1958

We celebrated our Silver Jubilee year at our Andheri, Mumbai head office.

1962

We entered into the art material market.

1974

Wooden pencils were introduced. For manufacturing these pencils, our Tarapur factory was set up.

1982

We held our very first All India Camel Colour Contest.

1984

This was the year of diversification. Camlin Fine Chemicals & Pharmaceuticals Division was born.

1988

We became a public limited company and got listed on the Bombay Stock Exchange.

1989

We entered into a technical collaboration with Pilot Corporation, Japan for the manufacture of 0.5 mm high-polymer leads.

1995

A new manufacturing unit was set up in Talaja near Mumbai for synthetic emulsions and adhesives.

1999

We introduced a new category of glass colours in the hobby range.

2002

We launched a specialty ink group to utilise our R&D expertise in ink manufacturing and development.

2003

We launched a premium quality school stationery brand - Camlin Exam.

2005

Plant set up at Vasai for manufacturing a wide range of markers.

2008

We got listed on the National Stock Exchange.

2009

Camlin Alphakids Ltd, a 100% subsidiary of the Company opened its first model pre-school in Lokhandwala, Andheri, Mumbai.



Firsts to our credit



- We were the first to launch the hobby range of colours in India.
- We were the first to introduce colour categories in India like fine art colours, hobby colours and fashion colours.
- We are the first company in India to adhere to Art & Creative Materials Institute's world standards in toxicity certifications.

Corporate Information

Chairman Emeritus

Mr. Subhash Dandekar

Board of Directors

Mr. Dilip Dandekar

Chairman & Managing Director

Mr. Rajiv Dandekar

Joint Managing Director

Executive Directors

Mr. Shriram Dandekar

Mr. Deepak Dandekar

Non - Executive / Independent Directors

Mr. Ashish Dandekar

Mr. Shishir Shirgaokar

Mr. Dhananjay Mungale

Mr. Anil Singhvi

Mr. Deepak Ghaisas

Mr. Vijay Paranje

Mr. Shishir Desai

Mr. Ramanathan Sriram

Registered Office

9-B, Nanddeep Industrial Estate, Kondivita Lane,
J. B. Nagar, Andheri (East), Mumbai 400 059.

Corporate Office

Hilton House, 48/2, Central Road, M.I.D.C.,
Andheri (East), Mumbai 400 093.

Works

Tarapur : M.I.D.C., Boisar, Tarapur,
Dist. Thane 401 506.

Taloja : M.I.D.C., Taloja, Navi Mumbai 410 208.

Jammu : Industrial Growth Centre, Samba Phase I,
Jammu, J&K State.
101, Gangyal Industrial Area, Phase II,
Jammu 180 004.

Vasai : Rajprabha Udyog Nagar, Walive,
Vasai (East), Dist. Thane 401 308.

Chief Financial Officer

Mr. Chetan Badal

General Manager (Corporate) & Company Secretary

Mr. Ravindra Damle

Auditors

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

Bankers

Bank of Maharashtra
IDBI Bank Ltd.

Registrars & Transfer Agents

M/s. Sharepro Services (India) Pvt. Ltd.
Unit : Camlin Limited, 13 AB, Samhita Warehousing
Complex, 2nd Floor, Near Sakinaka Telephone
Exchange, Andheri Kurla Road, Sakinaka,
Andheri (E), Mumbai 400 072.



Notice

NOTICE is hereby given that the 63rd Annual General Meeting of the Members of Camlin Limited, will be held on Tuesday the 29th June, 2010 at 3.00 p.m. at Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020, to transact the following business:

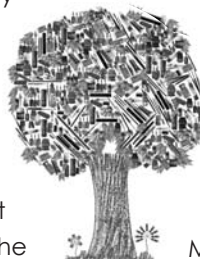
ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2010 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Dhananjay N. Mungale who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Deepak K. Ghaisas who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vijay N. Paranjpe who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint B. K. KHARE and CO., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force) (hereinafter referred to as “the Act”) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Dilip D. Dandekar, as a Director in the



wholtime employment, designated as ‘Chairman & Managing Director’ with effect from 1st April, 2010 and to his receiving for a period of three years from 1st April, 2010 a Monthly Salary of Rs. 3,15,000/-, House Rent Allowance, Perquisites and Other Allowances, Benefits and commission (collectively called ‘Total Remuneration’), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Dilip D. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Dilip D. Dandekar, as Chairman and Managing Director, the Minimum Remuneration payable to him shall be by way of Salary, House Rent Allowance, Perquisites and Other Allowances, and Benefits as set out in the preceding resolution subject to the provisions of Section 198 (4) of the Act and subject to the compliances required under Para 1 of Section II of Part II of the Schedule XIII including such approval as may be required from the Central Government and in addition thereto he shall also be eligible to the Perquisites provided in para 2 of Section II of Part II of Schedule XIII as may be amended from time to time.”

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

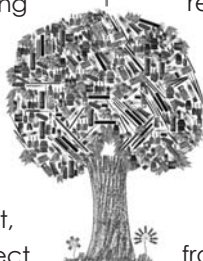
“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or reenactments thereof for the time being in force) (hereinafter referred to as “the Act”) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Rajiv M. Dandekar, as a Director in the wholtime employment, designated as ‘Jt. Managing Director’ with effect from 1st April, 2010

and to his receiving for a period of three years from 1st April, 2010 a Monthly Salary of Rs.2,65,000/-, House Rent Allowance, Perquisites, and Other Allowances, Benefits and commission (collectively called 'Total' 'Remuneration'), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Rajiv M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Rajiv M. Dandekar, as Jt. Managing Director, the Minimum Remuneration payable to him shall be by way of Salary, House Rent Allowance, Perquisites and Other Allowances and Benefits as set out in the preceding resolution subject to the provisions of Section 198 (4) of the Act and subject to the compliances required under Para 1 of Section II of Part II of the Schedule XIII including such approval as may be required from the Central Government and in addition thereto he shall also be eligible to the Perquisites provided in para 2 of Section II of Part II of Schedule XIII as may be amended from time to time."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force) (hereinafter referred to as "the Act") and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Shriram S. Dandekar, as a Director in the wholetime employment, designated as 'Executive Director' with effect



from 1st April, 2010 and to his receiving for a period of three years from 1st April, 2010 a Monthly Salary of Rs.2,65,000/-, House Rent Allowance, Perquisites, and Other Allowances, Benefits and commission (collectively called 'Total' 'Remuneration'), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Shriram S. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Shriram S. Dandekar, as Executive Director, the Minimum Remuneration payable to him shall be by way of Salary, House Rent Allowance, Perquisites and Other Allowances and Benefits as set out in the preceding resolution subject to the provisions of Section 198 (4) of the Act and subject to the compliances required under Para 1 of Section II of Part II of the Schedule XIII including such approval as may be required from the Central Government and in addition thereto he shall also be eligible to the Perquisites provided in para 2 of Section II of Part II of Schedule XIII as may be amended from time to time."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force) (hereinafter referred to as "the Act") and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Deepak M. Dandekar, as a Director in the wholetime employment, designated as 'Executive Director' with effect from 1st April, 2010 and to his receiving for a period

of three years from 1st April, 2010 a Monthly Salary of Rs 2,65,000/-, House Rent Allowance, Perquisites, and Other Allowances, Benefits and commission (collectively called 'Total' 'Remuneration'), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Deepak M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Deepak M. Dandekar, as Executive Director, the Minimum Remuneration payable to him shall be by way of Salary, House Rent Allowance, Perquisites and Other Allowances and Benefits as set out in the preceding resolution subject to the provisions of Section 198 (4) of the Act and subject to the compliances required under Para 1 of Section II of Part II of the Schedule XIII including such approval as may be required from the Central Government and in addition thereto he shall also be eligible to the Perquisites provided in para 2 of Section II of Part II of Schedule XIII as may be amended from time to time."

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

"RESOLVED THAT in supersession of Special Resolution passed by the Members at the 59th Annual General Meeting of the Company held on 25th August, 2006 and subject to approval of the Central Government, consent of the Company be and is hereby accorded under Section 314 (1-B) and other applicable provisions, if any, of the Companies Act, 1956 (including any

statutory modification(s) or re-enactments thereof for the time being in force) to the appointment of Ms. Aditi D. Dighe, daughter of Mr. Dilip D. Dandekar, Chairman & Managing Director, to hold and continue to hold an office or place of profit in the Company as 'General Manager (Marketing) w.e.f. 1st July, 2010 on basic salary of Rs. 42,000/- per month plus allowances, benefits, perquisites (collectively called remuneration) as set out in the explanatory statement.

RESOLVED FURTHER THAT subject to the approval of the Central Government, the Company also accords its consent under the said Section 314 (1-B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force) to the payment of increased remuneration in a form of additional increments and/or allowances/perquisites subject to a overall ceiling of Rs. 30,000/- 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 LASTLY THAT the Directors of the Company be and are hereby authorised to accept any modification(s)/direction(s) given by the Central Government, while approving the appointment of Ms. Aditi D. Dighe 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."

Regd. Office:
9-B, Nanddeep
Industrial Estate,
Kondivita Lane, J. B.
Nagar, Andheri (East),
Mumbai-400 059.

By Order of the Board

RAVINDRA V. DAMLE
General Manager
(Corporate) &
Company Secretary

Dated: 29th April, 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 PROXY FORM IN ORDER 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 the business referred to under Item Nos. 7 to 11 (both numbers inclusive) is annexed hereto.
 3. The Register of Members and Share Transfer Books will remain closed from 23rd June, 2010 to 29th June, 2010 (both days inclusive).
 4. The Dividend, if approved, will be paid on or before 28th July, 2010 to those eligible Shareholders, whose names stand in the Register of Members as on 29th June, 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 the 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 Participant 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. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 all
7. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 2002, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claims in respect of their un-encashed dividend with regard to the above dividend.
 8. Members who have not encashed their dividend warrants for the financial year ended 31st March 2003 and thereafter, may immediately approach the R&T Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the "Investors Education and Protection Fund" as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
 9. 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.
 10. 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.



ANNEXURE FORMING PART OF THE NOTICE EXPLANATORY STATEMENT

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

SPECIAL BUSINESS:

ITEM NOS: 7 TO 10:

At the 60th Annual General Meeting held on 30th July, 2007, the members had approved the appointments of M/s. Dilip D. Dandekar, Chairman & Managing Director, Rajiv M. Dandekar, Joint Managing Director, Shriram S. Dandekar and Deepak M. Dandekar as Executive Directors respectively (collectively called Wholetime Directors) for a period of 3 years with effect from 1st April, 2007.

In order to recognise the intensive efforts made to meet the challenges in the highly competitive market and in view of the need to maintain the sustained tempo of the Management working focused towards forward looking operations of the Company, the revision in remuneration of the Wholetime Directors w.e.f. 1st April, 2010 was approved by the Remuneration and Compensation Committee and the Board of Directors at their Meetings held on 8th January, 2010 and 15th January, 2010 respectively.

The important terms of the appointment of the above mentioned Wholetime Directors as approved by the Board were circulated among the members pursuant to Section 302 of the Companies Act,1956.

The revised terms of remuneration for a period of three years from 1st April 2010 to 31st March, 2013, are as under:-

1. Salary

| Sr. No. | Name & Designation of the Wholetime Directors | Salary per Month (Rs.) |
|---------|---|------------------------|
| 1. | Mr. Dilip D. Dandekar Chairman & Managing Director | 3,15,000 |
| 2. | Mr. Rajiv M. Dandekar Jt. Managing Director | 2,65,000 |
| 3. | Mr. Shriram S. Dandekar Executive Director | 2,65,000 |
| 4. | Mr. Deepak M. Dandekar Executive Director | 2,65,000 |



Such respective salaries shall be increased by 15% for each of the Wholetime Directors for the second year and for the third year, the base for the third year will be the respective salaries as has been increased for each of the Wholetime Directors for the second year.

2. 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.

3. Perquisites and other Allowances:

In addition to the salary, house rent allowance and commission payable, each of the Wholetime Directors shall also be entitled to perquisites and other allowances such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, meal voucher for themselves and their families, club fees, provision of car with driver, telephone/fax 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 and Compensation Committee and the Directors, such perquisites and other allowances will however, be subject to a ceiling of 50% of the Annual Salary of the Directors.

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

4. Commission:

Each of the Wholetime Directors 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.

The Board of Directors shall in its absolute discretion determine the commission so payable to each of the Directors, which shall not exceed 1% of the Net Profits of the Company.

5. **Provident, Superannuation and Gratuity Fund:**

Company's contribution to 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 their tenures shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

6. **Total Remuneration**

The aggregate of the remuneration including contribution towards Provident Fund, Family Pension Scheme, Superannuation Fund and Gratuity Fund, payable to the Wholetime Directors of the Company taken together shall be calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

7. **Minimum Remuneration:**

In the event of inadequacy or absence of profits in any financial year of the Company during the term of the Wholetime Directors, the Minimum Remuneration payable respectively to them shall be by way of Salary, House Rent Allowance, Perquisites and Other Allowances as set out in the respective resolutions subject to the provisions of Section 198 (4) of the Act and subject to the compliances required under Para 1 of Section II of Part II of the Schedule XIII including such approval as may be required from the Central Government and in addition thereto they shall also be respectively eligible to the Perquisites provided in para 2 of Section II of Part II of Schedule XIII as may be amended from time to time.

8. **Memorandum Of Interest:**

Mr. Rajiv M. Dandekar and Mr. Deepak M. Dandekar are interested in each other's appointment as Brothers.



As per the terms of appointment except Mr. Deepak M. Dandekar, other Wholetime Directors are not liable to retire by rotation.

No other Director except the appointees are concerned or interested in the resolutions.

The Agreement (s) entered into between the Company and the Appointees, setting out the terms and conditions of their appointment, are 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.

Directors recommend the Ordinary Resolutions for your approval.

ITEM NO: 11:

Section 314 (1-B) 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 Company by a Special Resolution and approval of the Central Government.

Pursuant to the approval accorded by the members at the 59th Annual General Meeting held on 25th August, 2006 and by the Central Government vide letter No.12/223/2006-CL. VII dated 23rd February, 2007, Mrs Aditi D. Dighe was appointed as 'Brand Manager (Colour Group) w.e.f. 1st September, 2006 on Basic salary of Rs. 26,000/- per month plus allowances, benefits, perquisites and increased remuneration in a form annual increments and/or allowances/perquisites subject to a overall ceiling of Rs.20,000/- per month.

Ms. Aditi D. Dighe, Bachelor in Fine Arts (Mumbai University), Master in Communication Studies (Pune University) and Master in Fine Arts (San Francisco University, USA) has been actively involved in Marketing of Office & Scholastic, and Fine Art products. She has also marketed and publicized various promotional campaigns viz Camlin Art Foundation (CAF), All India Camel Colour Contest (AICC). In acknowledgement of the role played by

Ms. Aditi D. Dighe, it is now proposed to promote her as General Manager (Marketing) and revise remuneration payable to her commensurately.

Apart from receiving a basic salary of Rs. 42,000/- per month with an annual increment subject to ceiling of Rs. 30,000/-per month (including perquisites and allowances), she shall also be entitled to the following benefits and perquisites:-

- a) House Rent Allowance of Rs. 48,800/- per month.
- b) Gratuity payable in accordance with an approval of fund and which does not exceed fifteen days salary for each completed year of service.
- c) Educational Allowance of Rs. 2,500/- per month.
- d) Books and Periodicals of Rs. 3,000/- per month.
- e) Soft furnishing allowance of Rs. 5,500 /- per month.
- f) Company's contribution to Provident Fund, subject to the 12% of salary or at any other rate as may be notified by the concerned authorities from time to time.
- g) The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing will be evaluated as per the Income Tax Rules 1962. This will, however, be subject to a ceiling of 10% of the basic salary.
- h) Reimbursement of full Hospital and Medical expenses for self and family, subject to a ceiling of one month's basic salary.

- i) Leave Travel Concession for self and family, once a year, to and from any place in India, subject to a ceiling of Rs. 18,000/- p.a.
- j) Free use of not more than one Telephone allowed, at her residence i.e., all charges whereof including rental call charges, etc., shall be paid by the Company in full. However, all long distance personal calls shall be borne and paid by her.
- k) 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.
- l) Free Meal Vouchers applicable to her grade, which is presently at Rs. 1,600/- per month.
- m) Rules of the Company in force from time to time, as to leave holidays and payment of ex-gratia, incentives shall also be applicable to her.

No Directors other than Mr. Dilip D. Dandekar, are concerned or interested in the resolution.

Directors recommend the Special Resolution for your approval.

Regd. Office:

9-B, Nanddeep Industrial Estate, Kondivita Lane, J. B. Nagar, Andheri (East), Mumbai-400 059.

By Order of the Board

RAVINDRA V. DAMLE
General Manager
(Corporate) &
Company Secretary

Dated: 29th April, 2010.



DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

| Particulars | Mr. Dhananjay N. Mungale | Mr. Deepak K. Ghaisas | Mr. Vijay N. Paramje | Mr. Dilip D. Dandekar | Mr. Rajiv. M. Dandekar | Mr. Shriram S. Dandekar | Mr. Deepak M. Dandekar |
|--|--|---|--|--|--|--|--|
| Date of Birth | 01.06.1953 | 19.11.1957 | 13.11.1957 | 09.11.1951 | 03.03.1955 | 07.12.1960 | 20.12.1957 |
| Date of Appointment | 03.07.2002 | 28.07.2008 | 28.07.2008 | 01.01.1979 | 23.09.1992 | 23.09.1992 | 01.06.1996 |
| Qualification | B.COM., L.L.B and C.A. | B.COM., A.C.A., A.I.C.W.A. and F.C.S | B.COM., L.L.B and C.A. | G.C.D | B.SC (Hons), M.B.A | M.SC (Hons), M.B.A | B.COM |
| Expertise in specific functional area | Senior Professional having wide experience in the field of Banking and Investment Banking in India and abroad. | Senior Professional having wide experience in the field of Business Management, Management Accounting, Information Technology, Risk Management, and Contract Negotiation. | Senior Professional having wide experience in the field of International Finance & Operations, US GAPP, cross border Mergers and Acquisitions. | Wide experience in the field of Marketing, Administration and overall Management of the Company. | Wide experience in the field of Marketing, Human Resource Development. | Wide experience in the field of Research and Development, Product Development Business Planning and Marketing. | Wide experience in the field of Accounts, Finance, and Information Technology. |
| Directorships held in other Public Companies (excluding Foreign Companies) | Indoco Remedies Ltd. Caprihans India Ltd. Mahindra & Mahindra Financial Services Ltd. Chowgule Steamships Ltd. LIC Housing Finance Ltd. Sical Logistics Ltd. Tamilnadu Petroproducts Ltd. National Organic Chemicals Ltd. | USV Limited Shopper's Stop Ltd. | Nil | Camlin Fine Chemicals Ltd. Camlin Alphakids Ltd. Triveni Pencils Ltd Camart Industries Ltd. Camlin International Ltd. Cafo Consultants Ltd. Chemolution Chemicals Ltd. Nilmac Packaging Industries Ltd. | Nil | Camlin International Ltd Camlink Agencies Ltd. | Camellia Infotech Ltd. Camlin International Ltd. |
| Memberships/ Chairmanships of Committees of other Public Companies (Includes only Audit and Shareholders / Investors Grievance Committees) | Indoco Remedies Ltd. Chowgule Steamships Ltd. Mahindra & Mahindra Financial Services Ltd. LIC Housing Finance Ltd. National Organic Chemicals Ltd. Tamilnadu Petroproducts Ltd. Sical Logistics Ltd. | USV Limited Shopper's Stop Ltd. | Nil | Camlin Fine Chemicals Ltd. | Nil | Nil | Nil |
| Number of shares held in the Company | Nil | Nil | Nil | 8,94,200 | 5,19,500 | 24,13,040 | 7,41,500 |

Directors' Report to the Shareholders

Your Directors have pleasure in presenting herewith the 63rd Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2010.

HIGHLIGHTS OF 2009-10:

- Net Sales grew at a sizable pace and reached to Rs. 33033.76 Lacs as compared to Rs. 28311.46 Lacs, registering a growth of about 17% over the previous year.
- Profit before tax was at Rs. 1657.39 Lacs as compared to Rs. 955.37 Lacs registering significant growth over 73%.
- EBIDTA stood at Rs. 2924.21 Lacs against Rs. 2087.75 Lacs in the previous year registering a growth over 40%.
- The Directors have recommended a higher dividend at the rate Re. 0.50 per share on face value of Re. 1/- each.
- Earnings per share almost doubled to Rs. 2.00 as compared to Rs. 1.02 in the previous year.

FINANCIAL RESULTS:

(Rs. in Lacs)

| | 2009-10 | 2008-09 |
|--|----------------|---------|
| Profit Before Extraordinary Item & Tax | 1824.47 | 1123.35 |
| Less: Extraordinary items | | |
| Amortisation of VRS cost | 167.08 | 167.98 |
| | 1657.39 | 955.37 |
| Less: Provision for Tax - | | |
| - Current/FBT | 390.00 | 253.00 |
| - Deferred | 43.10 | 85.21 |
| - Prior Year (Net) | 20.06 | 5.69 |
| Profit after Tax | 1204.23 | 611.47 |
| Balance brought forward from last year | 983.06 | 657.18 |
| Balance carried forward | 2187.29 | 1268.65 |
| Transferred to: | | |
| Proposed Dividend | 301.27 | 180.00 |
| Corporate Tax on Dividend | 51.20 | 30.59 |
| General Reserve | 200.00 | 75.00 |
| Balance carried forward | 1634.82 | 983.06 |
| | 2187.29 | 1268.65 |

OPERATING PERFORMANCE:

The performance of your Company during the year under report registered an improvement over the previous year. Sales at Rs. 33033.76 Lacs and Profit before Tax at Rs.1657.39 Lacs during the year ended 31st March, 2010 represent an increase of 16.68% and 73.48% respectively, over the previous year. This increase was mainly on account of higher capacity utilization, effective working capital management, reduction in material cost and marketing initiatives, undertaken during the year.

Profit after tax at Rs. 1204.23 Lacs was higher by 96.94% compared to the previous year.

CASH FLOW MANAGEMENT:

With focus on cash flows and working capital management, your Company continued to utilise the bank borrowing to the optimum during the year. Internal cash accruals were effectively used for capital expenditure of the Company. Capital Expenditure incurred during the year aggregated to Rs.1506 Lacs. During the year your Company floated Commercial Paper of Rs. 2000 Lacs at very low interest rate. The said Commercial Paper was assigned "P1" rating by CRISIL.

EMPLOYEE STOCK OPTION SCHEME:

In accordance with the Employee Stock Option Scheme, the Remuneration and Compensation Committee, on 21st July, 2008 approved the grant of 25,72,500 Equity Shares of Re.1/- each at an exercise price of Rs.16/- per share. On 20th July, 2009, the first 40% of the total options granted under ESOP scheme vested to the Employees of the Company.

During the year under review, the Company allotted 2,53,525 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme.

The applicable disclosure as stipulated under the SEBI Guidelines as at 31st March, 2010 is given in annexure A to this report.

DIVIDEND:

The Directors recommended payment of higher Dividend of Re. 0.50 per Equity Share of Re.1 /- each.

MANAGEMENT DISCUSSION AND ANALYSIS:

ECONOMIC OVERVIEW:

Post a challenging 2008-09, there was a distinct turnaround in the economic climate in 2009-10. According to the Union Finance Minister, the economy in 2009-10 should grow by 7.2%, an impressive growth by global standards. Industrial production has also exhibited strong growth during the year. It was up 10.1% in the period April-February for 2009-10. The corresponding figure for 2008-09 was 3%. India's forex reserves have risen to a record US\$279.09 billion during the week ended April 2, 2010. The above factors bode well for the economy as well as the FMCG industry going forward.

INDUSTRY OVERVIEW:

India has been witnessing high economic growth in the past few years with increased disposable incomes. India's spending patterns have also been evolving, with basic necessities such as food and apparel declining in relative importance, and categories such as communications, education, recreation and healthcare increasing their share. Further, the favourable demographic composition augurs well for India with 70% of the country's population being below 35 years of age.

In the recent past, the Government has been paying increasing emphasis on the education sector with significant investments. The biggest boost has been the historic Right of Children to Free and Compulsory Education Act, 2009 which came into force on April 1, 2010. The Act legalises the right to free and compulsory schooling for all children between the ages of 6 and 14. The above factors are expected to be major growth drivers for Camlin's business in the future years.

Experts estimate the size of the fiercely price competitive Indian stationery market, comprising notebooks, paper, writing instruments, geometry boxes, sharpeners and erasers, at Rs. 10,000 crore. Of this, writing instruments segment comprises approximately Rs. 4,000 crore. There is a growing consciousness among schools to patronise safe products from reputed companies which puts Camlin at the distinct advantage over its peers. The market for colour products is valued at approximately Rs. 500



crore in which Camlin has a sizeable share. This segment is expected to exhibit robust growth going forward, given the changing scenario where art and creativity are assuming greater significance.

BUSINESS OVERVIEW:

Your Company is one of India's premier companies operating in the segments of stationery and colour products. Set up in 1931, the Company is currently one of the largest stationery companies in India with its reach extending to over 150,000 retail outlets and over 50 million households. Over the years, Company has established a reputation of world class quality at affordable prices. The Company's vast portfolio consists of over 2,000 products in the Consumer Products broadly categorized as:

- Technical & Drawing instruments
- Writing instruments
- Office stationery
- Adhesives
- Notebooks
- Fine art
- Hobby art
- Scholastic art

Company's manufacturing facilities are spread across 4 locations – Tarapur, Vasai and Taloja in Maharashtra and Samba, Jammu in Jammu & Kashmir. Majority of the products are manufactured at these manufacturing plants and the balance is procured from various small scale units who cater to the Company's requirements under strict supervision and quality control.

SIGNIFICANT DEVELOPMENTS:

1. An investment of Rs. 1506 Lacs was made during the year to modernize the manufacturing process, develop new office products and writing instrument as well as create additional manufacturing capacities for fast moving high-margin products.
2. A major restructuring exercise was carried out in the Sales and Marketing function to optimise costs and resources whereby two separate teams were created for 'Office & Scholastic Products and Fine Art & Hobby Products.

- The Company has ventured into pre-school activity through, a 100% Subsidiary – Camlin Alphakids Limited. A model pre-school was opened in Andheri, Mumbai in collaboration with Headstart-Parade an early child development centre. This is not just a school but a medium to create awareness about drawing, painting and other extracurricular activities.

OPPORTUNITIES:

According to a recent survey conducted by FICCI, the Indian economy is projected to grow at a robust 8.9% in Q1FY11. The Prime Minister has also stated that the economy can get back to 9% growth by the end of the 11th Five-Year Plan (2007-2012) and perform even better thereafter.

This growth is likely to have a direct impact on per capita income and spending especially in the education sphere. As education levels and the leisure time of the people in the country increases, there will be a significant growth in the demand for stationery, fine art and hobby products. Emphasis and exposure to arts, crafts and hobbies is already being observed as a growing trend. A big chunk of the demand is expected from rural areas as rising rural incomes boost purchasing power.

As the expanding middle class puts greater emphasis on quality education, the Indian education sector, pegged at US\$86 billion, is likely to see heavy investments over the next couple of years. Eight million people are added to the organised workforce every year and 250-300 million people would be added over the next 25 years. There exists a need to upgrade the skills of the 200 million that constitute the existing workforce as well. School education is expected to reach a market size of US\$29 billion, tutoring would touch around US\$9 billion and private professional colleges would account for nearly US\$12 billion by 2012.

This is the size of the opportunity for Camlin. All the above mentioned factors are expected to propel Camlin towards considerable growth in the future.



OUTLOOK:

The opportunities are aplenty and will only multiply in the coming years. Camlin believes that given its expertise and experience, it is well poised to maximise these opportunities in the coming years.

Company envisions surpassing Rs. 1000 crore in revenues within the next five years. This will be achieved by increasing the portfolio of products through line extensions, strengthening sales activity in Tier II towns and expanding the retail distribution network by 25% each year. Company will continue to incur fixed asset investment in automation and capacity expansion. The Company plans to increase its production from the Jammu plant to maximise the tax advantage. A range of innovative products are in the pipeline to be launched in the near future.

The Company has made investment to the extent of Rs.150 Lacs by way of equity and loans to its wholly owned subsidiary viz Camlin Alpha Kids Limited. The said subsidiary plans to open two new schools in Navi Mumbai and Thane in the coming year. The targeted intake for the next academic year for all this pre-schools is 300 students. In addition to the preschool activity the subsidiary also plans to start various activities viz Art & Crafts, Hobby activities, Diwali & Summer Camps. Camlin believes that this is just the beginning of the Strong, sustainable growth for the years ahead.

RISK AND CONCERNS:

The Company is operating in an extremely competitive environment. As it gets into the expansion mode, it is poised to exploit several new opportunities. The Company ensures that the risks it undertakes are commensurate with better returns. Through strategic focus, forward thinking and contingency planning, the Company has devised a

Risk Management Policy to control risks involved in all corporate activities. Company has put in place a Risk Management Document with an objective to create an awareness about various risks associated with the business of the Company and defines the risk policies, lays out risk strategies and methodology to mitigate the risk. The framework so designed will ensure

adherence to the rules, regulations and internal policies of the Company.

ECONOMY RISK:

Factors that may adversely affect the Indian economy and in turn the business include rise in interest rates, inflation, rupee appreciation, changes in tax, trade, fiscal and monetary policies, scarcity of credit, etc. However, given the resilience of the economy in the face of the recession, strong fundamentals including favourable demographics, rising per capita income as well as factors such as increasing education levels and leisure and with the growing emphasis on arts, crafts and hobbies, the Company does not expect to be significantly affected by this risk in the long term.

COMPETITION RISK:

The Company does face some amount of competition from organised and unorganised sector as well as from cheap, imported products from countries such as China, Taiwan and Korea. However, given Camlin's brand and reputation in the market, vast range of products, world-class quality, reasonable prices, large consumer base, strong retailer network and strict adherence to safety standards, Camlin believes it has sufficient mitigation in place to counter this risk. Camlin is the first company in India to adhere to Art & Creative Materials Institute's world standards in toxicity.

COST RISK (RAW MATERIALS):

Given the Company's considerable experience in the industry and sound relationships with vendors, Camlin is able to plan effectively and keep the associated risks to a minimum. Extensive rate analysis is conducted as per market conditions and accordingly existing contracts are renegotiated with vendors.

LABOUR RISK:

All of the Company's units enjoy cordial industrial relations. The Company has not experienced any work stoppages or significant labour disruptions during its operational history and thus, it believes its exposure to this risk is limited.

Concerns like shortage of skilled manpower and technological obsolescence remain. However, these are threats faced by the entire industry. Given its expertise, experience and strengths, Camlin is well positioned to lead a high growth path.

INFORMATION TECHNOLOGY (IT):

The IT function has contributed immensely to improve operational efficiencies, inventory minimisation and cost optimisation for the Company. The successful implementation of SAP has also enabled Camlin to enhance operational efficiencies through functional integration. We continue to invest in new IT initiatives as drivers to our growth.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

In any industry, the processes and internal control systems play a critical role in the health of the Company. Camlin's well defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. Internal Auditors independently evaluate the adequacy of internal control systems. Their observations and recommendations are discussed by the Audit Committee to ensure effective corrective action.

The internal control system is supplemented by extensive internal audits, regular reviews by management and adherence to standard policies and guidelines to ensure reliability of financial and other records. The management information system provides timely and accurate information for effective control. Rigorous business planning as well as expense, capital and manpower budgeting processes ensure that progress is monitored against targets, and control is exercised on all major expenses.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Human Resources (HR) are an integral and important part of any organisation. The Company



has put in place sound policies for the growth and progress of its employees. Individual performance management systems are being implemented to encourage merit and innovative thinking. Roles and responsibilities are clearly defined at all levels. It has a well drawn recruitment policy and a performance-based compensation policy to enable the employees to develop a sense of ownership with the organisation. Camlin recognises the importance of providing training and development opportunities to its people to enhance their skills and experience, which in turn enables the Company to achieve its business objectives.

Strong focus on productivity improvement techniques such as 5S was a major HR initiative taken this year which significantly enhanced the working environment and morale of the employees. Another major development during the year was the execution of the Agreement effecting revision in wage and service conditions with respect to the Tarapur plant. As on March 31, 2010, the Company had 840 employees on its payrolls. Relations with employees at all levels remained cordial during the year. The Board of Directors would like to express their sincere appreciation to all the employees, for the passion and dedication they bring to the Company.

AWARDS / RECOGNITIONS:

- The Permanent Marker TV Commercial (of *Rudali* with *Bindi* fame) was selected to be shown as one of the world greatest TV Commercial by NTV Channel, biggest TV Network of Japan.
- The Company was awarded the title of "Edge Winner" for its successful SAP implementation by Network Computing; one of the leading IT magazines in India.
- The Company's plant in Tarapur, Maharashtra has been awarded the ISO 9001:2008 quality certification accredited by NABCB.
- The Brand Camlin was adjudged as 'Power Brand' of the year 2009-2010 in the stationery category by planman.



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 the 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.

SUBSIDIARY COMPANIES:

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 Auditor of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any member of the Company and also available on the Company's web-site www.camlin.com. 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.

CONSOLIDATED FINANCIAL STATEMENTS:

As required under Clause 32 of the Listing Agreement and Accounting Standard No.21, issued by the Institute of Chartered Accounts of India, the Consolidated Financial Statements for the year ended 31st March, 2010 have been prepared by the Company and the said audited statements form part of the Annual Report.

DEPOSITS:

The Company has not accepted any fixed deposits during the year. There are no overdue deposits except unclaimed deposits amounting to Rs. 2.59 Lacs as at 31st March, 2010.

DIRECTORS:

Mr. Dhananjay N. Mungale, Mr. Deepak K. Ghaisas and Mr. Vijay N. Paranjpe retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

Mr. Dilip D. Dandekar, Chairman & Managing Director, Mr. Rajiv M. Dandekar, Joint Managing Director, Mr. Shriram S. Dandekar and Mr. Deepak M. Dandekar, Executive Directors have been appointed by the Board with revision of Remuneration for a period of three year w.e.f. 1st April, 2010. In the interest of the Company, Directors recommend their appointment. Details regarding the persons proposed to be appointed/ re-appointed as Directors and their brief resume have been given in the Annexure attached to the Notice.

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

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 31st 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 31st 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 31st 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 31st 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 at the specified period, by a Practicing Company Secretary. The findings of the Secretarial Audit were entirely satisfactory.

CORPORATE GOVERNANCE:

Your Company has always endeavored to adhere to high standards of Corporate Governance and ensured its compliance both in spirit and law. As per the requirements of the Listing Agreements entered into with the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited a detailed Report on Corporate Governance is given as a part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance. The Management Discussion and Analysis Report also form part of this report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred a sum of Rs. 1.85 Lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents unclaimed dividend, principal amount of fixed deposits and interest on fixed deposits which remained unclaimed with the Company for a period of 7 years from their respective due dates of payment.

AUDITORS:

The retiring Auditors, B.K. Khare & Co., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2010-2011. You are requested to appoint them.

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956:

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

CORPORATE SOCIAL RESPONSIBILITY(CSR):

Camlin believes it has a duty and responsibility to give back to the country and the society that have enabled the Company to scale great heights. Camlin is involved in various CSR initiatives on several fronts. The Company spreads awareness on the importance of cleanliness and hygiene amongst school children and hospitals. For the last 3 years, Camlin has been aiding the Rescue Foundation by giving the girls in the Foundation oil pastel labeling work that provides them with a source of income.

The Company sponsors drawing material and colours for several schools across the country as well as for mentally challenged children to foster their creative skills. Colours are also sponsored for Warli paintings under the Adivasi

Utthan Programme. Camlin has also undertaken several activities to promote art in the country including the annual All India Camel Colour Contest, All India Art Teacher’s Art Exhibitions which aim to promote artistic talent amongst art teachers as well as the Camel Art Foundation which organises regional art exhibitions for professional artists and fine art students.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

ACKNOWLEDGEMENT:

Your Directors wish to express their gratitude to the Members, Depositors, Bankers, Financial Institutions and the Customers for their active support and patronage. We also wish to acknowledge the spirit of dedication, commitment and co-operation extended by employees at all levels.

For & On behalf of the Board

Dilip D. Dandekar
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai
Dated: 29th April, 2010.



Annexure A to Directors' Report

IN TERMS OF CLAUSE 12.1 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES 1999 ("THE SEBI GUIDELINES") THE PARTICULARS OF OPTIONS AS ON 31ST MARCH, 2010 ARE AS UNDER:

| Sr. No. | Description | Details |
|---------|--|---|
| a. | Options granted | 25,72,500 |
| b. | The pricing formula | Average of daily closing price during 7 days preceding the date of grant. |
| c. | Options vested | 9,73,700 |
| d. | Options exercised | 2,53,525 |
| e. | Total number of shares arising as result of exercise of options | 2,53,525 |
| f. | Options lapsed | 1,73,350 |
| g. | Variation of terms of Options | Nil |
| h. | Money realized by exercise of options | Rs. 40,56,400/- |
| i. | Total number of options in force | 21,45,625 |
| j. | Employee-wise details of options granted to: | |
| | 1. Senior Managerial Personnel | Mr. R. Y. Gotey, C.O.O.– Production (Col. Grp.) - 72,000 Mr. P. V. Narayan, Sr. V.P. (Sales & Mktg.) - 72,000 Mr. Simon Inchody, C.O.O. – Technical & Production (Sty.Grp.) – 72,000 Mr. N. V. Pitale, President – Projects (New Business Development) – 45,000 Mr. C. R. Badal, C.F.O. – 45,000 Mr. R. V. Damle, General Manager (Corporate) & Company Secretary – 36,000 |
| | 2. Any other Employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year. | N.A. |
| | 3. Identified Employees who were granted option, 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. | N.A. |



| Sr. No. | Description | Details |
|---------|---|---|
| k. | Diluted earning per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning per Shares. | Basic Rs. 2.00 Diluted Rs. 1.99 |
| l | The difference between the employee compensation costs computed under intrinsic value method and the Employee compensation cost that shall have been recognized if the Company had used the fair value methods and its impact on profits and on EPS of the Company. | Adjusted EPS Basic Rs. 1.90 Diluted Rs. 1.89 |
| m | Weighted average exercise prices and weighted average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock. | Exercise price equal to Market Price - N.A. Weighted average fair value is greater than Market price – Rs. 6.62 Exercise is less than Market Price - N.A. |
| n. | Description of the method and significant assumptions used during the year to estimate the fair values of Options. | The Company has opted intrinsic value method for accounting of compensation cost arising out of ESOP. However, for disclosure in Para I, the following assumption have been used. |
| | i. Risk-free interest rate, | 7.31% |
| | ii. Expected life | 2.5 years |
| | iii. Expected volatility | 70.73% |
| | iv. Expected dividend and | 1.14% |
| | v. The price of the underlying share in the Market at the time of option granted | Rs. 15.08 |

For & On behalf of the Board

Dilip D. Dandekar
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai
Dated: 29th April, 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:

- Usage of Servo motors in Machines.
- Provision of energy efficient lights replacing conventional light fittings.
- Installation of energy savers on air conditioners.
- Preventive maintenance of various equipments to keep them in good condition.
- Replacements of V Belts on Compressors by flat belts.
- Reduction in power Consumption by installing Variable Frequency drives.
- Steam condensed recycled to boiler leading to saving in water and fuel consumption.

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

Installation of energy savers in lighting systems, Introduction of power factor panel to reduce the transmission near the load point. Steps are also being taken to introduce improved operational methods, rationalisation aimed to save consumption of power and fuel.

c) Impact of the above matters:

As a result of measures taken/to be taken, enumerated in (a) and (b) above there is a reduction in maintenance cost, machine downtime and thereby savings in unit consumption which has helped in reducing the cost of production.



B) TECHNOLOGY ABSORPTION

Research and Development (R&D)

1. Specific areas in which R&D Carried out by the Company : New product development, process development.
2. Benefits derived as a Result of the above R&D : Cost reduction, quality upgradation, development of new markets.
3. Future plan of action : Future plan of action envisages acceleration in the process of development already set in motion and undertaking more process development work for achieving cost reduction, and improvement in quality.

(Rs. in Lacs)

| 4. Expenditure on R&D | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| a) Capital | — | — |
| b) Recurring | 43.85 | 32.84 |
| c) Total | 43.85 | 32.84 |
| d) Total R&D Expenditure as a Percentage of total turnover | 0.13 | 0.12 |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R&D Laboratory is recognised by the Department of Scientific and Industrial Research, Govt. of India, where continuous efforts are made to innovate new products and improve the quality of Art Material, Stationery and Industrial Adhesive products, manufactured / procured by the Company to make the manufacturing process safe, cost effective and environment friendly.

- 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. : Technological innovations and improvements undertaken at the laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales, reducing cost, improving quality and scale of the production and customer satisfaction.
- 3. Technology Import : N.A.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Major countries of export are USA, Thailand,

Algeria, UAE, Bangladesh, Nepal and Sri Lanka. The Company is aggressively focusing in OEM business in CIS countries like Kazakhstan, Ukraine and branded business in Middle East Countries for Hobby and Fine Art products. The Company continued its participation in international exhibitions held in Europe.

b) Total Foreign Exchange used and earned

(Rs. in Lacs)

| | 2009-2010 | 2008-2009 |
|-------------------------|----------------|-----------|
| Foreign exchange used | 2385.52 | 2728.26 |
| Foreign exchange earned | 577.03 | 500.15 |

For & On behalf of the Board

Dilip D. Dandekar
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai
Dated: 29th April, 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 31st March, 2010.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance today has emerged as an integral element in the business environment. It is not only a prerequisite for attaining sustainable growth in emerging global market scenario but it is also an embodiment of the parameters of fairness, accountability, disclosures and transparency to maximise value for the shareholders of a Company.

The Company believes in a sound code of Corporate Governance, as a tool for achieving high standard of Management and Business integrity. Your Directors believe that Corporate Governance is a powerful medium of subserving the long-term interest of all the stakeholders, viz. employees, shareholders, customers, vendors and the society at large. The

Company seeks to achieve the goal by ensuring that timely and accurate disclosures are made in an easily understood manner on all matters relating to the financial situation, performance, ownership and governance of the Company.

2. BOARD OF DIRECTORS:

Composition:

The Company has an 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 relationships or transactions with the Company.

Composition, nature of Directorship, number of meetings attended and the Directorship in other Companies of the Board of Directors as on 31st March, 2010 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 & Managing Director | ED | 7 | 8 | Yes | Nil | 1 |
| Mr. Rajiv M. Dandekar, Jt. Managing Director | ED | 5 | Nil | Yes | Nil | Nil |
| Mr. Shriram S. Dandekar, Executive Director | ED | 7 | 2 | Yes | Nil | Nil |
| Mr. Deepak M. Dandekar, Executive Director | ED | 7 | 2 | Yes | Nil | Nil |
| Mr. Ashish S. Dandekar | NED | 4 | 8 | No | Nil | 1 |
| Mr. Anil C. Singhvi | NED | 7 | 2 | Yes | Nil | 3 |
| Mr. Shishir S. Shirgaokar | NED (I) | 6 | 3 | Yes | Nil | Nil |
| Mr. Dhananjay N. Mungale | NED (I) | 7 | 8 | Yes | 3 | 8 |
| Mr. Deepak K. Ghaisas | NED (I) | 6 | 2 | Yes | 2 | 2 |
| Mr. Vijay N. Paranjpe | NED (I) | 6 | Nil | Yes | Nil | Nil |
| Mr. Shishir B. Desai | NED (I) | 7 | 1 | Yes | Nil | Nil |
| Mr. Ramanathan Sriram | NED (I) | 7 | Nil | Yes | Nil | Nil |

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

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

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

Number of Board Meetings:

During the year, Seven (7) Board Meeting were held and the details are given below:

| Sr. No. | Date | Board Strength | No. of Directors Present |
|---------|---------------------------------|----------------|--------------------------|
| 1 | 8 th May, 2009 | 12 | 11 |
| 2 | 26 th June, 2009 | 12 | 11 |
| 3 | 18 th July, 2009 | 12 | 9 |
| 4 | 14 th October, 2009 | 12 | 12 |
| 5 | 27 th November, 2009 | 12 | 10 |
| 6 | 15 th January, 2010 | 12 | 11 |
| 7 | 20 th March, 2010 | 12 | 12 |

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 the web-site of the Company at www.camlin.com.

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

Committees Of The Board:

The Board of Directors has constituted three Committees : Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration and Compensation Committee. The roles 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 meetings of Audit Committee, Shareholders/Investors Grievance Committee, Remuneration and Compensation Committee are placed before the Board for their information and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc., of these Committees are given below:



3. AUDIT COMMITTEE:

Composition, meetings and attendance during the year

The Audit Committee was constituted on 29th August, 2002. The Company has complied with all the requirements of Clause No. 49 (II) (A) of the Listing Agreement relating to composition of the Audit Committee.

During the financial year, Four (4) meetings of the Audit Committee were held on 8th May, 2009, 18th July, 2009, 14th October, 2009 and 14th 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. Dhananjay N. Mungale | Chairman | NED (I) | 4 |
| Mr. Anil C. Singhvi | Member | NED | 4 |
| Mr. Deepak. K. Ghaisas | Member | NED (I) | 4 |
| Mr. Vijay N. Paranjpe | Member | NED (I) | 3 |

The Audit Committee meetings were attended by the Chairman & Managing Director and Executive Directors. The representatives of the Internal Auditors, Statutory Auditors and Operational heads were also invited to the meetings. The Company Secretary acted as the Secretary to the Committee.

Terms of reference:

The Terms of reference to this committee, inter alia covers all the matters specified under Clause 49 of the Listing Agreement with the stock exchanges as well as in Section 292(A) of the Companies Act 1956. Besides, other terms as may be referred by the Board of Directors, from time to time. The Audit Committee has also powers inter alia to investigate any activity within

its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

4. Remuneration and Compensation Committee:

Composition, Meetings and the Attendance during the year.

With effect from 21st January, 2009, two Committees namely Remuneration Committee and Compensation Committee were merged and a new Committee was constituted namely, Remuneration and Compensation Committee.

During the financial year, Three (3) meetings of the Remuneration and Compensation Committee were held on 14th October, 2009, 8th January, 2010, and 20th March, 2010.

The details of composition of the Committee are given below:

| Name | Designation | Category | No. of Meetings attended |
|---------------------------|-------------|----------|--------------------------|
| Mr. Shishir S. Shirgaokar | Chairman | NED (I) | 3 |
| Mr. Ramanathan Sriram | Member | NED (I) | 3 |
| Mr. Shishir B. Desai | Member | NED (I) | 3 |
| Mr. Dilip D. Dandekar | Member | ED | 3 |

Terms of reference:

The main term of reference of the Committee is

- To approve fixation/revision of remuneration of the Executive Directors of the Company after taking into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.
- To formulate Employees Stock Option Scheme (ESOP) and its implementation.



- To administer, supervise the detailed terms & conditions in accordance with SEBI Guidelines.

Remuneration to Directors:

A. Executive Directors:

Following is the Rem uneration paid/payable to the Executive Directors for the financial year ended 31st March, 2010.

| Name | Salary Including HRA | Perquisites # | Commission | Total |
|-------------------------|----------------------|---------------|------------|-------|
| Mr. Dilip D. Dandekar | 33.84 | 1.50 | 5.00 | 40.34 |
| Mr. Rajiv M. Dandekar | 32.40 | 1.50 | 5.00 | 38.90 |
| Mr. Shriram S. Dandekar | 32.40 | 1.39 | 5.00 | 38.79 |
| Mr. Deepak M. Dandekar | 32.40 | 1.50 | 5.00 | 38.90 |

#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 and driver, telephone/fax facilities, benefit of personal accident insurance scheme, etc.

All Executive Directors are also entitled to Company's contribution to provident fund, superannuation, gratuity and encashment of leave as per the rules of the Company.

Agreement for the period of three (3) years w.e.f. 1st April, 2010 has been separately entered into with each of the Whole-time Director on the recommendation of the Remuneration and Compensation Committee and approved by the Board of Directors within the overall ceiling stipulated in Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

B. Non-Executive Directors:

Sitting Fees are paid to Non-executive Directors as below:-

For Board & Audit Committee meeting Rs 10,000/- per meeting. For Remuneration & Compensation and Shareholders/Investor Grievance Committee meetings Rs 5,000/-per meeting. In addition to above commission is also payable to Non-executive Directors for the year ended 31st March, 2010.

The details of Sitting Fees paid and Remuneration by way of Commission payable to Non-executive Directors for the year ended 31st March, 2010 are given below:

(Rs. in Lacs)

| Name | Sitting Fees | Commission | Total |
|---------------------------|--------------|--------------|--------------|
| Mr. Shishir S. Shirgaokar | 0.90 | 1.50 | 2.40 |
| Mr. Dhananjay N. Mungale | 1.10 | 1.50 | 2.60 |
| Mr. Anil C. Singhvi | 1.10 | 1.50 | 2.60 |
| Mr. Ashish S. Dandekar | 0.40 | 1.50 | 1.90 |
| Mr. Deepak K. Ghaisas | 1.00 | 1.50 | 2.50 |
| Mr. Vijay N. Paranjpe | 0.90 | 1.50 | 2.40 |
| Mr. Shishir B. Desai | 1.05 | 1.50 | 2.55 |
| Mr. Ramanathan Sriram | 0.85 | 1.50 | 2.35 |
| GRAND TOTAL | 7.30 | 12.00 | 19.30 |

Details of Shareholding of Non-executive Directors/Independent Directors as on 31st March, 2010:

| Name | Shares Held |
|---------------------------|-------------|
| Mr. Ashish S. Dandekar | 857,000 |
| Mr. Shishir S. Shirgaokar | 2,000 |
| Mr. Dhananjay N. Mungale | - |
| Mr. Anil C. Singhvi | - |
| Mr. Shishir B. Desai | - |
| Mr. Deepak K. Ghaisas | - |

| Name | Shares Held |
|-----------------------|-------------|
| Mr. Vijay N. Paranjpe | - |
| Mr. Ramanathan Sriram | - |

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Composition, meetings and the attendance during the year.

The Shareholders/Investors Grievance Committee was constituted on 23rd January, 2003 to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non-receipt of Annual Report, non-receipt of Dividend, etc.

During the financial year, four (4) meetings were held on 8th May, 2009, 18th July, 2009, 14th October, 2009 and 15th January, 2010.

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. Shishir B. Desai | Chairman | NED (I) | 4 |
| Mr. Shishir. S. Shirgaokar | Member | NED(I) | 3 |
| Mr. Rajiv M. Dandekar | Member | ED | 2 |

The Board has designated Mr. Ravindra V. Damle, Company Secretary as the Compliance Officer.

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

During the year, one Complaint about non- receipt of Share Certificates was received from shareholder, which were attended to promptly and resolved to the satisfaction of the concerned Shareholder. There were no pending complaints at the close of the Financial Year.

6. GENERAL BODY MEETINGS:

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

| Financial Year | Venue | Date & Time |
|----------------|---|--|
| 2008-2009 | Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 | 26 th June, 2009 at 3.00 p.m. |
| 2007-2008 | Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 | 3 rd July, 2008 at 3.00 p.m. |
| 2006-2007 | Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry and Agriculture, Orison House, 12-k Dubhash Marg, Fort, Mumbai 400 001. | 30 th July, 2007 at 3.00 p.m. |

Six Special Resolution were passed at the 60th Annual General Meeting, two Special Resolutions were passed at the 61st Annual General Meeting and One Special Resolution was passed at the 62nd Annual General Meeting,

During the last year, no Resolution was passed through Postal Ballot. None of the Resolutions proposed for the ensuing Annual General Meetings need to be passed by the Postal Ballot.

7. 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. 21K(V) to the financial statements in the Annual Report.



Compliance with Regulations

The Company has complied with all the requirements of the Listing Agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India limited as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory authorities in any matter relating to capital markets during the last 3 years.

Accounting Standards

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

Risk Management

The Company has defined and drafted a Risk Management Policy and has also set up a core group, which assesses the risks and lay down the procedure for minimization of the risks. The above will facilitate not only risk assessment and timely rectification but also help in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations.

CEO/CFO Certification

The Chairman and 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.

8. MEANS OF COMMUNICATION:

The quarterly and half-yearly results are published in widely circulating national and local newspapers such as The Economic Times (English) and Maharashtra Times (vernacular language).

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 www.camlin.com within the timeframe prescribed in this regard.

9. GENERAL SHAREHOLDER INFORMATION:

- i. As indicated in the Notice to our Shareholders, the 63rd Annual General Meeting of the Company will be held on Tuesday, the 29th June, 2010 at 3.00 p.m. at Walchand Hirachand Hall, IMC Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020.

ii Financial Calendar : Financial Reporting by:

Unaudited Results for : Mid of August 2010.
the quarter Ending
30th June, 2010.
Unaudited Results for : Mid of November 2010.
the quarter Ending
30th September, 2010.
Unaudited Results for : Mid of February 2011.
the quarter ending
31st December, 2010
Audited Results for : End of May, 2011.
the year ending
31st March, 2011

- iii. Date of Book Closure: From 23rd June, 2010 to 29th June, 2010 (both days inclusive).
- iv. Date of Dividend Payment: on or before 28th July, 2010.

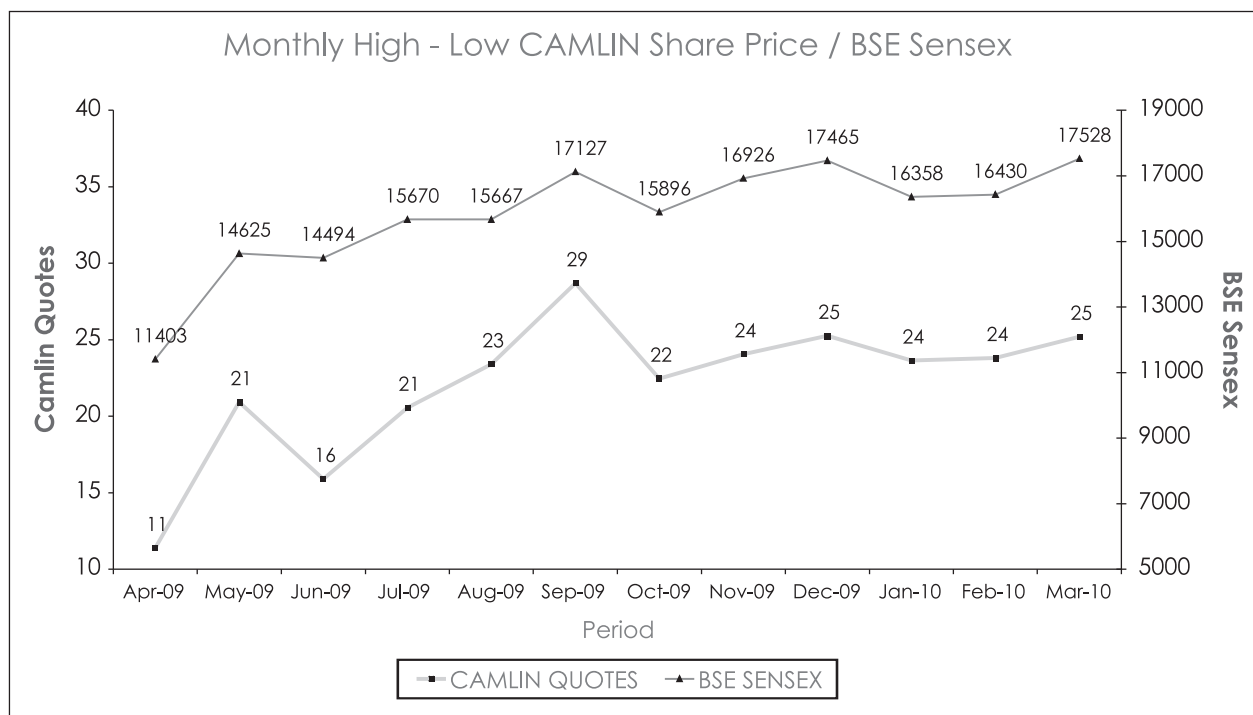
Listing of Equity Shares on Stock Exchange: Bombay Stock Exchange Limited (Stock Code 523207), National Stock Exchange of India Limited (Stock Code CAMLIN). The Company has paid Listing Fees till March 2011.
- v. Demat ISIN in CDSL/NSDL:- INE 760A01029

Corporate Identity Number (CIN):- L24223MH1946PLC005434
- vi. Share Prices (High/Low) for the year at BSE and NSE:-

| Month | BSE | | NSE | |
|-----------------|-----------|----------|-----------|----------|
| | High (Rs) | Low (Rs) | High (Rs) | Low (Rs) |
| April, 2009 | 12.95 | 8.66 | 13.65 | 8.10 |
| May, 2009 | 22.50 | 10.40 | 22.70 | 10.25 |
| June, 2009 | 22.00 | 15.25 | 22.65 | 15.00 |
| July, 2009 | 22.15 | 13.90 | 22.15 | 14.10 |
| August, 2009 | 23.40 | 18.25 | 23.40 | 18.25 |
| September, 2009 | 30.85 | 22.40 | 30.90 | 22.25 |
| October, 2009 | 28.95 | 22.10 | 28.75 | 22.00 |
| November, 2009 | 25.40 | 20.40 | 25.60 | 20.35 |
| December, 2009 | 26.45 | 22.75 | 26.55 | 22.50 |
| January, 2010 | 28.70 | 21.80 | 28.50 | 21.85 |
| February, 2010 | 27.90 | 22.50 | 28.00 | 22.50 |
| March, 2010 | 27.10 | 21.65 | 27.50 | 21.50 |

vii. Stock performance:

The performance of the Company 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., 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.

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.

ix. Share Transfer System:

Presently, the Share Transfers which are received

x. Distribution of Shareholding as on 31st March, 2010:

| No. of Shares | No. of Shareholders | Percentage | No. of Shares | Percentage |
|------------------|---------------------|---------------|-----------------|---------------|
| Up to 5000 | 11988 | 95.65 | 10106134 | 16.77 |
| 5001-10000 | 234 | 1.88 | 1860606 | 3.09 |
| 10001-20000 | 96 | 0.77 | 1455190 | 2.42 |
| 20001-30000 | 61 | 0.49 | 1545001 | 2.56 |
| 30001-40000 | 26 | 0.20 | 917172 | 1.52 |
| 40001-50000 | 10 | 0.08 | 476680 | 0.79 |
| 50001-100000 | 41 | 0.32 | 3152082 | 5.23 |
| 100001 and above | 77 | 0.61 | 40740660 | 67.62 |
| Total | 12533 | 100.00 | 60253525 | 100.00 |

xi. Shareholding Pattern as on 31st March, 2010.

| Category Code | Category of Shareholder | No. of Share holders | 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 | 50 | 15587720 | 25.87 |
| 'b | Central Government/State Government(s) | – | – | – |
| 'c | Bodies Corporate | 7 | 6362460 | 10.56 |
| 'd | Financial Institutions/Banks | – | – | – |
| 'e | Any Other (specify) | – | – | – |
| | Sub-Total (A)(1) | 57 | 21950180 | 36.43 |
| (2) | Foreign | | | |
| 'a | Individuals (Non-Resident Individuals/Foreign Individuals) | 3 | 1355000 | 2.25 |
| 'b | Bodies Corporate | – | – | – |
| 'c | Institutions | – | – | – |
| 'd | Any Other (Specify) | – | – | – |
| | Sub-Total (A)(2) | 3 | 1355000 | 2.25 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + A(2) | 60 | 23305180 | 38.68 |
| (B) | Public Shareholding | | | |
| (1) | Institutions | | | |
| 'a | Mutual Funds/UTI | – | – | – |
| 'b | Financial Institutions/Banks | 3 | 4300 | 0.01 |
| 'c | Central Government/State Government(s) | – | – | – |
| 'd | Venture Capital Funds | – | – | – |
| 'e | Insurance Companies | – | – | – |
| 'f | Foreign Institutional Investors | 1 | 2700000 | 4.48 |
| 'g | Foreign Venture Capital Investors | – | – | – |
| 'h | Any other (specify) | – | – | – |
| | Sub-Total (B)(1) | 4 | 2704300 | 4.49 |
| (2) | Non Institutional | | | |
| 'a | Bodies Corporate | 606 | 10946525 | 18.17 |
| 'b | Individuals Individual shareholders holding nominal share capital upto Rs. 1 lakh | 11783 | 15672550 | 26.01 |
| | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 26 | 7429922 | 12.33 |
| 'c | Non-Resident (Non-Rep.) | 17 | 20150 | 0.03 |
| | Non-Resident (Rep.) | 37 | 174898 | 0.29 |
| | Sub-Total (B) (2) | 12469 | 34244045 | 56.83 |
| | Total Public Shareholding (B)(1) + (B)(2) | 12473 | 36948345 | 61.32 |
| | Total (B) = (A) + (B) | 12533 | 60253525 | 100.00 |
| '(C) | Shares held by Custodians and against which Depository Receipts have been issued | – | – | – |
| | Grand Total | 12533 | 60253525 | 100.00 |

xii. Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01029. As on 31st March, 2010, 94.64% of the total shares of the Company have been dematerialised.

xiii. Outstanding GDR/ADR/Warrants/Options

As of date, the Company has not issued GDRs /ADRs/Warrants or any other convertible instruments. The Company has granted 2572500 stock options under Employees Stock Option Scheme, 2008 to the eligible employees of the Company on 21st July, 2008. Each option entitles to the holder thereof to apply for and be allotted one Equity Share of Re.1/- each upon payment of the exercise price during the exercise period. The vesting period commences after one year from date of grant of option and expires at the end of five years from the date of such grant.

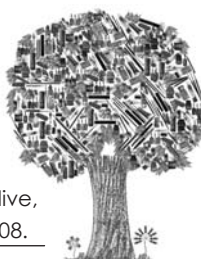
During the year, the Company has allotted 2,53,525 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme.

xiv. Subsidiary Company:

The Company does not have any materially unlisted Indian Subsidiary but one Non-Executive Independent Director has been appointed on the Board of Camlin Alphakids Limited which is 100% Subsidiary of the Company.

xv. Plant Locations:

| | |
|---------|---|
| Tarapur | : M.I.D.C., Boisar, Tarapur, Dist- Thane - 401 506. |
| Taloja | : M.I.D.C., Taloja, Navi Mumbai - 410 208. |
| Jammu | : Industrial Growth Center, Samba Phase I, Jammu, J&K State. : 101, Gangyal Industrial Area, Phase II, Jammu – 180 004. |
| Vasai | : Rajjprabha Udyog Nagar, Walive, Vasai (East), Dist- Thane 401 308. |



xvi. Address for correspondence:

| | |
|-------------------|--|
| Registered Office | : 9-B, Nanddeep Industrial Estate, J. B. Nagar, Andheri (East), Mumbai – 400059. |
| Corporate Office | : Hilton House, 48/2, Central Road, MIDC, Andheri (East), Mumbai-400093. |
| Tel. No. | : 022-2836 0302 |
| Fax No. | : 022- 2836 6579 |
| E.mail | : investorrelations@camlin.com |

xvii. Secretarial Department:

The Company's Secretarial Department, headed by the General Manager (Corporate) & Company Secretary, is situated at the Corporate office mentioned above. Shareholders/Investors may contact the Company Secretary for any assistance they may need.

10. NON MANDATORY REQUIREMENTS:

Non-Executive Chairman's Office:

The Chairman of the Company is the Executive Chairman and hence, this provision is not applicable.

Shareholders Rights:

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

Audit Qualifications:

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

For & on behalf of the Board

DILIP D. DANDEKAR
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai
Dated: 29th April, 2010.

Auditors' Certificate

Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of Camlin Limited.

We have examined the compliance of conditions of Corporate Governance by Camlin Limited for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 & 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

DILIP BAPAT
PATNER
M.NO.30388

Place : Mumbai
Date : 29th April, 2010.



Auditors' Report

TO

THE MEMBERS OF CAMLIN LIMITED

1. We have audited the attached Balance Sheet of **CAMLIN LIMITED** as at 31st March, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed with reference to this report. 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 basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (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 paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this 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 31st 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

DILIP BAPAT
PARTNER
M. NO 30388

PLACE : MUMBAI
DATED : 29th April, 2010

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

i. Fixed Assets :

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. Substantial portion of the fixed assets have been physically verified by the management during the year. No material discrepancies between the book records and physical inventory are noticed.
- c. The Company has not disposed off substantial part of its fixed assets during the year.

ii. Inventories :

- a. Physical verification of inventory was conducted by the Management at reasonable intervals during the year. In respect of materials sent for job work and finished goods with third parties, certificates of closing stock have been obtained from third parties in respect of substantial portion of the stocks held.
- b. In our opinion, 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, 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. Loans and Advances granted / taken from certain entities :

Loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other

parties are covered in the Register maintained under section 301 of the Companies Act, 1956

The Company has neither granted nor taken any loans, secured or unsecured, to or from such entities.

iv. Internal Control system

In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system 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 explanation 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. Contracts or arrangement referred to in this Section 301 of the Companies Act, 1956 :

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 contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b. In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and

exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.

vi. Public Deposits :

Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975, with regard to the deposits accepted from the public. We are further informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal intimating the contravention of said provisions.

vii. Internal Audit System :

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

viii. Cost records :

We are informed that the Central Government has not prescribed maintenance of Cost records u/s 209(1)(d) of the Companies Act 1956.

ix. Statutory Dues :

- a. Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, VAT, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- b. No undisputed amounts payable in respect of Income Tax, VAT, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in

arrears, as on 31st March 2010 for a period of more than six months from the date they became payable.

- c. There are no dues of Income Tax, Wealth Tax, Services Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except in respect of (i) excise duty of Rs. 41.10 lacs under the Central Excise Act, 1956 out of which dispute in respect of Rs. 20.63 lacs is pending before Bombay High Court, Rs 18.14 lacs is pending before the Central Excise and Service Tax Tribunal and Rs. 2.32 lacs with Commissioner (Appeal), (ii) dispute in respect of Services Tax of Rs. 1.89 lacs under the Finance Act, 1994 which is pending before the Assistant Commissioner (iii) Income Tax of Rs. 105.36 lacs under the Income Tax Act, 1961 out of which dispute in respect Rs. 8.06 lacs is pending before the Income Tax Appellate Tribunal and Rs. 97.30 lacs is pending before the Commissioner of Income Tax (Appeals) and (iv) Dispute in respect of Sales Tax of Rs. 36.88 lacs under the State Sales Tax Laws and Rs 7.29 lacs under the Central Sales Tax Act, pending before the Dy. Commissioner (Appeals).

x. Accumulated Losses :

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

xi. Dues to Financial Institutions, Banks and Debenture holders :

Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.

xii. Security for Loans & Advances Granted :

Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. Special Statute :

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

xiv. Dealings/Trading in Shares, Securities , Debentures and other investments :

The Company is not dealing in or trading in shares, securities, debentures and other investments.

xv. Guarantees given :

According to the information and explanation given to us, the Company has given a corporate guarantee of Rs 150 lacs in respect of the loan availed by its associate M/s ColArt Camlin Canvas Pvt. Ltd. which, in our opinion, prima facie, is not prejudicial to the interest of the Company.

xvi. Term Loans :

Term loans availed by the Company have been applied by the Company for the purposes for which they are obtained.

xvii. Utilisation of Funds :

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.

xviii. Preferential Allotment of Shares :

During the year, Company has not made any preferential allotment of shares to parties and companies covered in Register maintained under Section 301 of Companies Act, 1956.

xix. Security for Debentures Issued :

Company has not issued any Debentures.

xx. Public Issue of Equity Shares :

During the year, Company has not raised any money by public issue of Equity Shares.

xxi. Frauds Noticed :

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

PLACE : MUMBAI
DATED : 29th April, 2010

DILIP BAPAT
PARTNER
M. NO 30388

Balance Sheet as at 31st March, 2010

| | | (Rs. In Lacs) | |
|--|-----------|---------------------|---------------------|
| | Schedules | As at 31.03.2010 | As at 31.03.2009 |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 602.54 | 600.00 |
| Reserves and Surplus | 2 | 5,635.87 | 4,746.08 |
| | | 6,238.41 | 5,346.08 |
| Loan Funds | | | |
| Secured Loans | 3 | 4,257.76 | 3,937.38 |
| Deferred Tax Liability (Net) | | 162.71 | 119.61 |
| TOTAL | | 10,658.88 | 9,403.07 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 4 | 8,989.28 | 7,833.94 |
| Less: Depreciation | | 3,433.23 | 3,234.98 |
| Net Block | | 5,556.05 | 4,598.96 |
| Capital Work-In-Progress | | 189.03 | 224.78 |
| | | 5,745.08 | 4,823.74 |
| Investments | 5 | 126.35 | 77.35 |
| Current Assets, Loans and Advances | | | |
| Inventories | 6 | 5,861.10 | 4,394.12 |
| Sundry Debtors | 7 | 4,829.66 | 3,475.39 |
| Cash and Bank Balances | 8 | 202.81 | 236.13 |
| Loans and Advances | 9 | 1,288.13 | 1,156.06 |
| | | 12,181.70 | 9,261.70 |
| Less: Current Liabilities and Provisions | | | |
| Liabilities | 10 | 6,849.92 | 4,539.32 |
| Provisions | 11 | 544.33 | 387.48 |
| | | 7,394.25 | 4,926.80 |
| Net Current Assets | | 4,787.45 | 4,334.90 |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | 12 | — | 167.08 |
| TOTAL | | 10,658.88 | 9,403.07 |
| Schedules 1 to 23 forming part of Accounts | | | |

As per our report of even date annexed

For B.K. Khare & Co.
Chartered Accountants

Chetan Badal
Chief Financial Officer

Dilip Bapat
Partner
(M.No. 30388)
(Firm Registration No. 105012W)

Ravindra Damle
G.M. (Corporate) &
Co. Secretary

Dilip Dandekar
Rajiv Dandekar
Shriram Dandekar
Deepak Dandekar
Ashish Dandekar
Shishir Shirgaokar
Dhananjay Mungale
Anil Singhvi
Deepak Ghaisas
Vijay Paranjpe
Shishir Desai

Chairman & Mg. Director
Jt. Mg. Director
Executive Director
Executive Director
Director
Director
Director
Director
Director
Director

Mumbai
Dated: 29th April, 2010

Profit & Loss Account for the year ended 31st March, 2010

| | Schedules | Year ended 31.03.2010 | (Rs. In Lacs) Year ended 31.03.2009 |
|---|-----------|--------------------------|---|
| INCOME | | | |
| Net Sales/Income from Operations | 13 | 33,069.79 | 28,350.68 |
| Other Income | 14 | 17.38 | 16.18 |
| TOTAL INCOME | | 33,087.17 | 28,366.86 |
| EXPENDITURE | | | |
| Consumption of Materials & Goods traded-in | 15 | 21,921.86 | 18,990.90 |
| (Increase)/Decrease in Stocks | 16 | (976.81) | (203.61) |
| Employee Cost | 17 | 2,915.54 | 2,249.87 |
| Manufacturing & Other Expenses | 18 | 6,302.37 | 5,241.95 |
| Finance Cost | 19 | 582.94 | 529.20 |
| Depreciation | | 516.80 | 435.20 |
| Amortisation of VRS Cost | | 167.08 | 167.98 |
| TOTAL EXPENDITURE | | 31,429.78 | 27,411.49 |
| Net Profit before Tax | | 1,657.39 | 955.37 |
| Less: Current Tax | | 390.00 | 215.00 |
| : Prior Years (Net) | | 20.06 | 5.69 |
| : Fringe Benefit Tax | | — | 38.00 |
| : Deferred | | 43.10 | 85.21 |
| Profit after Tax | | 1,204.23 | 611.47 |
| Balance brought forward from last year | | 983.06 | 657.18 |
| | | 2,187.29 | 1,268.65 |
| APPROPRIATIONS | | | |
| Proposed Dividend | | 301.27 | 180.00 |
| Corporate Tax on Dividend | | 51.20 | 30.59 |
| General Reserve | | 200.00 | 75.00 |
| Balance Carried to Balance Sheet | | 1,634.82 | 983.06 |
| | | 2,187.29 | 1,268.65 |
| Earning Per Share of Re. 1/- - Basic (in Rs.) | | 2.00 | 1.02 |
| Earning Per Share of Re. 1/- - Diluted (in Rs.) | | 1.99 | 1.02 |
| Schedules 1 to 23 forming part of Accounts | | | |

As per our report of even date annexed

For B.K. Khare & Co.
Chartered Accountants

Chetan Badal
Chief Financial Officer

Dilip Bapat
Partner
(M.No. 30388)
(Firm Registration No. 105012W)

Ravindra Damle
G.M. (Corporate) &
Co. Secretary

Dilip Dandekar
Rajiv Dandekar
Shriram Dandekar
Deepak Dandekar
Ashish Dandekar
Shishir Shirgaokar
Dhananjay Mungale
Anil Singhvi
Deepak Ghaisas
Vijay Paranjpe
Shishir Desai

Chairman & Mg. Director
Jt. Mg. Director
Executive Director
Executive Director
Director
Director
Director
Director
Director
Director

Mumbai
Dated: 29th April, 2010

Schedules to Balance Sheet

| | (Rs. In Lacs) | |
|---|-----------------|------------|
| | 31.03.2010 | 31.03.2009 |
| 1. SHARE CAPITAL | | |
| Authorised | | |
| 10,00,00,000 Equity Shares of Re. 1/- each | 1,000.00 | 1,000.00 |
| Issued, Subscribed & Paid-up | | |
| 6,02,53,525 Equity Shares of Re. 1/- each (2008-2009 6,00,00,000 Equity Shares of Re.1/- each) | 602.54 | 600.00 |
| Out of these shares: | | |
| (i) 60,000 Equity Shares allotted to vendors as fully paid up shares pursuant to contract without payment thereof being received in cash. | | |
| (ii) 3,63,45,000 Equity Shares allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve & Share Premium. | | |
| (iii) 50,00,000 Equity Shares Issued by way of Conversion of Debentures. | | |
| (iv) 1,20,00,000 Equity Shares issued by way of Preferential Allotment. | | |
| (v) 2,53,525 Equity Shares allotted under "Camlin Employees Stock Option Scheme 2008". | | |
| 2. RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| As per last Balance Sheet | 25.20 | 25.20 |
| Share Premium Account | | |
| As per last Balance Sheet | 1,980.00 | 1,980.00 |
| Received during the year | 38.03 | — |
| | 2,018.03 | 1,980.00 |
| General Reserve | | |
| As per last Balance Sheet | 1,757.82 | 1,605.90 |
| Transferred from Profit and Loss Account | 200.00 | 75.00 |
| Add/(Less): Transitional adjustments in respect of Employees' benefits | — | 76.92 |
| | 1,957.82 | 1,757.82 |
| Surplus in Profit and Loss Account | 1,634.82 | 983.06 |
| | 5,635.87 | 4,746.08 |

Schedules to Balance Sheet (Contd.)

| | | (Rs. In Lacs) | | |
|--|---|-----------------|------------|-----------------|
| | | 31.03.2010 | 31.03.2009 | |
| 3. SECURED LOANS | | | | |
| (i) | Term Loans from Banks & Financial Institutions | 879.04 | 1,278.61 | |
| | Interest accrued thereon | 8.26 | 13.77 | 1,292.38 |
| (ii) | Bank Overdrafts/Working Capital Demand Loan | 1,370.46 | | 2,645.00 |
| (iii) | Commercial paper issued - Carved within the overall approved working capital limits | 2,000.00 | | — |
| | | 4,257.76 | | 3,937.38 |
| Term Loans include Rs. 299.19 lacs repayable within one year (2008-2009 Rs. 407.16 lacs) | | | | |

| (Rs. in lacs) | | | | | | | | | | |
|-------------------------------------|-------------|---------------------------|------------------------|------------------|-----------------|--------------|------------------------|------------------|------------------|------------------|
| PARTICULARS | COST | | | | DEPRECIATION | | | | BALANCE | |
| | Gross Block | Additions during the year | Disposals/ Adjustments | As at 31.03.2010 | Upto 31.03.2009 | For the year | Disposals/ Adjustments | As at 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| Freehold Land | 2.73 | — | — | 2.73 | — | — | — | — | 2.73 | 2.73 |
| Leasehold Land | 187.29 | — | — | 187.29 | 6.80 | 1.93 | — | 8.73 | 178.56 | 180.49 |
| Site Development | 17.07 | 2.63 | — | 19.70 | 1.79 | 0.29 | — | 2.08 | 17.62 | 15.28 |
| Building & Shed | 781.51 | 247.89 | 0.88 | 1,028.52 | 126.99 | 27.03 | 0.64 | 153.38 | 875.14 | 654.52 |
| Plant, Machinery & Equipment | 5,872.02 | 1,155.17 | 168.03 | 6,859.16 | 2,588.47 | 409.82 | 155.94 | 2,842.35 | 4,016.81 | 3,283.55 |
| ERP Hardware/Software Cost | 314.84 | — | — | 314.84 | 157.16 | 41.20 | — | 198.36 | 116.48 | 157.68 |
| Furniture & Fittings | 301.41 | 69.45 | 6.27 | 364.59 | 135.43 | 15.83 | 5.74 | 145.52 | 219.07 | 165.98 |
| Vehicles | 217.08 | 31.48 | 36.11 | 212.45 | 78.35 | 20.70 | 16.24 | 82.81 | 129.64 | 138.73 |
| Intellectual Property Rights (IPRs) | 139.99 | — | 139.99 | — | 139.99 | — | 139.99 | — | — | — |
| Total | 7,833.94 | 1,506.62 | 351.28 | 8,989.28 | 3,234.98 | 516.80 | 318.55 | 3,433.23 | 5,556.05 | 4,598.96 |
| Previous Year | 5,015.32 | 2,885.14 | 66.52 | 7,833.94 | 2,864.37 | 435.20 | 64.59 | 3,234.98 | 4,598.98 | 2,150.95 |

Note: Subsidy in respect of Jammu plant assets will be accounted when the claim is processed and admitted.

Schedules to Balance Sheet (Contd.)

| | 31.03.2010 | (Rs. In Lacs) | |
|--|-----------------|---------------|-----------------|
| | | 31.03.2009 | |
| 5. INVESTMENTS—LONG TERM | | | |
| I. Quoted (Trade) | | | |
| 50,000 Equity Shares of Rs.10/- each in Camlin Fine Chemicals Ltd. [Market Value Rs. 45.00 Lacs (2008-2009 Rs. 15.90 lacs)] | 5.00 | | 5.00 |
| II. Unquoted | | | |
| A. Non-Trade | | | |
| (i) Subsidiary Companies | | | |
| (a) 5,000 Equity Shares of Rs. 100/- each in Camlin International Ltd. | 5.00 | | 5.00 |
| (b) 20,000 Equity Shares of US\$ 1 each in Camlin North America Inc., USA | 9.26 | 9.26 | |
| Less: Provision for diminution in value | 9.26 | — | — |
| (c) 5,00,000 Equity Shares of Rs. 10/- each in Camlin Alphakids Ltd. | 50.00 | | — |
| B. Trade | | | |
| Shares | | | |
| (a) 4,000 Equity Shares of Rs. 100/-each in Triveni Pencils Ltd. | 4.00 | | 4.00 |
| (b) 2,150 Equity Shares of Rs.100/- each in Excella Pencils Ltd. | 2.15 | | 2.15 |
| (c) 10,000 Equity Shares of Rs.10/- each in Sicom Ltd. | 8.00 | | 8.00 |
| (d) 10,000 Shares of Rs. 10/- each in North Kanara GSB Co-Op Bank Ltd. (Sold during the year) | — | | 1.00 |
| (e) 5,22,000 Equity Shares of Rs.10/- each in ColArt Camlin Canvas Pvt. Ltd. | 52.20 | | 52.20 |
| | 126.35 | | 77.35 |
| 6. INVENTORIES | | | |
| Raw Materials | 550.63 | | 375.92 |
| Packing Materials | 1,323.37 | | 1,007.91 |
| Work-in-Process | 574.26 | | 486.07 |
| Goods-in-Transit | 114.59 | | 19.98 |
| Finished Goods | 3,298.25 | | 2,504.24 |
| | 5,861.10 | | 4,394.12 |

Schedules to Balance Sheet (Contd.)

| | 31.03.2010 | (Rs. In Lacs) 31.03.2009 |
|--|-----------------|-----------------------------|
| 7 SUNDRY DEBTORS (UNSECURED) | | |
| (i) Due from subsidiary company - Camlin North America Inc., USA | | |
| Outstanding over six months | 26.48 | 25.69 |
| Outstanding less than six months (Fully provided) | — | 0.36 |
| (ii) Other Debts - Outstanding over Six months | | |
| a) Considered Good | 111.93 | 255.52 |
| b) Considered Doubtful | 97.81 | 81.06 |
| (iii) Other Debts - Considered Good | 4,717.73 | 3,219.87 |
| | 4,953.95 | 3,582.50 |
| Less: Provision for doubtful debts | 124.29 | 107.11 |
| | 4,829.66 | 3,475.39 |
| 8. CASH AND BANK BALANCES | | |
| (i) Cash on Hand | 6.56 | 7.65 |
| (ii) With Scheduled Banks | | |
| a) In Fixed Deposit Accounts | 0.30 | 17.72 |
| b) In Current Accounts | 175.05 | 191.37 |
| c) Staff Security Deposit Account | 7.32 | 7.07 |
| d) In Current Account for the payment of Dividend and F.D. Interest | 13.16 | 11.85 |
| (iii) With Others | | |
| In Current Account with Municipal Co-operative Bank Ltd. [Maximum balance during 2009-2010 Rs. 0.47 Lacs (2008-2009 Rs. 0.68 Lacs)] | 0.42 | 0.47 |
| | 202.81 | 236.13 |
| 9. LOANS AND ADVANCES | | |
| (a) (i) Loan to subsidiary company - Camlin North America Inc., USA (Fully provided) | 19.99 | 19.99 |
| (ii) Loan to subsidiary company - Camlin Alphakids Ltd. (Interest free) | 92.75 | — |
| (b) UNSECURED (Considered Good) | | |
| (i) Advances recoverable in cash or in kind or for the value to be received | 847.20 | 733.40 |
| (ii) Staff advances | 4.06 | 6.21 |
| (iii) Deposits | 344.12 | 331.69 |
| (iv) Taxes paid (Net of Provision) | — | 84.76 |
| | 1,308.12 | 1,176.05 |
| Less: Provision for doubtful advances | 19.99 | 19.99 |
| | 1,288.13 | 1,156.06 |

Schedules to Balance Sheet (Contd.)

| | 31.03.2010 | (Rs. In Lacs) 31.03.2009 |
|--|-----------------|-----------------------------|
| 10. LIABILITIES | | |
| (i) Sundry Creditors and Letters of acceptances [Refer note no. 21 K (vi)] | 5,190.79 | 3,223.97 |
| (ii) Security Deposits | 692.65 | 613.54 |
| (iii) Unclaimed Dividend | 11.37 | 9.58 |
| (iv) Other Liabilities | 955.11 | 692.23 |
| | 6,849.92 | 4,539.32 |
| 11. PROVISIONS | | |
| (i) Provision for Employees' Benefits | 159.13 | 152.08 |
| (ii) Excise Duty on bonded warehouse stocks | 29.32 | 24.81 |
| (iii) Provision for Tax (Net of taxes paid) | 3.41 | — |
| (iv) Proposed Dividend | 301.27 | 180.00 |
| (v) Corporate Tax on Dividend | 51.20 | 30.59 |
| | 544.33 | 387.48 |
| 12. MISCELLANEOUS EXPENDITURE | | |
| (to the extent not written off or adjusted) | | |
| Voluntary Retirement Scheme (VRS) | | |
| As per last Balance Sheet | 167.08 | 335.06 |
| Less: Written off during the year | 167.08 | 167.98 |
| | — | 167.08 |

Schedules to Profit and Loss Account

| | 31.03.2010 | (Rs. In Lacs) 31.03.2009 |
|---|------------------|-----------------------------|
| 13. SALES/INCOME FROM OPERATIONS | | |
| Gross Sales | 33,990.17 | 29,157.61 |
| Add: Insurance Claim | 2.31 | 89.53 |
| Less: Trade Discount | 108.66 | 75.35 |
| Less: Excise Duty [Net of rebate of Rs. 82.08 Lacs (2008-2009 Rs. 20.22 Lacs)] | 850.06 | 860.34 |
| Net Sales | 33,033.76 | 28,311.46 |
| Other Income from Operations | 36.03 | 39.22 |
| | 33,069.79 | 28,350.68 |
| 14. OTHER INCOME | | |
| Interest [Tax deducted at source Rs. 0.32 Lacs (2008-2009-Rs.0.50 Lacs)] | 9.74 | 14.76 |
| Dividend on Trade Investments [Tax deducted at source NIL] | 1.60 | 1.34 |
| Profit on Sale of Assets | 0.40 | — |
| Miscellaneous Receipts | 5.64 | 0.08 |
| | 17.38 | 16.18 |
| 15. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN | | |
| i) Raw Materials | | |
| Stock of Raw Materials as per last Balance Sheet | 375.92 | 302.58 |
| Add: Purchases | 4,013.10 | 2,876.46 |
| | 4,389.02 | 3,179.04 |
| Less: Stock of Raw Materials as at year end | 550.63 | 375.92 |
| | 3,838.39 | 2,803.12 |
| ii) Packing Materials and Components | 7,243.72 | 5,701.79 |
| iii) Purchase of Finished Goods for resale | 10,839.75 | 10,485.99 |
| | 21,921.86 | 18,990.90 |
| 16. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS | | |
| (Produced & Purchased for Resale) | | |
| Stocks as per last Balance Sheet | | |
| Work in Process | 486.07 | 299.86 |
| Goods in Transit | 19.98 | 248.50 |
| Finished Goods | 2,504.24 | 2,258.32 |
| | 3,010.29 | 2,806.68 |
| Less: Closing Stock as at year end | | |
| Work in process | 574.26 | 486.07 |
| Goods in Transit | 114.59 | 19.98 |
| Finished Goods | 3,298.25 | 2,504.24 |
| | 3,987.10 | 3,010.29 |
| | (976.81) | (203.61) |

Schedules to Profit and Loss Account (Contd.)

| | 31.03.2010 | (Rs. In Lacs) 31.03.2009 |
|--|-----------------|-----------------------------|
| 17. EMPLOYEE COST | | |
| Salaries, Wages and Bonus | 2,425.11 | 1,944.09 |
| Contribution to Provident & other funds [Refer Note no. 21 K iv] | 372.94 | 211.46 |
| Staff and Labour Welfare | 117.49 | 94.32 |
| | 2,915.54 | 2,249.87 |
| 18. MANUFACTURING & OTHER EXPENSES | | |
| Power and Fuel | 275.85 | 237.31 |
| Job work charges | 579.77 | 418.73 |
| Repairs | | |
| — Building | 9.09 | 5.97 |
| — Machinery | 53.40 | 32.98 |
| — Others | 120.83 | 74.42 |
| Rent | 491.65 | 430.94 |
| Rates and Taxes | 10.23 | 17.16 |
| Excise duty provided on finished goods (net) | 4.52 | (24.08) |
| Insurance | 59.71 | 32.64 |
| Advertisement and Sale Promotion | 1,151.33 | 1,064.96 |
| Transport & Forwarding Charges | 1,266.30 | 1,078.53 |
| Commission/Discount/Service Charges on Sales | 461.95 | 333.55 |
| Travelling & Conveyance | 486.28 | 446.91 |
| Auditors Remuneration [Refer Note no. 21 I] | 22.64 | 12.89 |
| Provision for Doubtful Debts/Advances | 59.49 | 39.64 |
| Bad Debts Written Off | 42.31 | 19.36 |
| Less : Provision write back | 42.31 | 19.36 |
| Directors' Meeting Fees/Commission | 19.30 | 7.40 |
| Miscellaneous Expenses | 1,210.77 | 1,030.18 |
| Loss on sale/discard of Assets | 19.26 | 1.82 |
| | 6,302.37 | 5,241.95 |
| 19. FINANCE COST | | |
| On Fixed period loans | 211.38 | 173.77 |
| On Other borrowings | 371.56 | 355.43 |
| | 582.94 | 529.20 |

Schedules to Accounts

20. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A. Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles and the provisions of Companies Act, 1956. All Income and Expenditure having a material bearing in the Financial Statements, are recognised on accrual basis.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

C. Fixed Assets

- i. Fixed Assets, including Intellectual Property Rights, are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat and VAT) Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation. Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes cost of designing software, which provides significant future economic benefits over an extended period. The cost comprises of licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- ii. In compliance with Accounting Standard (AS) 28- "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.
- iii. Depreciation on all assets of the Company except leasehold land, is provided on Straight Line basis as applicable under the Companies Act, 1956. Leasehold land is amortised over respective period of lease. Cost of Intellectual Property Rights is amortised on Straight Line Method over the useful life of 36 months as estimated by the Management. Capitalised Hardware/Software costs of ERP are amortised over the estimated useful economic life not exceeding five years.

D. Investments

Long term investments are stated at cost and provision is made when there is a decline, other than temporary, in the value thereof. Current investments are stated at cost or fair value whichever is lower.

E. Valuation of Inventories

| | | | |
|----|-------------------------------------|---|---|
| A. | Raw Materials and Packing Materials | : | At moving weighted average cost, written down to realisable value if the costs of related finished goods exceed net realisable value. |
| B. | Work in process | : | At lower of moving weighted average cost or net realisable value. |
| C. | Finished Goods | : | At lower of moving weighted average cost or net realisable value. |

F. 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. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs.

G. Foreign Currency Transactions

- i. 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 (Contd.)

- ii. In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract.
- iii. Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

H. Research and Development

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

I. Employee Benefits

- i. Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii. Post employment and other long-term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

J. Revenue/Expense Recognition

- i. Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- ii. Revenue in respect of overdue interest, insurance claim, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.
- iii. Remission of Excise Duty in respect of Jammu operations pertaining to incremental value additions will be recognised on the processing and admission of claim.
- iv. Expenses are accounted for on accrual basis.
- v. Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.
- vi. Lease Rentals in respect of assets taken on "operation of lease" are charged to Profit and Loss Account on straight line basis over the lease term.

K. Borrowing Cost

Borrowing cost attributable to acquisition/construction of qualifying fixed assets which takes substantial period of time to get ready for its intended use is capitalised as part of the cost of such fixed asset. All other borrowing costs are charged to revenue.

L. Contingent Liabilities

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

M. 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.

N. Earning Per Share

The Company reports basic and diluted earning per equity share in accordance with Accounting Standard (AS) 20, Earning per Share issued by the Institute of Chartered Accountants of India (ICAI). Basic earning per equity share is computed by dividing net income 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 including shares pending allotment.

Schedules to Accounts (Contd.)

O. Segment Reporting – Basis of Information

As the entire operations of the Company relate to products categorised under 'Consumer Products' as the single primary reportable segment, no separate segment reporting is required under Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India.

P. Voluntary Retirement Scheme

Expenditure on Voluntary Retirement Scheme is amortised over a period of 60 months.

21. NOTES TO ACCOUNTS

A. Contingent Liabilities:

- i. In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 2.10 Lacs (2008 - 2009 Rs. 1.60 Lacs).
- ii. Corporate Guarantees given to ColArt Camlin Canvas Pvt. Ltd. Rs.150.00 Lacs (2008-2009 Rs. 150.00 Lacs).
- iii. Demands against the Company, either disputed or not acknowledged as debts and not provided for:

| | | (Rs. in Lacs) | |
|----|----------------|---------------|---------|
| | | 2009-10 | 2008-09 |
| a. | Income Tax | 136.29 | 151.53 |
| b. | Sales Tax | 69.54 | 62.08 |
| c. | Excise Duty | 74.06 | 81.37 |
| d. | Service Tax | 1.89 | 1.89 |
| e. | Labour Matters | 8.13 | 8.13 |
| f. | Others | 0.63 | 0.63 |

B. Unhedged Foreign Exchange Exposure:

The unhedged exposure of foreign currency transactions is as follows:

| | | (Rs. in Lacs) | |
|---------------|------------------------|---------------|---------|
| On Account of | Currency | 2009-10 | 2008-09 |
| i) | Sundry Debtors (USD) | 5.50 | 5.44 |
| ii) | Sundry Creditors (USD) | 0.86 | 0.42 |
| | (GBP) | 0.04 | 0.10 |
| | (YEN) | 80.85 | 168.43 |
| | (EUR) | 0.11 | 0.15 |

C. Commitments

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 182.70 Lacs (2008-2009 Rs. 396.30 Lacs).

D. Secured Loans

Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future.

Working Capital Loans 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.

E. Investment in/advances to Associate Company

The Company holds shares in ColArt Camlin Canvas Pvt. Ltd. at a carrying cost of Rs. 52.20 Lacs and has given advance of Rs. 36.80 Lacs to the said Company. The net worth of the said Company stands eroded by accumulated losses. However, in view of the turn-around business plans implemented by the

Schedules to Accounts (Contd.)

Management of the said Company, no provision for impairment is considered necessary at this stage in respect of the investment. Likewise, the advances are expected to be realised fully and no provision is made there against.

F. Loans and Advances

Staff Advances include Loans/Advances due from Officers Rs. Nil (2008-2009 Rs. Nil) Maximum balance Rs. Nil (2008-2009 Rs. Nil).

G. The Investor Education and Protection Fund shall be credited by the following amounts as per prescribed time frame

(Rs. in Lacs)

| | | 2009-10 | 2008-09 |
|----|--------------------------------------|---------|---------|
| a. | Unclaimed dividends | 11.36 | 9.58 |
| b. | Unclaimed fixed deposits | 2.59 | 4.14 |
| c. | Unclaimed interest on fixed deposits | 1.80 | 2.30 |

H Managerial Remuneration:

i. Computation of Profits under Section 349 of the Companies Act, 1956.

(Rs. in Lacs)

| | | 2009-10 |
|--|--|---------|
| Profit Before Tax as per Profit and Loss Account | | 1657.39 |
| Add: | Managerial Remuneration to Managing/Whole time Directors | 175.51 |
| | Commission to Managing/Whole time Directors | 20.00 |
| | Commission to Non-Executive/Independent Directors | 12.00 |
| | Amortisation of V.R.S. Cost | 167.09 |
| | Provision for doubtful debts | 59.49 |
| | Sitting fees to Non-Executive/Independent Directors | 7.30 |
| | | 441.39 |
| Less: | Provision for doubtful debts written back | 42.31 |
| Net profit u/s 198 of the Companies Act, 1956 | | 2056.47 |
| | Maximum permissible Remuneration to Managing/Wholetime Directors u/s 309 of the Companies Act, 1956 of the profits computed above | 205.65 |
| | Commission payable to Managing/Wholetime Directors | 30.14 |
| | Commission restricted as determined by the Board of Directors | 20.00 |
| | Maximum permissible Remuneration to Non-Executive/Independent Directors u/s 198 of the Companies Act, 1956 of the profits computed above | 20.56 |
| | Commission restricted as determined by the Board of Directors | 12.00 |

Schedules to Accounts (Contd.)

ii. Salaries, Commission and Perquisites paid/provided to Managing/Wholetime Directors

(Rs. in Lacs)

| | | 2009-10 | 2008-09 |
|----|--|---------------|---------------|
| a. | Salaries | 109.20 | 109.20 |
| b. | Commission | 20.00 | — |
| c. | House Rent Allowance | 21.84 | 21.84 |
| d. | Contributions for PF, FPF, Superannuation and approved Gratuity Fund | 38.58 | 38.58 |
| e. | Perquisites | 5.89 | 5.76 |
| | Total | 195.51 | 175.38 |

I. Auditors Remuneration

(Rs. in Lacs)

| | | 2009-10 | 2008-09 |
|----|--------------------------------------|--------------|--------------|
| a. | Audit Fees for standalone accounts | 8.00 | 6.00 |
| b. | Audit Fees for consolidated accounts | 2.50 | — |
| c. | Tax Audit | 2.00 | 2.00 |
| d. | VAT Audit | 3.20 | 2.00 |
| e. | Certification | 3.49 | 1.78 |
| f. | Consultancy Services | 3.00 | 1.00 |
| g. | Out of pocket Expenses | 0.45 | 0.11 |
| | Total | 22.64 | 12.89 |

J. Expenditure on Research and Development

Revenue expenses incurred on Research and Development expenses comprise of the following:

(Rs. in Lacs)

| Particulars | | 2009-10 | 2008-09 |
|-------------|-------------------|--------------|--------------|
| a) | Employee Cost | 29.41 | 23.39 |
| b) | Cost of Materials | 4.32 | 2.76 |
| c) | Other Expenses | 10.12 | 6.69 |
| | Total | 43.85 | 32.84 |

K. Disclosures Pursuant to the Requirements of Accounting Standards

i. Total Lease Rentals on account of operating leases payable are as follows:

(Rs. in Lacs)

| | | |
|----|--|--------|
| a. | Payable not later than 1 year | 195.00 |
| b. | Payable later than 1 year and not later than 5 years | 148.50 |
| c. | Payable later than 5 years | NIL |

Schedules to Accounts (Contd.)

ii. Deferred Taxes:

Major items of Deferred Tax Liabilities and Deferred Tax Assets

(Rs. in Lacs)

| Particulars | Opening Balance as on 01.04.2009 | Increase/ (Decrease) During the year | Closing Balance as on 31.03.2010 |
|---|----------------------------------|--------------------------------------|----------------------------------|
| Liabilities : | | | |
| Depreciation | 335.83 | 63.18 | 399.01 |
| Sub-total | 335.83 | 63.18 | 399.01 |
| Assets : | | | |
| Provision for doubtful debts/Leave Encashment | 91.28 | 8.23 | 99.51 |
| Expenses Allowable | 113.74 | 14.94 | 128.68 |
| Others | 11.20 | (3.11) | 8.09 |
| Sub-total | 216.22 | 20.06 | 236.28 |
| Net Deferred Tax Liability/(Asset) | 119.61 | 43.12 | 162.73 |

iii. Earning Per Share (Basic & Diluted)

| | 2009-10 | 2008-09 |
|--|--------------------|-------------|
| Net Profit after Tax – Rs. Lacs | 1,204.23 | 611.47 |
| Issued and Paid-up Equity Shares (Nos.) | 6,02,53,525 | 6,00,00,000 |
| Weighted average of Number of Equity Shares used in computing basic earnings per share. (Nos.) | 6,00,93,530 | 6,00,00,000 |
| Weighted average of Number of Equity Shares used in computing diluted earnings per share. (Nos.) | 6,06,46,872 | 6,00,00,000 |
| Earnings per Share – Basic Rs. | 2.00 | 1.02 |
| Earnings per Share – Diluted Rs. | 1.99 | 1.02 |

iv. Retirement benefits:

Defined contribution Plans

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Retirement Benefits

Gratuity

Description of the Plan

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

Schedules to Accounts (Contd.)

Principal actuarial assumptions:

| | Current Year |
|-------------------------------|--------------|
| Discount rate | 8.25% |
| Rate of Return on Plan Assets | 8.00 % |

Reconciliation of Benefit Obligation:

| | (Rs. in Lacs) |
|---|---------------|
| Liability at the beginning of the year | 487.74 |
| Interest Cost | 36.58 |
| Current Service Cost | 31.60 |
| Past Service Cost | 108.73 |
| Benefit Paid | (45.16) |
| Actuarial (Gain)/Loss on Obligations | 63.49 |
| Liability at the end of the year | 682.98 |
| Value of Plan Assets at the end of the year | 698.74 |

Reconciliation of value of Plan Assets:

| | (Rs. in Lacs) |
|---|---------------|
| Value of Plan Assets at the beginning of the year | 650.36 |
| Return on Plan Assets | 52.97 |
| Contributions | 34.32 |
| Benefit Paid | (45.16) |
| Actuarial (Gain)/Loss on Obligations | 6.25 |
| Value of Plan Assets at the end of the year | 698.74 |

| | (Rs. in Lacs) |
|--|---------------|
| Current Service Cost | 31.60 |
| Past Service Cost | 108.73 |
| Interest Cost | 36.58 |
| Return on Plan Assets | (52.97) |
| Net Actuarial (Gain)/Loss recognised | 57.25 |
| Expenses recognised in Profit and Loss Account | 181.18 |

Until last year, the accruing liability for gratuity was estimated on actuarial basis by restricting the amount of liability to the maximum limit of Rs. 3.50 Lacs payable under the Payment of Gratuity Act. However, the Management has decided to remove the ceiling forthwith on the amount of gratuity payable to the employees. Accordingly, the accruing liability has been estimated as at the Balance Sheet date without considering any ceiling on the amount of gratuity which has resulted in the provision of past service cost of Rs. 108.73 Lacs.

Schedules to Accounts (Contd.)

v. Related Parties Disclosures : (as certified by the management)

a) Associate Companies/Subsidiary Companies

| Name of the Related Party | | Nature of Relationship |
|---------------------------|--|------------------------|
| 1 | Camlin North America, Inc., USA | Subsidiary Company |
| 2 | Camlin International Ltd. | Subsidiary Company |
| 3 | Camlin Alphakids Ltd. | Subsidiary Company |
| 4 | ColArt Camlin Canvas Pvt. Ltd. | Associate Company |
| 5 | CAFCO Consultants Ltd. | Associate Company |
| 6 | Camart Industries Ltd. | Associate Company |
| 7 | Camellia Management Services Pvt. Ltd. | Associate Company |
| 8 | Camellia Infotech Ltd. | Associate Company |
| 9 | Camlidhan Investments Pvt. Ltd. | Associate Company |
| 10 | Camlink Agencies Ltd. | Associate Company |
| 11 | Camlink Consultants Pvt. Ltd. | Associate Company |
| 12 | Dandekar Developers Pvt. Ltd. | Associate Company |
| 13 | Dandekar Investments & Consultants Pvt. Ltd. | Associate Company |
| 14 | Dandekar Print Pack Pvt. Ltd. | Associate Company |
| 15 | DDI Consultants Pvt. Ltd. | Associate Company |
| 16 | Excella Pencils Ltd. | Associate Company |
| 17 | Camlin Fine Chemicals Ltd. | Associate Company |
| 18 | Nilmac Packaging Industries Ltd. | Associate Company |
| 19 | Camlidhan Enterprises Pvt. Ltd. | Associate Company |
| 20 | Triveni Pencils Ltd. | Associate Company |
| 21 | Mayur Colours Ltd. | Associate Company |
| 22 | Vibha Agencies Pvt. Ltd. | Associate Company |

b) Key Management Personnel and their Relatives

| Name of the Person | Nature of Relationship |
|---------------------------------|--|
| Key Management Personnel | |
| Mr. D. D. Dandekar | Chairman & Managing Director (C.M.D) |
| Mr. R. M. Dandekar | Joint Managing Director |
| Mr. S. S. Dandekar | Executive Director |
| Mr. D.M. Dandekar | Executive Director |
| Relatives | |
| Mr. S.D. Dandekar | Chairman Emeritus and brother of C.M.D |
| Mrs. A.D. Dighe | Brand Manager and daughter of C.M.D. |

Schedules to Accounts (Contd.)

Related Party Disclosures (contd.):

c) Transactions with Related Parties

| Particulars | Related Parties | Rs. in Lacs |
|--|----------------------------------|-------------|
| | | 2009-10 |
| Purchase of goods | Excella Pencils Ltd. | 1,665.70 |
| | Triveni Pencils Ltd. | 494.02 |
| | Others | 244.02 |
| | Total | 2,403.74 |
| | | (2,895.10) |
| Sale of goods | Excella Pencils Ltd. | 136.92 |
| | Triveni Pencils Ltd. | 107.12 |
| | Others | 1.56 |
| | Total | 245.60 |
| | | (308.16) |
| Purchase of Fixed Assets | Nilmac Packaging Industries Ltd | 108.58 |
| | Triveni Pencils Ltd. | 46.46 |
| | Total | 155.04 |
| | | (8.80) |
| Receiving Services | Mayur Colours Ltd. | 190.44 |
| | Triveni Pencils Ltd. | 62.26 |
| | Nilmac Packaging Industries Ltd. | 52.39 |
| | Others | 14.33 |
| | Total | 319.42 |
| | | (206.10) |
| Payments to Key Management Personnel and their Relatives | | |
| a. Remuneration | Mr. D.D. Dandekar | 50.30 |
| | Mr. R.M. Dandekar | 48.44 |
| | Mr. S.S. Dandekar | 48.33 |
| | Mr. D.M. Dandekar | 48.44 |
| | Others | 13.75 |
| b. Dividend | | 44.11 |
| | Total | 253.37 |
| | | (221.53) |
| Rendering Services | Excella Pencils Ltd. | 0.15 |
| | Triveni Pencils Ltd. | 0.15 |
| | Mayur Colours Ltd. | 0.15 |
| | Camellia Infotech Ltd. | 0.15 |
| | Camart Industries Ltd. | 0.15 |
| | Others | 0.48 |
| | Total | 1.23 |
| | | (1.38) |
| Net Amount Payable | Excella Pencils Ltd. | 445.52 |
| | Others | 68.29 |
| | Total | 513.81 |
| | | (254.98) |

Schedules to Accounts (Contd.)

Related Party Disclosures (contd.):

c) Transactions with Related Parties

| Particulars | Related Parties | Rs. in Lacs |
|-----------------------|--------------------------------|-------------|
| | | 2009-10 |
| Net Amount Receivable | Triveni Pencils Ltd. | 33.93 |
| | ColArt Camlin Canvas Pvt. Ltd. | 14.26 |
| | Camlin Fine Chemicals Ltd. | 12.40 |
| | Total | 60.59 |
| | | (46.34) |
| Loans Given | ColArt Camlin Canvas Pvt. Ltd. | 36.80 |
| | Total | 36.80 |
| | | (36.80) |
| Interest Received | ColArt Camlin Canvas Pvt. Ltd. | 3.86 |
| | Mayur Colours Ltd. | 2.18 |
| | Total | 6.04 |
| | | (9.47) |
| Interest payable | Excella Pencils Ltd. | 6.20 |
| | Total | 6.20 |
| | | (-) |
| Dividend paid | Camart Industries Ltd. | 9.97 |
| | Cafco Consultants Ltd. | 2.81 |
| | Others | 6.31 |
| | Total | 19.09 |
| | | (15.91) |
| Dividend Received | Camlin Fine Chemicals Ltd. | 0.75 |
| | Excella Pencils Ltd. | 0.65 |
| | Total | 1.40 |
| | | (1.15) |

| Particulars | Subsidiary Company | Rs. in Lacs |
|---------------------------|--|-------------|
| | | 2009-10 |
| Sale of goods | | — |
| | | (0.40) |
| Net Amount Receivable | Camlin North America Inc., USA (Fully Provided for) | 26.48 |
| | Total | 26.48 |
| | | (26.14) |
| Receiving Services | Camlin International Ltd | 0.09 |
| | Total | 0.09 |
| | | (0.09) |
| Investment made | Camlin Alphakids Ltd. | 50.00 |
| | Total | 50.00 |
| | | (—) |
| Interest Free Loans Given | Camlin North America Inc., USA (Fully Provided for) | 19.99 |
| | Camlin Alphakids Ltd. | 92.75 |
| | Total | 112.74 |
| | | (19.99) |

Figures in brackets are for the previous year.

Schedules to Accounts (Contd.)

vi. Micro, Small and Medium Enterprises Development Act, 2006

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31st March, 2010 are as under:

| | | (Rs. in Lacs) |
|--------|--|---------------|
| Sr.No. | Description | 2009-10 |
| 1 | The principal amount remaining unpaid, beyond due date, to suppliers as at the end of accounting year. | 259.83 |
| 2 | The interest due thereon remaining unpaid to suppliers as at the end of accounting year. | 2.45 |
| 3 | The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2009-10. | NIL |
| 4 | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | 6.10 |
| 5 | The amount of interest accrued during the year and remaining unpaid at the end of the accounting year. | 8.56 |

- L.** The disclosures in respect of Employees Stock Option Scheme which are outlined in this year's Annexure to the report of the Directors and report on Corporate Governance are treated as an annexure to these accounts.
- M.** Previous year's figures are recast/regrouped wherever necessary.

Schedules to Accounts (Contd.)

22 SUPPLEMENTARY INFORMATION FORMING AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT

Additional information pursuant to the provisions of paragraphs 3,4C & 4D of part II of Schedule VI to the Companies Act, 1956.
Details of installed capacity production and sales of the goods manufactured.

| A) | CLASS OF GOODS++ | UNIT OF *INSTALLED MEASURE | | OPENING STOCK | | PRODUCTION./PURCHASE | | SALES | | CLOSING STOCK | |
|----|--|----------------------------|------------------------|---------------|-------------|----------------------|-------------|-------------|-------------|---------------|-------------|
| | | *INSTALLED MEASURE | CAPACITY | (QTY) | VALUE (Rs.) | (QTY) | VALUE (Rs.) | (QTY) | VALUE (Rs.) | (QTY) | VALUE (Rs.) |
| A) | 1 CHEMICAL & CHEMICAL PRODUCTS*** | Ltrs./Kgs. | 63.95 (63.95) | 1.91 | 479.80 | 73.09 | 9,824.43 | 64.68 | 9,824.43 | 10.33 | 1,077.53 |
| | | | | (3.75) | (629.15) | (26.41) | (6,358.84) | (28.07) | (479.80) | (1.91) | (479.80) |
| | | | | 0.32 | 38.53 | 8.00 | 1,615.19 | 7.38 | 130.92 | 0.94 | 130.92 |
| | | | | (0.84) | (40.75) | (7.39) | (1,398.35) | (7.92) | (38.53) | (0.32) | (38.53) |
| B) | 2 STATIONERY ITEMS (A) | Nos./Pkgs. | 6,006.16 (5,957.56) | 145.09 | 591.37 | 1,530.74 | 7,796.81 | 1,465.15 | 7,796.81 | 210.67 | 529.94 |
| | | | | (657.66) | (593.74) | (1,162.94) | (6,463.99) | (1,675.51) | (591.37) | (145.09) | (591.37) |
| | | | | 11.37 | 210.91 | 249.56 | 2,470.22 | 243.63 | 175.86 | 17.30 | 175.86 |
| | | | | (16.07) | (345.90) | (204.53) | (2,042.14) | (209.23) | (210.91) | (11.37) | (210.91) |
| B) | 2 STATIONERY ITEMS | Nos./Pkgs. | 219.24 (288.10) | 219.24 | 1,203.61 | 2,606.43 | 12,262.79 | 2,365.92 | 12,262.79 | 459.75 | 1,498.59 |
| | | | | (288.10) | (897.28) | (2,259.46) | (8,443.85) | (2,328.31) | (1,203.61) | (219.24) | (1,203.61) |
| | | | | — | — | — | 20.74 | — | — | — | — |
| | | | | (-) | (-) | (-) | (186.91) | (-) | (-) | (-) | (-) |
| B) | 3 OTHERS - BEING SALE OF EXHIBITION MATERIALS, PAINTINGS ETC | | | 2,524.22 | 33,990.17 | 10,839.76 | 3,412.84 | 33,990.17 | 3,412.84 | 3,412.84 | |
| | | | | (2,506.82) | (29,157.61) | (10,485.99) | (2,524.22) | (29,157.61) | (2,524.22) | (2,524.22) | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

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

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

> Includes captive consumption – 61230 Ltrs, 80869 kgs. and 80640 nos. (2008 – 2009 – 65370 Ltrs. & 16380 kgs.)

++ Class of Goods is based on main classification given in the Industries (Development and Regulation) Act, 1951.

NOTES:

- Figures in brackets are for the previous year.
- The quantities mentioned in nos./packs comprise of heterogeneous packings.
- Quantities of sales include promotional distribution and are adjusted for damaged goods and physical verification differences.

Schedules to Accounts (Contd.)

22 SUPPLEMENTARY INFORMATION FORMING AN INTEGRAL PART OF THE PROFIT & LOSS ACCOUNT (contd.)

| (II) RAW MATERIALS CONSUMED | | (Rs./Units in Lacs) | | | |
|--|-----------------|---------------------|-------------------------|--------------------|-------------------------|
| | Unit of Measure | Quantity | 2009-2010 Value* Rs. | 2008-2009 Quantity | 2008-2009 Value* Rs. |
| Colours/Pigments | Kgs/Ltrs | 9.98 | 1,160.46 | 5.81 | 842.53 |
| Chemicals | Kgs/Ltrs | 13.20 | 938.45 | 22.06 | 893.06 |
| Other Raw Materials | | | 1,739.48 | | 1,067.53 |
| | | | 3,838.39 | | 2,803.12 |
| * Includes Resale of Material and adjusted for damaged stocks and physical verification differences. | | | | | |
| (iii) Earnings in Foreign Exchange | | | | | |
| Exports at F.O.B. Value (Excluding Nepal) | | | 577.03 | | 500.15 |
| | | | 577.03 | | 500.15 |
| (iv) Expenditure in Foreign Currency | | | | | |
| Travelling | | | 43.32 | | 45.87 |
| Others | | | 50.77 | | 60.12 |
| | | | 94.09 | | 105.99 |
| (v) Value of Imports on C.I.F. Basis | | | | | |
| a) Raw Materials | | | 269.09 | | 164.40 |
| b) Components and Spare Parts | | | 1,649.30 | | 1,468.79 |
| c) Capital Goods | | | 328.71 | | 819.59 |
| d) Purchases of Traded Products | | | 44.33 | | 169.49 |
| | | | 2,291.43 | | 2,622.27 |
| (vi) Value of consumption of Raw Materials and Stores | | | | | |
| a) Indigenous | | | 1,891.56 | | 959.29 |
| b) Imported (Landed Cost) - Raw Material, Components & Spare Parts | | | 1,946.83 | | 1,843.83 |
| | | | 3,838.39 | | 2,803.12 |
| (vii) Percentage of Consumption of Raw Materials & Stores | | | | | |
| a) Indigenous | | | 49.28 | | 34.22 |
| b) Imported (Landed Cost) - Raw Material, Components & Spare Parts | | | 50.72 | | 65.78 |
| | | | 100.00 | | 100.00 |

Schedules to Accounts (Contd.)

| | | (Rs. In Lacs) | |
|-----------|---|--------------------------|--------------------------|
| 23 | Cash Flow Statement for the year ended 31st March, 2010 | Year ended 31.03.2010 | Year ended 31.03.2009 |
| A. | CASH FLOW FROM OPERATING ACTIVITIES: | | |
| | Net Profit before non-recurring items | 1,657.39 | 955.37 |
| | Adjustments for: | | |
| | Depreciation | 516.80 | 435.20 |
| | Foreign Exchange (unrealised) | (1.37) | (8.13) |
| | (Profit)/Loss on Sale of Fixed Assets | 18.86 | 1.82 |
| | Gen. Res. Adj. for Transitional provision of Gratuity | — | 76.92 |
| | Interest expenses | 582.94 | 529.20 |
| | Interest/Dividend received | (11.34) | (16.10) |
| | Amortisation of expenses | 167.08 | 167.98 |
| | Operating Profit before working capital changes | 2,930.36 | 2,142.26 |
| | Adjustments for: | | |
| | Trade and other receivables | (1,571.10) | (1,188.14) |
| | Inventories | (1,466.98) | (465.47) |
| | Trade payables | 1,966.82 | 886.67 |
| | Other payables | 353.55 | 206.53 |
| | Cash generated from operations | 2,212.65 | 1,581.85 |
| | Direct taxes paid | (352.48) | (338.73) |
| | Net cash from operating activities | 1,860.17 | 1,243.12 |
| B. | CASH FLOW FROM INVESTING ACTIVITIES: | | |
| | Purchase of Fixed Assets | (1,470.87) | (2,635.87) |
| | Sale of Fixed Assets | 13.87 | 0.11 |
| | (Purchase)/Sale of investments | (49.00) | 21.56 |
| | Interest received | 9.74 | 22.05 |
| | Dividend received | 1.60 | 1.34 |
| | Net cash used in Investing Activities | (1,494.66) | (2,590.81) |

Schedules to Accounts (Contd.)

| | | |
|---|-----------------|----------|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowing (Net of repayments) | 320.38 | 1,893.47 |
| Increase in Share Capital/Premium | 40.57 | — |
| Interest paid | (582.94) | (529.27) |
| Dividend paid | (178.21) | (148.61) |
| Net cash used in Financing Activities | (400.20) | 1,215.59 |
| D. UNREALISED FOREIGN EXCHANGE FLUCTUATION ON CASH EQUIVALENTS | 1.37 | 8.13 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (33.32) | (123.97) |
| Cash and Cash Equivalents (Opening Balance) | 236.13 | 360.10 |
| Cash and Cash Equivalents (Closing Balance) | 202.81 | 236.13 |

As per our report of even date annexed

| | | | |
|--|---|--|---|
| For B.K. Khare & Co. <i>Chartered Accountants</i> | Chetan Badal <i>Chief Financial Officer</i> | Dilip Dandekar Rajiv Dandekar Shriram Dandekar Deepak Dandekar Ashish Dandekar Shishir Shirgaokar Dhananjay Mungale Anil Singhvi Deepak Ghaisas Vijay Paranjpe Shishir Desai | <i>Chairman & Mg. Director</i> <i>Jt. Mg. Director</i> <i>Executive Director</i> <i>Executive Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> |
| Dilip Bapat <i>Partner</i> (M.No. 30388) (Firm Registration No. 105012W) | Ravindra Damle <i>G.M. (Corporate) & Co. Secretary</i> | | |
| Mumbai Dated: 29 th April, 2010 | | | |

Balance Sheet Abstract And General Business Profile

I. Registration Details:

| | | | | | |
|--------------------|---|-----------------------|------------|---|----|
| Registration No. | : | L24223MH1946PLC005434 | State Code | : | 11 |
| Balance Sheet Date | : | 31.03.2010 | | | |

II. Capital Raised during the period:

(Amount in Rs. lacs)

| | | | | | |
|--------------|---|-----|-------------------|---|-----|
| Public Issue | : | NIL | Rights Issue | : | NIL |
| Bonus Issue | : | NIL | Private Placement | : | NIL |

Note : The Company raised capital during the year by way of allotment of equity shares under 'Employee stock option scheme 2008' amounting to Rs. 2.54 lacs

III. Position of Mobilisation and Deployment of Funds:

(Amount in Rs. lacs)

| | | | | | |
|-------------------|---|-----------|--------------|---|-----------|
| Total Liabilities | : | 18,053.13 | Total Assets | : | 18,053.13 |
|-------------------|---|-----------|--------------|---|-----------|

Sources of Funds:

| | | | | | |
|-----------------|---|----------|------------------------|---|----------|
| Paid-up-Capital | : | 602.54 | Reserves & Surplus | : | 5,635.87 |
| Secured Loans | : | 4,257.76 | Unsecured Loans | : | — |
| | | | Deferred Tax Liability | | 162.71 |

Application of Funds:

| | | | | | |
|--------------------|---|----------|------------------------------|---|--------|
| Net Fixed Assets | : | 5,745.08 | | | |
| Net Current Assets | : | 4,787.45 | Investments | : | 126.35 |
| Accumulated Losses | : | NIL | Miscellaneous Expenditure | : | NIL |

IV. Performance of the Company:

(Amount in Rs. Lacs)

| | | | | | |
|--------------------------------------|---|-----------|--------------------------|---|-----------|
| Turnover (including other Income) | | 33,087.17 | Total Expenditure | : | 31,429.78 |
| Profit/(Loss) before Tax | : | 1,657.39 | Profit /(Loss) After Tax | : | 1,204.23 |
| Earning Per Share in Rs. | : | 2.00 | Dividend Rate % | : | 50.00 |

V. Generic Name of Principal Products of the Company

(As per monetary terms)

Item Code No.

| | | |
|------------|--|---------------------|
| (ITC Code) | | Product Description |
| 32.13 | | Artist Colours |
| 96.09 | | Wooden Pencils |
| 96.08 | | Writing instruments |

Statement Pursuant to Section 212(3) of the Companies Act, 1956 Relating to Subsidiary Companies

(Rs. in lacs)

| 1. | Name of the Subsidiary | CAMLIN INTERNATIONAL LTD. | CAMLIN NORTH AMERICA, INC, USA | CAMLIN ALPHAKIDS LTD. |
|----|--|---------------------------|--------------------------------|-----------------------|
| 2. | Financial year of the subsidiary company ends on | 31st March, 2010 | 31st March, 2010 | 31st March, 2010 |
| 3. | Holding company's interest: I. No. of shares held II. Percentage of shareholding | 50,000 100% | 20,000 100% | 5,00,000 100% |
| 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. II. For the previous financial years of the subsidiary since it became the holding company's subsidiary | (0.15) (0.16) | NIL (7.41) | (64.49) NIL |
| 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 II. For the previous financial years of the subsidiary since it became the holding company's subsidiary. | NIL NIL | NIL NIL | NIL NIL |

| | | | |
|--|--|---|---|
| <p>Mumbai Dated: 29th April, 2010</p> | <p>Chetan Badal <i>Chief Financial Officer</i></p> <p>Ravindra Damle <i>G.M. (Corporate) & Co. Secretary</i></p> | <p>Dilip Dandekar Rajiv Dandekar Shriram Dandekar Deepak Dandekar Ashish Dandekar Shishir Shirgaokar Dhananjay Mungale Anil Singhvi Deepak Ghaisas Vijay Paranjpe Shishir Desai</p> | <p><i>Chairman & Mg. Director</i> <i>Jt. Mg. Director</i> <i>Executive Director</i> <i>Executive Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i></p> |
|--|--|---|---|

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.)

| Name of the Subsidiary | CAMLIN INTERNATIONAL LTD. | CAMLIN NORTH AMERICA, INC, USA | CAMLIN ALPHAKIDS LTD. |
|----------------------------------|---------------------------|--------------------------------|-----------------------|
| 1. Capital | 5.00 | 9.26 | 50.00 |
| 2. Reserves | 1.91 | (55.30) | NIL |
| 3. Total Assets | 11.10 | NIL | 105.59 |
| 4. Total Liabilities | 11.10 | NIL | 105.59 |
| 5. Details of Investments | NIL | NIL | NIL |
| 6. Turnover | NIL | NIL | 17.02 |
| 7. Profit/(Loss) before Taxation | (0.15) | NIL | (64.49) |
| 8. Provision for Taxation | NIL | NIL | NIL |
| 9. Profit/(Loss) after Taxation | (0.15) | NIL | (45.32) |
| 10. Proposed dividend | NIL | NIL | NIL |

Auditors' Report on Consolidated Financial Statements

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF CAMLIN LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CAMLIN LIMITED, ITS SUBSIDIARIES AND ASSOCIATES

THE BOARD OF DIRECTORS CAMLIN LIMITED

1. We have examined the attached Consolidated Balance Sheet of **CAMLIN LIMITED**, its subsidiaries and associates (hereinafter referred as 'group') as at 31st March 2010, the Consolidated Profit & Loss Account for the year then ended and Cash Flow Statement for the year ended at that date.
2. 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. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary company Camlin International Limited for the year ended 31st March,2010 whose financial statements reflect total assets of Rs. 6,91,076(net) as at 31st March,2010 and total revenues of Rs.NIL and net cash inflows amounting to(Rs. 15,058) for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect

of the subsidiary, is based solely on the report of the other auditor.

4. In the case of associate companies having carrying value of investments of Rs 37.52 lacs, the figures used for consolidation are based on the managements' estimates and not audited by their auditors.
5. Subject to the matter reported in paragraph 4:
 - a. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 as notified under the Companies (Accounting Standards) Rules, 2006.
 - b. Based on our audit and on consideration of the report of other auditor on separate financial statements and on the other financial information of the associates and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March,2010;
 - ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date;
 - iii. in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

PLACE : MUMBAI
DATED : 29th April, 2010

DILIP BAPAT
PARTNER
M. NO 30388

Consolidated Balance Sheet as at 31st March, 2010

| | Schedules | (Rs. in Lacs) As at 31.03.2010 |
|--|-----------|--------------------------------------|
| SOURCES OF FUNDS | | |
| Shareholders' Funds | | |
| Share Capital | 1 | 602.54 |
| Reserves and Surplus | 2 | 5,571.61 |
| | | 6,174.15 |
| Loan Funds | | |
| Secured Loans | 3 | 4,257.76 |
| Deferred Tax Liability (Net) | | 143.55 |
| TOTAL | | 10,575.46 |
| APPLICATION OF FUNDS | | |
| Fixed Assets | | |
| Gross Block | 4 | 9,046.66 |
| Less: Depreciation | | 3,440.69 |
| Net Block | | 5,605.97 |
| Capital Work In Progress | | 211.27 |
| | | 5,817.24 |
| Investments | 5 | 50.52 |
| Current Assets, Loans and Advances | | |
| Inventories | 6 | 5,861.10 |
| Sundry Debtors | 7 | 4,829.86 |
| Cash and Bank Balances | 8 | 211.15 |
| Loans and Advances | 9 | 1,225.54 |
| | | 12,127.65 |
| Less: Current Liabilities & Provisions | | |
| Liabilities | 10 | 6,877.40 |
| Provisions | 11 | 542.55 |
| | | 7,419.95 |
| Net Current Assets | | 4,707.70 |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | 12 | — |
| TOTAL | | 10,575.46 |
| Schedules 1 to 23 forming part of Accounts | | |

As per our report of even date annexed

For B.K. Khare & Co.
Chartered Accountants

Chetan Badal
Chief Financial Officer

Dilip Bapat
Partner
(M.No. 30388)
(Firm Registration No. 105012W)

Ravindra Damle
G.M. (Corporate) &
Co. Secretary

Dilip Dandekar
Rajiv Dandekar
Shriram Dandekar
Deepak Dandekar
Ashish Dandekar
Shishir Shirgaokar
Dhananjay Mungale
Anil Singhvi
Deepak Ghaisas
Vijay Paranjpe
Shishir Desai

Chairman & Mg. Director
Jt. Mg. Director
Executive Director
Executive Director
Director
Director
Director
Director
Director
Director

Mumbai
Dated: 29th April, 2010

Consolidated Profit & Loss Account for the year ended 31st March, 2010

| | Schedules | (Rs. in Lacs) Year ended 31.03.2010 |
|--|-----------|---|
| INCOME | | |
| Net Sales/Income from Operations | 13 | 33,086.81 |
| Other Income | 14 | 17.38 |
| TOTAL INCOME | | 33,104.19 |
| EXPENDITURE | | |
| Consumption of Materials & Goods traded-in | 15 | 21,921.86 |
| (Increase)/Decrease in Stocks | 16 | (976.81) |
| Employee Cost | 17 | 2,918.94 |
| Manufacturing & Other Expenses | 18 | 6,373.16 |
| Finance Cost | 19 | 582.96 |
| Depreciation | | 524.26 |
| Amortisation of VRS Cost | | 167.08 |
| TOTAL EXPENDITURE | | 31,511.45 |
| Net Profit before Tax | | 1,592.74 |
| Less : Current Tax | | 390.00 |
| : Prior Years (Net) | | 20.06 |
| : Fringe Benefit Tax | | — |
| : Deferred | | 23.94 |
| Profit after Tax | | 1,158.74 |
| Share of profits of Associates | | 5.00 |
| Profit after Tax and Share of profits of Associates | | 1,163.74 |
| Balance brought forward from last year | | 982.77 |
| | | 2,146.51 |
| APPROPRIATIONS | | |
| Proposed Dividend | | 301.27 |
| Corporate Tax on Dividend | | 51.20 |
| General Reserve | | 200.00 |
| Balance Carried to Balance Sheet | | 1,594.04 |
| | | 2,146.51 |
| Earning Per Share of Re. 1/- - Basic (in Rs.) | | 1.93 |
| Earning Per Share of Re. 1/- - Diluted (in Rs.) | | 1.92 |
| Schedule 1 to 23 forming part of Accounts | | |

As per our report of even date annexed

For B.K. Khare & Co.
Chartered Accountants

Chetan Badal
Chief Financial Officer

Dilip Bapat
Partner
(M.No. 30388)
(Firm Registration No. 105012W)

Ravindra Damle
G.M. (Corporate) &
Co. Secretary

Mumbai
Dated: 29th April, 2010

Dilip Dandekar
Rajiv Dandekar
Shriram Dandekar
Deepak Dandekar
Ashish Dandekar
Shishir Shirgaokar
Dhananjay Mungale
Anil Singhvi
Deepak Ghaisas
Vijay Paranjpe
Shishir Desai

Chairman & Mg. Director
Jt. Mg. Director
Executive Director
Executive Director
Director
Director
Director
Director
Director
Director

Schedules to Consolidated Balance Sheet

| | (Rs. In Lacs) |
|--|---------------|
| | 31.03.2010 |
| 1. SHARE CAPITAL | |
| Authorised | |
| 10,00,00,000 Equity Shares of Re. 1/- each | 1,000.00 |
| Issued, Subscribed & Paid-up | |
| 6,02,53,525 Equity Shares of Re. 1/- each | 602.54 |
| Out of these shares: | |
| i) 60,000 Equity Shares allotted to vendors as fully paid up shares pursuant to contract without payment thereof being received in cash. | |
| ii) 3,63,45,000 Equity Shares allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve & Share Premium. | |
| iii) 50,00,000 Equity Shares Issued by way of Conversion of Debentures. | |
| iv) 1,20,00,000 Equity Shares issued by way of Preferential Allotment. | |
| v) 2,53,525 Equity Shares allotted under "Camlin Employees Stock Option Scheme 2008". | |
| 2. RESERVES AND SURPLUS | |
| Capital Reserve | |
| As per last Balance Sheet | 25.20 |
| Share Premium Account | |
| As per last Balance Sheet | 1,980.00 |
| Received during the year | 38.03 |
| | 2,018.03 |
| General Reserve | |
| As per last Balance Sheet | 1,703.97 |
| Add : Share of accumulated profits of Associate upto 31.03.2009 | 30.37 |
| Transferred from Profit & Loss Account | 200.00 |
| | 1,934.34 |
| Surplus in Profit & Loss Account | 1,594.04 |
| | 5,571.61 |

Schedules to Consolidated Balance Sheet (Contd.)

| | | (Rs. In Lacs) | |
|--|---------------|---------------|-----------------|
| | | 31.03.2010 | |
| 3. SECURED LOANS | | | |
| i) Term Loans from Banks & Financial Institutions | 879.04 | | |
| Interest accrued thereon | 8.26 | | 887.30 |
| ii) Bank Overdrafts/Working Capital Demand Loan | | | 1,370.46 |
| iii) Commercial paper issued - Carved within the overall approved working capital limits | | | 2,000.00 |
| | | | 4,257.76 |
| Term Loans include Rs.299.19 lacs repayable within one year | | | |

| PARTICULARS | COST | | | | DEPRECIATION | | | | BALANCE |
|-------------------------------------|-------------|---------------------------|------------------------|------------------|-----------------|--------------|------------------------|------------------|------------------|
| | Gross Block | Additions during the year | Disposals/ Adjustments | As at 31.03.2010 | Upto 31.03.2009 | For the year | Disposals/ Adjustments | As at 31.03.2010 | As at 31.03.2010 |
| Freehold Land | 2.73 | — | — | 2.73 | — | — | — | — | 2.73 |
| Leasehold Land | 187.29 | — | — | 187.29 | 6.80 | 1.93 | — | 8.73 | 178.56 |
| Site Development | 17.07 | 2.63 | — | 19.70 | 1.79 | 0.29 | — | 2.08 | 17.62 |
| Building & Shed | 781.51 | 275.48 | 0.88 | 1,056.11 | 126.99 | 30.80 | 0.64 | 157.15 | 898.96 |
| Plant, Machinery & Equipment | 5,872.02 | 1,162.53 | 168.03 | 6,866.52 | 2,588.47 | 410.48 | 155.94 | 2,843.01 | 4,023.51 |
| ERP Hardware/Software Cost | 314.84 | — | — | 314.84 | 157.16 | 41.20 | — | 198.36 | 116.48 |
| Furniture & Fittings | 301.41 | 91.88 | 6.27 | 387.02 | 135.43 | 18.86 | 5.74 | 148.55 | 238.47 |
| Vehicles | 217.08 | 31.48 | 36.11 | 212.45 | 78.35 | 20.70 | 16.24 | 82.81 | 129.64 |
| Intellectual Property Rights (IPRs) | 139.99 | — | 139.99 | — | 139.99 | — | 139.99 | — | — |
| Total | 7,833.94 | 1,564.00 | 351.28 | 9,046.66 | 3,234.98 | 524.26 | 318.55 | 3,440.69 | 5,605.97 |

Note: Subsidy in respect of Jammu plant assets will be accounted when the claim is processed and admitted.

Schedules to Consolidated Balance Sheet (Contd.)

| | | (Rs. In Lacs) |
|-----------|---|---------------|
| | | 31.03.2010 |
| 5. | INVESTMENTS-LONG TERM | |
| I | Quoted (Trade) | |
| | 50,000 Equity Shares of Rs.10/- each in Camlin Fine Chemicals Ltd [Market Value Rs. 45.00 lacs] | 5.00 |
| II | Unquoted | |
| A | Associates | |
| | a) 4,000 Equity Shares of Rs.100/- each in Triveni Pencils Ltd. | \$ — |
| | b) 2,150 Equity Shares of Rs.100/- each in Excella Pencils Ltd Add : Share of post acquisition profit | 2.15 35.37 |
| | c) 5,22,000 Equity Shares of Rs.10/- each in ColArt Camlin Canvas Pvt. Ltd. | \$ — |
| B | Trade | |
| | Shares | |
| | a) 10,000 Equity Shares of Rs10/- each in Sicom Ltd. | 8.00 |
| | b) 10,000 Shares of Rs 10/- each in North Kanara GSB Co-Op Bank Ltd. (Sold during the year) | — |
| | | 50.52 |
| | \$Valued at Rs. NIL as accumulated losses as on 31st March, 2009 exceed the net worth of the Companies | |
| 6. | INVENTORIES | |
| | Raw Materials | 550.63 |
| | Packing Materials | 1,323.37 |
| | Work-in-Process | 574.26 |
| | Goods-in-Transit | 114.59 |
| | Finished Goods | 3,298.25 |
| | | 5,861.10 |

Schedules to Consolidated Balance Sheet (Contd.)

| | | (Rs. In Lacs) |
|-----------|---|---------------|
| | | 31.03.2010 |
| 7. | SUNDRY DEBTORS (UNSECURED) | |
| i) | Outstanding over Six months | |
| a) | Considered Good | 111.93 |
| b) | Considered Doubtful | 97.81 |
| ii) | Other Debts - Considered Good | 4,717.93 |
| | | 4,927.67 |
| | Less: Provision for doubtful debts | 97.81 |
| | | 4,829.86 |
| 8. | CASH AND BANK BALANCES | |
| i) | Cash on Hand | 6.97 |
| ii) | With Scheduled Banks | |
| a) | In Fixed Deposit Accounts | 0.30 |
| b) | In Current Accounts | 182.98 |
| c) | Staff Security Deposit Account | 7.32 |
| d) | In Current Account for the payment of Dividend and F.D. Interest | 13.16 |
| iii) | With Others | |
| | In Current Account with Municipal Co-operative Bank Ltd. | 0.42 |
| | [Maximum balance during 2009-2010 Rs. 0.47 Lacs] | |
| | | 211.15 |
| 9. | LOANS AND ADVANCES | |
| | UNSECURED (Considered Good) | |
| i) | Advances recoverable in cash or in kind or for the value to be received | 851.81 |
| ii) | Staff Advances | 4.06 |
| iii) | Deposits | 369.67 |
| iv) | Taxes paid net of Provision | — |
| | | 1,225.54 |

Schedules to Consolidated Balance Sheet (Contd.)

| | | (Rs. In Lacs) |
|--------------------------------------|---|-----------------|
| | | 31.03.2010 |
| 10. LIABILITIES | | |
| i) | Sundry Creditors and Letters of acceptances | 5,194.83 |
| ii) | Security Deposits | 692.65 |
| iii) | Unclaimed Dividend | 11.37 |
| iv) | Other Liabilities | 978.55 |
| | | 6,877.40 |
| 11. PROVISIONS | | |
| i) | Provision for Employees' Benefits | 159.13 |
| ii) | Excise Duty on bonded warehouse stocks | 29.32 |
| iii) | Provision for tax (net of taxes paid) | 1.63 |
| iv) | Proposed Dividend | 301.27 |
| v) | Corporate Tax on Dividend | 51.20 |
| | | 542.55 |
| 12. MISCELLANEOUS EXPENDITURE | | |
| | (to the extent not written off or adjusted) | |
| | Voluntary Retirement Scheme (VRS) | |
| | As per last Balance Sheet | 167.08 |
| | Less: Written off during the year | 167.08 |
| | | — |

Schedules to Consolidated Profit & Loss Account

| | (Rs. In Lacs) |
|---|------------------|
| | 31.03.2010 |
| 13. SALES/INCOME FROM OPERATIONS | |
| Gross Sales | 33,990.17 |
| Add: Insurance Claim | 2.31 |
| Less: Trade Discount | 108.66 |
| Less: Excise Duty | 850.06 |
| Net Sales | 33,033.76 |
| Other Income from Operations | 53.05 |
| | 33,086.81 |
| 14. OTHER INCOME | |
| Interest (Tax deducted at source Rs. 0.32 lacs) | 9.74 |
| Dividend-On Trade Investments [Tax deducted at source NIL] | 1.60 |
| Profit on Sale of Assets | 0.40 |
| Miscellaneous Receipts | 5.64 |
| | 17.38 |
| 15. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN | |
| i) Raw Materials | |
| Stock of Raw Materials as per last Balance Sheet | 375.92 |
| Add: Purchases | 4,013.10 |
| | 4,389.02 |
| Less: Stock of Raw Materials as at year end | 550.63 |
| | 3,838.39 |
| ii) Packing Materials and Components | 7,243.72 |
| iii) Purchase of Finished Goods for resale | 10,839.75 |
| | 21,921.86 |
| 16. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS | |
| (Produced & Purchased for Resale) | |
| Stocks as per last Balance Sheet | |
| Work in Process | 486.07 |
| Goods in Transit | 19.98 |
| Finished Goods | 2,504.24 |
| | 3,010.29 |
| Less: Closing Stock as at year end | |
| Work in process | 574.26 |
| Goods in Transit | 114.59 |
| Finished Goods | 3,298.25 |
| | 3,987.10 |
| | (976.81) |

Schedules to Consolidated Profit & Loss Account (Contd.)

| | (Rs. In Lacs) |
|--|-----------------|
| | 31.03.2010 |
| 17. EMPLOYEE COST | |
| Salaries, Wages and Bonus | 2,428.31 |
| Contribution to Provident & other funds [Refer Note No. 22 G iv] | 372.94 |
| Staff and Labour Welfare | 117.69 |
| | 2,918.94 |
| 18. MANUFACTURING & OTHER EXPENSES | |
| Power and Fuel | 275.85 |
| Job work charges | 579.77 |
| Repairs | |
| — Building | 9.09 |
| — Machinery | 53.40 |
| — Others | 120.83 |
| Rent | 525.72 |
| Rates and Taxes | 10.23 |
| Excise duty provided on finished goods(net) | 4.52 |
| Insurance | 59.71 |
| Advertisement and Sale Promotion | 1,159.13 |
| Transport & Forwarding Charges | 1,266.30 |
| Commission/Discount/Service Charges on Sales | 461.95 |
| Travelling & Conveyance | 486.28 |
| Auditors Remuneration [Refer Note No. 22 F] | 23.93 |
| Provision for Doubtful Debts/Advances | 59.49 |
| Bad Debts Written Off | 42.31 |
| Less: Provision write back | 42.31 |
| Directors' Meeting Fees / commission | 19.30 |
| Miscellaneous Expenses | 1,238.40 |
| Loss on sale/discard of Assets | 19.26 |
| | 6,373.16 |
| 19. FINANCE COST | |
| On Fixed period loans | 211.38 |
| On Other borrowings | 371.58 |
| | 582.96 |

Schedules to Consolidated Accounts

20. Background

The previous consolidated financial statement was prepared for the financial year ended 31.03.2006. Thereafter, consolidated financial statement was not prepared up to the year ended 31.03.2009 due to insignificant volume of operations of the subsidiaries. However, in the year ended 31.03.2010, the parent company has promoted a new subsidiary company viz. Camlin Alphakids Ltd. which has necessitated the preparation of consolidated financial statement for this year.

21. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A Principles of consolidation

- i. The consolidated financial statements relate to Camlin Limited (the company), its Subsidiary and Associate Companies. The consolidated financial statements have been prepared on the following basis.

The consolidated financial statements of the company, its subsidiaries and associates are based on the respective financial statements duly certified by the Auditors/Management estimates of the respective companies. Line by line like items of assets, liabilities, income and expense of the respective financial statements have been added to draw up the consolidated financial statements. Intra-group balances, intra-group transactions and the unrealised profits on stocks arising out of intra-group transactions if any, have been eliminated.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's individual financial statements.

The excess/lower of costs to the company and its subsidiaries of their investments in their subsidiaries/ fellow subsidiaries is recognised in the financial statements as goodwill/capital reserve.

The subsidiary companies considered in the consolidated financial statements are:

| Name of the Company | Country of Incorporation | % of voting power held on 31 st March 2010 |
|---------------------------|--------------------------|---|
| Camlin International Ltd. | India | 100% |
| Camlin Alphakids Ltd | India | 100% |

The subsidiary company Camlin North America INC, U.S.A. is not considered for consolidation, since it is in the process of being wound up. The carrying value of the cost of the investment in the said subsidiary company has been fully provided for in the accounts of the holding company.

B Fixed Assets:

- i) Fixed Assets, including Intellectual Property Rights, are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat and VAT) Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation. Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes cost of designing software, which provides significant future economic benefits over an extended period. The cost comprises of licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- ii) In compliance with Accounting Standard (AS) 28- "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.
- iii) Depreciation on all assets of the Company except leasehold land is provided on Straight Line basis as applicable under the Companies Act, 1956. Leasehold land is amortised over respective period of lease. Cost of Intellectual Property Rights is amortised on Straight Line Method over the useful life of 36 months as estimated by the Management. Capitalised Hardware/Software costs of ERP are amortised over the estimated useful economic life not exceeding five years.

Schedules to Consolidated Accounts (Contd.)

- iv) In case of Camlin Alphkids Ltd, subsidiary company depreciation on all assets of the Company is provided on a pro-rata basis on straight line method over the useful lives of the assets estimated/ determined as follows:

| | |
|--|---|
| Leasehold Improvement | Over lease period of 66 months |
| Furniture Fixtures & Electrical Fittings | Over lease period of 66 months |
| All other assets | Rates prescribed under Schedule XIV to the Companies Act, 1956. |

C Investments

Long term investments are stated at cost and provision is made when there is a decline, other than temporary, in the value thereon. Current investments are stated at cost or fair value whichever is lower.

D Valuation of Inventories

| | | |
|------|--------------------------------------|---|
| i) | Raw Materials and, Packing Materials | At moving weighted average cost, written down to realisable value if the costs of related finished goods exceed net realisable value. |
| ii) | Work in process | At lower of moving weighted average cost or net realisable value. |
| iii) | Finished Goods | At lower of moving weighted average cost or net realisable value |

E 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. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs.

F Foreign Currency Transactions

- i) 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.
- ii) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract.
- iii) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

G 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.

H Employee Benefits

- i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

I Revenue/Expense Recognition

- i) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- ii) Revenue in respect of overdue interest, insurance claim, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.

Schedules to Consolidated Accounts (Contd.)

- iii) Remission of Excise Duty in respect of Jammu operations pertaining to incremental value additions will be recognised on the processing and admission of claim.
- iv) Expenses are accounted for on accrual basis.
- v) Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.
- vi) Lease Rentals in respect of assets taken on "operation of lease" are charged to Profit & Loss Account on straight line basis over the lease term.

J Borrowing Cost

Borrowing cost attributable to acquisition/construction of qualifying fixed assets which takes substantial period of time to get ready for its intended use is capitalised as part of the cost of such fixed asset. All other borrowing costs are charged to revenue.

K Contingent Liabilities

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

L 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.

M Earning Per Share

The Company reports basic and diluted earning per equity share in accordance with Accounting Standard (AS) 20, Earning per Share issued by the Institute of Chartered Accountants of India (ICAI). Basic earning per equity share is computed by dividing net income 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 including shares pending allotment.

N Voluntary Retirement Scheme

Expenditure on Voluntary Retirement Scheme is amortised over a period of 60 months.

Schedules to Consolidated Accounts (Contd.)

22 NOTES TO ACCOUNTS

A Contingent Liabilities:

- i) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 2.10 lacs (2008 - 2009 Rs. 1.60 lacs).
- ii) Corporate Guarantees given to ColArt Camlin Canvas Pvt. Ltd. Rs.150.00 lacs (2008-2009 Rs. 150.00 lacs).
- iii) Demands against the Company, either disputed or not acknowledged as debts and not provided for:

| Particulars | | (Rs. in Lacs) |
|-------------|----------------|---------------|
| | | 2009-10 |
| a. | Income Tax | 136.29 |
| b. | Sales Tax | 69.54 |
| c. | Excise Duty | 74.06 |
| d. | Service Tax | 1.89 |
| e. | Labour Matters | 8.13 |
| f. | Others | 0.63 |

B Unhedged Foreign Exchange Exposure:

The unhedged exposure of foreign currency transactions is as follows:

| On Account of | | Currency | (Rs. In Lacs) |
|---------------|------------------|----------|---------------|
| | | | 2009-10 |
| a) | Sundry Debtors | (USD) | 5.50 |
| b) | Sundry Creditors | (USD) | 0.86 |
| | | (GBP) | 0.04 |
| | | (YEN) | 80.85 |
| | | (EUR) | 0.11 |

C Commitments

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 185.02 lacs (2008-2009 Rs. 396.30 lacs).

D Secured Loans

Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future.

Working Capital Loans 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.

E Advance to Associate Company

The Company has given advance of Rs. 36.80 lacs to ColArt Camlin Canvas Pvt. Ltd. The net worth of the said company stands eroded by accumulated losses. However, in view of the turn-around business plans implemented by Management of the said company, no provision has been made for the same, as it is expected to be realised fully.

Schedules to Consolidated Accounts (Contd.)

F Auditors Remuneration

| | | (Rs. in Lacs) |
|-------------|--------------------------------------|---------------|
| Particulars | | 2009-10 |
| a. | Audit Fees for standalone accounts | 9.12 |
| b. | Audit Fees for consolidated accounts | 2.50 |
| c. | Tax Audit | 2.00 |
| d. | VAT Audit | 3.20 |
| e. | Certification | 3.66 |
| f. | Consultancy Services | 3.00 |
| g. | Out of pocket Expenses | 0.45 |
| | Total | 23.93 |

G Disclosures Pursuant to the Requirements of Accounting Standards

i) Total Lease Rentals on account of operating leases payable are as follows:

| | | (Rs. in Lacs) |
|----|--|---------------|
| a) | Payable not later than 1 year | 235.80 |
| b) | Payable later than 1 year and not later than 5 years | 212.00 |
| c) | Payable Later than 5 years | Nil |

ii) Deferred Taxes :

Major items of Deferred Tax Liabilities and Deferred Tax Assets

| | | | | (Rs. in Lacs) |
|---|----------------------------------|-------------------------------------|----------------------------------|---------------|
| Particulars | Opening Balance As on 01.04.2009 | Increase (Decrease) During the year | Closing Balance as on 31.03.2010 | |
| Liabilities: | | | | |
| Depreciation | 335.83 | 63.18 | 399.01 | |
| Sub-total | 335.83 | 63.18 | 399.01 | |
| Assets: | | | | |
| Provision for doubtful debts/Leave Encashment | 91.28 | 8.23 | 99.51 | |
| Expenses Allowable | 113.74 | 14.94 | 128.68 | |
| Unabsorbed Depreciation | — | 2.01 | 2.01 | |
| Unabsorbed business loss | — | 17.16 | 17.16 | |
| Others | 11.20 | (3.11) | 8.09 | |
| Sub-total | 216.22 | 39.24 | 255.46 | |
| Net Deferred Tax Liability/(Asset) | 119.61 | 23.94 | 143.55 | |

iii) Earning Per Share (Basic & Diluted)

| | 2009-10 |
|---|-------------|
| Net Profit after Tax – Rs. lacs | 1,163.74 |
| Issued and Paid-up Equity Shares (Nos.) | 6,02,53,525 |
| Weighted average of Number of Equity Shares used in computing basic earnings per share. (Nos.) | 6,00,93,530 |
| Weighted average of Number of Equity Shares used in computing diluted earnings per share.(Nos.) | 6,06,46,872 |
| Earnings per Share – Basic Rs. | 1.93 |
| Earnings per Share – Diluted Rs. | 1.92 |

Schedules to Consolidated Accounts (Contd.)

iv) Retirement benefits:

Defined contribution Plans:

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

Defined Benefit Plan:

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Retirement Benefits

Gratuity

Description of the Plan

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

Principal actuarial assumptions:

| | Current Year |
|-------------------------------|--------------|
| Discount rate | 7.50% |
| Rate of Return on Plan Assets | 8.00% |

Reconciliation of Benefit Obligation:

| | (Rs. in Lacs) |
|---|---------------|
| Liability at the beginning of the year | 487.74 |
| Interest Cost | 36.58 |
| Current Service Cost | 31.60 |
| Past Service Cost | 108.73 |
| Benefit Paid | (45.16) |
| Actuarial (Gain)/Loss on Obligations | 63.49 |
| Liability at the end of the year | 682.98 |
| Value of Plan Assets at the end of the year | 698.74 |

Reconciliation of value of Plan Assets:

| | (Rs. in Lacs) |
|---|---------------|
| Value of Plan Assets at the beginning of the year (Revised) | 650.36 |
| Return on Plan Assets | 52.97 |
| Contributions | 34.32 |
| Benefit Paid | (45.16) |
| Actuarial (Gain)/Loss on Obligations | 6.25 |
| Value of Plan Assets at the end of the year | 698.74 |

Expenses recognised in the Profit and Loss Account under the head Employee Expenses:

| | (Rs. in Lacs) |
|--|---------------|
| Current Service Cost | 31.60 |
| Past Service Cost | 108.73 |
| Interest Cost | 36.58 |
| Return on Plan Assets | (52.97) |
| Net Actuarial (Gain)/Loss recognized | 165.98 |
| Expenses recognised in Profit and Loss Account | 181.19 |

Schedules to Consolidated Accounts (Contd.)

v Related Parties Disclosures: (as certified by the management)

a) Associate Companies

| | Name of the Related Party | Nature of Relationship |
|----|--|------------------------|
| 1 | ColArt Camlin Canvas Pvt. Ltd. | Associate Company |
| 2 | CAFCO Consultants Ltd. | Associate Company |
| 3 | Camart Industries Ltd. | Associate Company |
| 4 | Camellia Management Services Pvt. Ltd. | Associate Company |
| 5 | Camellia Infotech Ltd. | Associate Company |
| 6 | Camlidhan Investments Pvt. Ltd. | Associate Company |
| 7 | Camlink Agencies Ltd. | Associate Company |
| 8 | Camlink Consultants Pvt. Ltd. | Associate Company |
| 9 | Dandekar Developers Pvt. Ltd. | Associate Company |
| 10 | Dandekar Investments & Consultants Pvt. Ltd. | Associate Company |
| 11 | Dandekar Print Pack Pvt. Ltd. | Associate Company |
| 12 | DDI Consultants Pvt. Ltd. | Associate Company |
| 13 | Excella Pencils Ltd. | Associate Company |
| 14 | Camlin Fine Chemicals Ltd. | Associate Company |
| 15 | Nilmac Packaging Industries Ltd. | Associate Company |
| 16 | Camlidhan Enterprises Pvt. Ltd. | Associate Company |
| 17 | Triveni Pencils Ltd. | Associate Company |
| 18 | Mayur Colours Ltd. | Associate Company |
| 19 | Vibha Agencies Pvt. Ltd. | Associate Company |

b) Key Management Personnel and their Relatives

| Name of the Person | Nature of Relationship |
|---------------------------------|--|
| Key Management Personnel | |
| Mr. D. D. Dandekar | Chairman & Managing Director (C.M.D) |
| Mr. R. M. Dandekar | Joint Managing Director |
| Mr. S. S. Dandekar | Executive Director |
| Mr. D.M. Dandekar | Executive Director |
| Relatives | |
| Mr. S.D. Dandekar | Chairman Emeritus and brother of C.M.D |
| Mrs. A.D. Dighe | Brand Manager and daughter of C.M.D. |

Schedules to Consolidated Accounts (Contd.)

| Related Party Disclosures (contd.): | | |
|--|---------------------------------|-------------|
| c) Transactions with Related Parties | | |
| | | Rs. in Lacs |
| Particulars | Related Parties | 2009-10 |
| Purchase of goods | Excella Pencils Ltd. | 1,665.70 |
| | Triveni Pencils Ltd. | 494.02 |
| | Others | 244.02 |
| | Total | 2,403.74 |
| | | (2,895.10) |
| Sale of goods | Excella Pencils Ltd | 136.92 |
| | Triveni Pencils Ltd | 107.12 |
| | Others | 1.56 |
| | Total | 245.60 |
| | | (308.16) |
| Purchase of Fixed Assets | Nilmac Packaging Industries Ltd | 108.58 |
| | Triveni Pencils Ltd. | 46.46 |
| | Total | 155.04 |
| | | (8.80) |
| Receiving Services | Mayur Colours Ltd. | 190.44 |
| | Triveni Pencils Ltd. | 62.26 |
| | Nilmac Packaging Industries Ltd | 52.39 |
| | Others | 14.33 |
| | Total | 319.42 |
| | | (206.10) |
| Payments to Key Management Personnel and their Relatives | | |
| a. Remuneration | Mr. D.D. Dandekar | 50.30 |
| | Mr. R.M. Dandekar | 48.44 |
| | Mr. S.S. Dandekar | 48.33 |
| | Mr. D.M. Dandekar | 48.44 |
| | Others | 13.75 |
| b. Dividend | | 44.11 |
| | Total | 253.37 |
| | | (221.53) |
| Rendering Services | Excella Pencils Ltd. | 0.15 |
| | Triveni Pencils Ltd. | 0.15 |
| | Mayur Colours Ltd. | 0.15 |
| | Camellia Infotech Ltd. | 0.15 |
| | Camart Industries Ltd. | 0.15 |
| | Others | 0.48 |
| | Total | 1.23 |
| | | (1.38) |

Schedules to Consolidated Accounts (Contd.)

c) Related Party Disclosures (contd.):

| Transactions with Related Parties | | |
|--|--------------------------------|-------------|
| | | Rs. in Lacs |
| Particulars | Related Parties | 2009-10 |
| Net Amount Payable | Excella Pencils Ltd. | 445.52 |
| | Others | 68.29 |
| | Total | 513.81 |
| | | (254.98) |
| Net Amount Receivable | Triveni Pencils Ltd. | 33.93 |
| | ColArt Camlin Canvas Pvt. Ltd. | 14.26 |
| | Camlin Fine Chemicals Ltd. | 12.40 |
| | Total | 60.59 |
| | | (46.34) |
| Loans Given | ColArt Camlin Canvas Pvt. Ltd. | 36.80 |
| | Total | 36.80 |
| | | (36.80) |
| Interest Received | ColArt Camlin Canvas Pvt. Ltd. | 3.86 |
| | Mayur Colours Ltd. | 2.18 |
| | Total | 6.04 |
| | | (9.47) |
| Interest payable | Excella Pencils Ltd. | 6.20 |
| | | (-) |
| Dividend paid | Camart Industries Ltd. | 9.97 |
| | Cafco Consultants Ltd. | 2.81 |
| | Others | 6.31 |
| | Total | 19.09 |
| | | (15.91) |
| Dividend Received | Camlin Fine Chemicals Ltd. | 0.75 |
| | Excella Pencils Ltd. | 0.65 |
| | Total | 1.40 |
| | | (1.15) |

Figures in brackets are for the previous year.

Schedules to Consolidated Accounts (Contd.)

vi) The following are the details of the Investments in Associates made by the Company

| Name of the Associates | Principal Activities | Ownership Interest and voting power | Original cost of Investment | Amount of Goodwill/ (Capital Reserve) included in original cost | Accumulated profit/(loss) at the year end | Carrying amount of Investments at the year end |
|--------------------------------|---|-------------------------------------|-----------------------------|---|---|--|
| Excella Pencils Ltd | Manufacturing of writing/ drawing instruments | 14.33% | 2.15 | NIL | 35.37 | 37.52 |
| Triveni Pencils Ltd. | Manufacturing of writing/ drawing instruments | 24.43% | 4.00 | (15.52) | (4.00) | Nil |
| Colart Camlin Canvas Pvt. Ltd. | Manufacturing and export of Canvas Products | 40.00 % | 52.20 | NIL | (52.20) | Nil |

- H** The holding company, its subsidiary Camlin International Ltd. and all associates are engaged in the business of dealing in 'Consumer Products'. Though the subsidiary, viz., Camlin Alphakids Ltd. is engaged in the business of operating educational institution, the volume of operations and the assets deployed are insignificant in the context of Consolidated Financial Statement. Hence, separate segment reporting has not been made under Accounting Standard (AS) 17 –"Segment Reporting" issued by the Institute of Chartered Accountants of India (ICAI).
- I** For the reasons stated in Note No 22, previous year's figures have not been provided.

Schedules to Consolidated Accounts (Contd.)

| 23. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 | | (Rs. In Lacs) |
|--|-------------------|----------------------|
| | Year ended | |
| | 31.03.2010 | |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before non-recurring items | 1,597.74 | |
| Adjustments for: | | |
| Depreciation | 524.26 | |
| Foreign Exchange (Unrealised) | (1.37) | |
| (Profit)/Loss on Sale of Fixed Assets | 18.86 | |
| Interest Expenses | 582.96 | |
| Interest/Dividend Received | (11.34) | |
| Amortisation of Expenses | 167.08 | |
| Operating Profit before Working Capital changes | 2,878.19 | |
| Adjustments for: | | |
| Trade and other Receivables | (1,508.70) | |
| Inventories | (1,466.98) | |
| Trade Payables | 1,970.75 | |
| Other Payables | 376.97 | |
| Share of Income of Associates | (5.00) | |
| | | |
| Cash generated from Operations | 2,245.22 | |
| Direct taxes paid | (352.48) | |
| Net cash from operating activities | 1,892.74 | |
| | | |
| | | |
| | | |
| | | |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | (1,550.49) | |
| Sale of Fixed Assets | 13.87 | |
| (Purchase)/Sale of Investments | 1.00 | |
| Interest received | 9.74 | |
| Dividend received | 1.60 | |
| Net cash used in Investing Activities | (1,524.28) | |

Schedules to Consolidated Accounts (Contd.)

| | Year ended 31.03.2010 |
|---|--------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | |
| Proceeds from borrowing | 320.38 |
| (Net of repayments) | |
| Increase in Share Capital/Premium | 40.57 |
| Interest Paid | (582.96) |
| Dividend Paid | (178.21) |
| Net cash used in Financing Activities | (400.22) |
| | |
| D. UNREALISED FOREIGN EXCHANGE FLUCTUATION ON CASH EQUIVALENTS | 1.37 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (30.39) |
| Cash and Cash Equivalents (Opening Balance) | 241.54 |
| Cash and Cash Equivalents (Closing Balance) | 211.15 |

As per our report of even date annexed

For B.K. Khare & Co.
Chartered Accountants

Chetan Badal
Chief Financial Officer

Dilip Bapat
Partner
(M.No. 30388)
(Firm Registration No. 105012W)

Ravindra Damle
G.M. (Corporate) &
Co. Secretary

Mumbai
Dated: 29th April, 2010

| | |
|--------------------|-------------------------|
| Dilip Dandekar | Chairman & Mg. Director |
| Rajiv Dandekar | Jt. Mg. Director |
| Shriram Dandekar | Executive Director |
| Deepak Dandekar | Executive Director |
| Ashish Dandekar | Director |
| Shishir Shirgaokar | Director |
| Dhananjay Mungale | Director |
| Anil Singhvi | Director |
| Deepak Ghaisas | Director |
| Vijay Paranjpe | Director |
| Shishir Desai | Director |

| FINANCIAL HIGHLIGHTS | | | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | | | (Rs.in Lacs) |
| Year Ended 31st March | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| A Assets Employed | | | | | | | |
| Net Fixed Assets | 5,745 | 4,824 | 2,625 | 1,953 | 4,904 | 4,169 | 3,563 |
| Net Current Assets | 4,787 | 4,335 | 3,888 | 1,603 | 2,009 | 1,865 | 3,301 |
| Others | 126 | 244 | 434 | 602 | 705 | 804 | 62 |
| Total | 10,659 | 9,403 | 6,947 | 4,158 | 7,617 | 6,838 | 6,926 |
| B Financed By | | | | | | | |
| Equity Share Capital | 603 | 600 | 600 | 480 | 480 | 480 | 480 |
| Reserves & Surplus | 5,636 | 4,746 | 4,268 | 2,108 | 1,047 | 1,206 | 1,701 |
| Shareholder's Funds | 6,238 | 5,346 | 4,868 | 2,588 | 1,527 | 1,686 | 2,181 |
| Loan Funds | 4,258 | 3,937 | 2,044 | 1,532 | 5,977 | 4,970 | 4,303 |
| Deferred Tax Liability(Net) | 163 | 120 | 34 | 37 | 114 | 182 | 442 |
| Total | 10,659 | 9,403 | 6,947 | 4,158 | 7,617 | 6,838 | 6,926 |
| C Net Sales (Net of Trade Discount & Excise) | | | | | | | |
| | 33,034 | 28,311 | 21,377 | 18,765 | 19,213 | 19,764 | 18,269 |
| D Profit and Appropriations | | | | | | | |
| Operating Profit (Pbdit) | 2,924 | 2,088 | 1,456 | 1,137 | 1,167 | 328 | 1,119 |
| (Before Extra Ordinary Item & Sale of Land) | | | | | | | |
| Interest | 583 | 529 | 261 | 372 | 670 | 584 | 372 |
| Profit/(Loss) before Depreciation Tax & Extra Ordinary item | 2,341 | 1,559 | 1,195 | 766 | 497 | (256) | 746 |
| Depreciation | 517 | 435 | 377 | 385 | 519 | 456 | 437 |
| Profit/(Loss) before Tax & Extra Ordinary item | 1,824 | 1,123 | 818 | 381 | (22) | (713) | 309 |
| Extra Ordinary Item & Sale of Land | 167 | 168 | 168 | (4,185) | 152 | 19 | - |
| Profit/(Loss) before Tax | 1,657 | 955 | 650 | 4,566 | (175) | (732) | 309 |
| Tax - Current | 390 | 253 | 280 | 799 | 47 | - | 72 |
| - Deferred | 43 | 85 | (3) | 122 | (68) | (260) | 33 |
| Prior Years | 20 | 6 | (10) | 38 | - | 17 | (15) |
| Profit/(Loss) after Tax | 1,204 | 611 | 383 | 3,607 | (153) | (489) | 190 |
| Dividend & Tax on Dividend | 352 | 211 | 175 | 140 | - | - | 81 |
| Retained Earnings | 852 | 401 | 208 | 3,467 | - | - | 108 |
| E Per Share Information* | | | | | | | |
| Earning per Share | 2.00 | 1.02 | 0.71 | @0.30 | (0.32) | (1.02) | 0.39 |
| Book value per share (Rs.) | 10.35 | 8.63 | 7.56 | @4.35 | 1.47 | 1.47 | 4.03 |
| Dividend per share (Rs.) | 0.50 | 0.30 | 2.50 | 2.50 | 0.00 | 0.00 | 1.50 |
| (Excluding tax on Dividend) | | | | | | | |

@ Earning per share for FY 2007 is without considering exceptional item of sale of land. After considering sale of land. EPS is Rs. 7.14.

* Per share information is adjusted for subdivision of share from face value of Rs. 10/- per share to face value of Re.1/- per share w.e.f. 29th August, 2008.

NOTES

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Camlin Limited

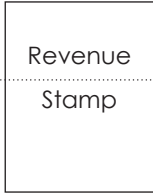
Regd. Office: 9-B, Nanddeep Ind. Estate, Kondivita Lane, J. B. Nagar, Andheri (E), Mumbai – 400 059.

Proxy Form

I/We, of
 being a member(s) of the above named Company, hereby appoint
 of
 or failing him of
 as my/our proxy to vote for me/us on my/our behalf at the 63rd Annual General Meeting of the Company to be held
 at Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020 on
 Tuesday, the 29th June, 2010 at 3.00 p.m. and at any adjournment thereof.

Folio No./DP ID & Client ID* Signature

Date



Note: Proxies must reach the Company's Registered Office not less than 48 hours before the meeting.

* Applicable for Investors holding shares in electronic form.



Camlin Limited

Regd. Office: 9-B, Nanddeep Ind. Estate, Kondivita Lane, J. B. Nagar, Andheri (E), Mumbai – 400 059.

Attendance Slip

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL.

Name of the attending Member (in Block Letters)

Name of Proxy (in Block Letters)

(To be filled in if the Proxy attends instead of the Member)

.....

No. of Shares held

Folio Number/DP ID & Client ID*

I hereby record my presence at the 63rd Annual General Meeting held at Walchand Hirachand Hall IMC Building,
 Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020 on Tuesday, the 29th June, 2010 at 3.00 p.m.

(To be signed at the time of handing over this slip)

*Applicable for investors holding shares in electronic form.

.....
 Member's / Proxy's Signature

Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

we have attended

millions of

school lessons,

drawing classes,

college lectures,

office meetings

and art exhibitions

over the last 75 years.

Since we began our journey, we have created, improved and reinvented over 2000 products. From a humble ink brand, we have grown into one of India's leading, most trusted names with an extensive range of school, office, art and even professional stationery. In fact, for a stationery brand, we've been anything but stationary for over 75 years. That's why, no matter where you are, no matter what you pursue, there's a Camlin in full attendance.



