

Painting the future

KOKUYO CAMLIN LIMITED
66th ANNUAL REPORT 2012-13



Camlin 
KOKUYO



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The year 2012-13 was not the easiest for the industry in India.

The stationery sector was marked by inflation, slowdown and intense competition.

At Kokuyo Camlin, we went back to the drawing board. Focusing on enhancing our product quality, market share, supply chain and efficiency.

Creating the foundation for a sustainable future.





KOKUYO CAMLIN.

Wide product portfolio.
Innovative products.

Superior value-for-money
proposition.

More than just a company; a
brand.

More than just a brand; a habit.

PEDIGREE

- Established in early 1930's as a partnership firm by Dandekar family; incorporated as Camlin Private Limited in 1946 and converted into a public limited company in 1988.
- Present promoters are KOKUYO S&T Co., Ltd. Japan and the Dandekar family and is managed by experienced professionals



PRESENCE

- Headquartered in Mumbai, India.
- Manufacturing facilities located at Taloja, Vasai, Tarapur in Maharashtra and Samba and Gangyal in Jammu & Kashmir.
- Five regional offices in Pune, Bangalore, New Delhi, Chennai and Kolkata.
- Services consumers through a network of distributors across the country.

PRODUCTS

- Manufactures and markets art materials and stationery products under the flagship brands 'Camel' and 'Camlin'.
- Offers a range of products (Fine Art materials, hobby colours, scholastic colours, scholastic stationery, drawing instruments, office stationery, adhesives, notebooks, office and writing instruments, among others).

AWARDS, ACHIEVEMENTS AND CERTIFICATIONS

- Krafty Glue was judged Product of the Year by Product of the Year (India) Private Limited in 2009.
- In 2011, the All India Camel Colour Contest attracted entries from across 6,601 Indian schools, the largest art competition in the world that finds mention in the Guinness Book of World Records.
- All manufacturing units are ISO 9001:2008-certified.

REFILLABLE
PERMANENT
 ANTI-SCRUB ON MOST OF THE SURFACES
 布、紙、金属、プラスチック、ガラス、木材、陶器、段、
 MARKS ON JUTE, PAPER, METAL, PLASTIC, GLASS, WOOD, CERAMIC, ETC.

Camel
WAX CRAYONS
 (EXTRA LONG)

Camel
WAX CRAYONS
 (EXTRA LONG)

Camlin of KOKUYO
PERMANENT
 MARKER

Camel
POSTER COLOUR

Camel
POSTER COLOURS
 12 PREMIUM POSTER COLOURS

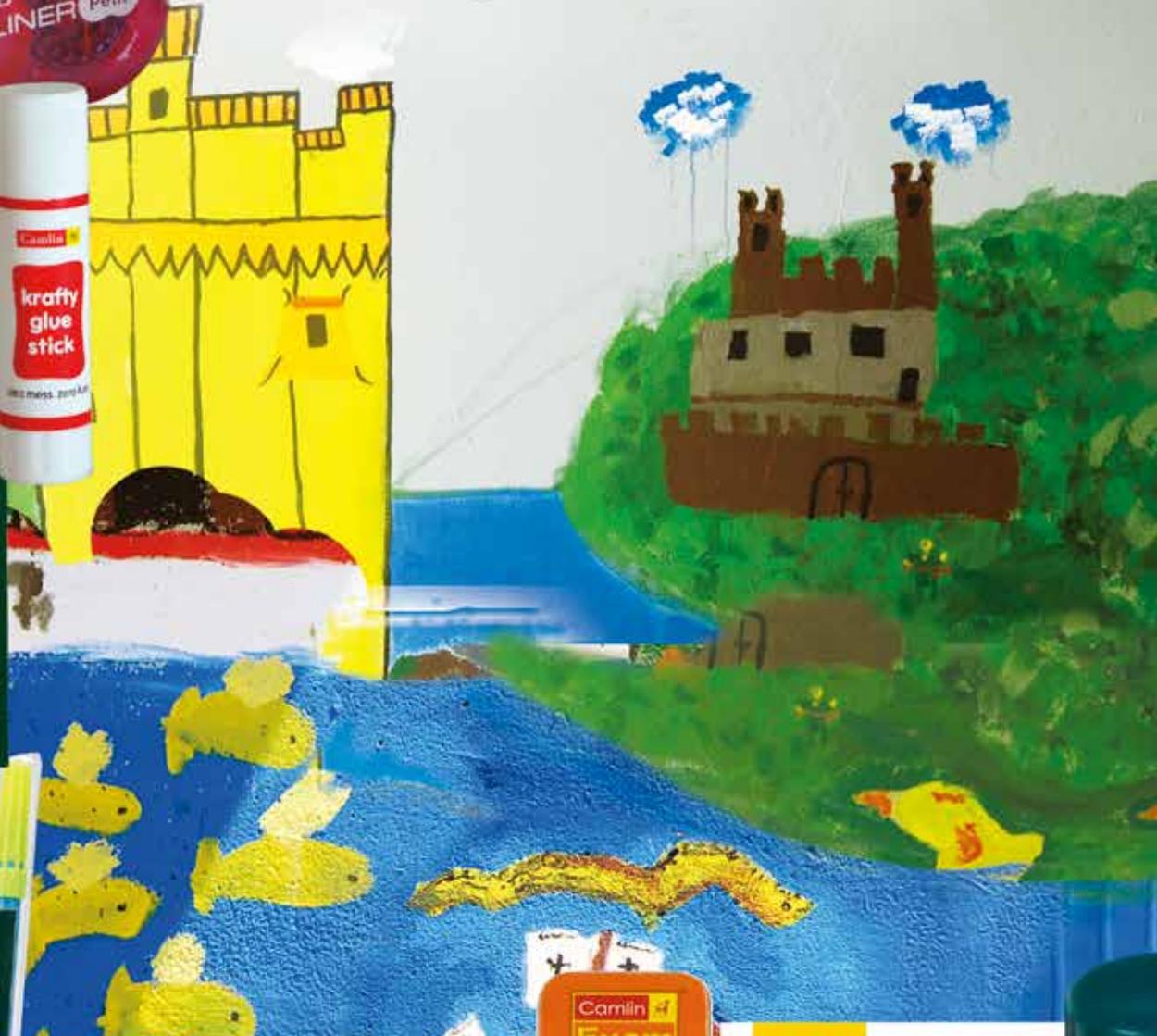
Camlin of KOKUYO
PERMANENT
 MARKER PEN INK

KOKUYO
DOTLINER
 Petit
 8200905

Camlin
krafty glue stick

Camlin
Exam
 ALL CLEAR ERASER

Camel
WATER COLOUR TUBES
 14 SHADES
 5 ml



Camlin of KOKUYO
SKETCH PENS

Camlin of KOKUYO
SKETCH PENS

Camel
PLASTIC CRAYONS

Camlin
Exam
 MATHEMATICAL DRAWING INSTRUMENTS

Camlin
ART PLAY CRAYONS

Camlin of KOKUYO
WATER COLOUR TUBES
 14 SHADES

Camlin
SCHOLAR
 GOLD

Camlin
SCHOLAR
 GOLD

Camlin
HIGH QUALITY NOTEBOOK
 Bright and Fine Quality Paper - 170gsm
 Smooth Writing
 All for the student writing

PRODUCT PORTFOLIO

STUDENTS AND EDUCATION PRODUCTS

Artica plastic crayons
Colour pencils
Dissection boxes
Erasers
Engineering boxes
Fountain pen and Ink
Hi-polymer leads
Math sets
Mechanical pencils
Note books
Oil pastels
Other technical instruments
Poster colours
Premium colour pencils
Scales
Sketch pens
Sparkle decorative colours
Sharpeners
Water colour cakes
Water colour tubes
Wax crayons
Wooden pencils

FINE ART & HOBBY PRODUCTS

Art powder colours
Artist oil colours
Artist acrylic colours
Artist water colours cakes
Artist water colours tubes
Brushes
Canvas rolls
Canvas boards
Compressed charcoal
Cone liners and 3D glitters
Drawing inks
Drawing and Charcoal pencils
Easels
Fabric colours
Fabric glue
Glass colours
Hobby brushes
Water colour pencils
Lino sheet
Mediums
Oil sketching papers
Painting mediums
Premium poster colours
Powder colours
Soft pastels
Sketching papers

OFFICE PRODUCTS

Adhesives
Ball pens
Carbon papers
CD markers
Gel pens
Glue sticks
Gum
Paste and Inks
Highlighters
Markers
Mechanical pencils and Leads
Permanent marker ink
Permanent markers
Paint markers
Refills
Scissors
SD Pen
Stamp pads
White boards

KOKUYO Campus



www.camlin.com

Camlin &
KOKUYO

Camlin &
KOKUYO

Single line 160





CORPORATE PHILOSOPHY

Customers first: Committed to respond by delivering superior quality to meet the diverse demands of the customers across the globe

Human resource: Promote equal employment opportunities to encourage professional excellence and strive to provide good working conditions.

Business partners: Strive for long lasting association with all the stakeholders to augment mutual co-operation and establish a bond of mutual trust.

Corporate governance: Take leadership in nurturing corporate culture and implementing policies that promotes ethical behaviour.

Transparency: Maintain transparency and conduct the business operations with utmost honesty and integrity.

Corporate social responsibility: Embrace and contribute to sustainable development of the society and make consistent efforts to preserve and maintain harmony with the environment.

Camlin 
KOKUYO



CORPORATE INFORMATION

Chairman Emeritus

Mr. Subhash Dandekar

Board of Directors

Mr. Dilip Dandekar (Chairman & Executive Director)

Mr. Takuya Morikawa (Senior Vice Chairman)

Mr. Shriram Dandekar (Vice Chairman & Executive Director)

Mr. Nobuchika Doi (Executive Director)

Mr. Takeo Iguchi (Executive Director)

Mr. Hirofumi Iwatsu

Mr. Ravindra Chandra Bhargava

Mr. Hisamaro Garugu

Mr. Devendra Kumar Arora

Mr. Shishir Desai

Mr. Ramanathan Sriram

Mr. Noriyuki Watanabe

Chief Executive Officer

Mr. Ayyadurai Srikanth

Chief Financial Officer

Mr. Chetan Badal

Vice President (Corporate) & Company Secretary

Mr. Ravindra Damle

Registered Office

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

Works

Tarapur: M.I.D.C, Boisar, Tarapur.
District - 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) District - Thane 401 308

Auditors

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

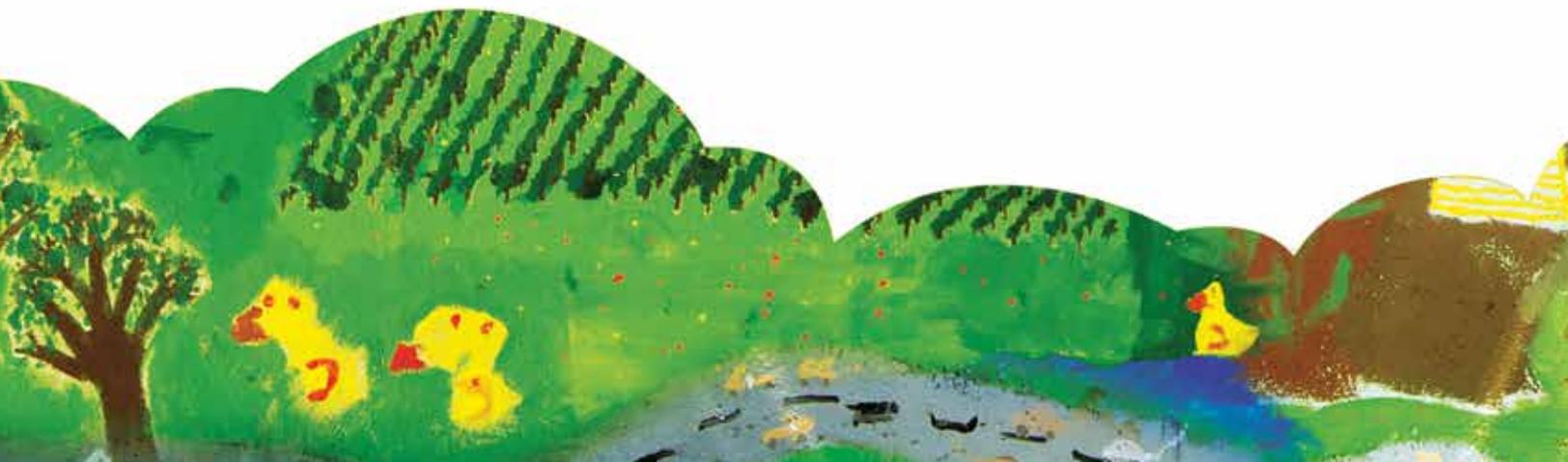
Bankers

Mizuho Corporate Bank Ltd.
The Bank of Tokyo-Mitsubishi UFJ Ltd.

Registrars and Transfer Agents

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

E-mail: sharepro@shareproservices.com



Notice

NOTICE is hereby given that the 66th Annual General Meeting of the Members of KOKUYO CAMLIN LIMITED, will be held on Tuesday, the 23rd July, 2013 at 3.30 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 2013 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shishir B. Desai, who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Mr. Hirofumi Iwatsu, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Mr. Takeo Iguchi, who retires by rotation and being eligible offer himself for re-appointment.
5. To appoint B. K. KHARE and CO., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By Order of the Board

RAVINDRA DAMLE
Vice President (Corporate) &
Company Secretary

Regd. Office:

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

Dated: 14th May, 2013.

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. 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.
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 all dividends which remained unpaid or unclaimed upto the financial year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Concerned members are requested to claim the amount from the Office of the Registrar of Companies, Maharashtra, C.G.O. Complex, 2nd Floor, A Wing, CBD - Belapur, Navi Mumbai-400 614.
4. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 2004, 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.
5. Members who have not encashed their dividend warrants for the financial year ended

- 31st March, 2007 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.
6. Members have by requisite majority passed the Special Resolutions circulated through Postal Ballot on 28th March, 2013. The results of the Postal Ballot are mentioned in the Corporate Governance Report that forms a part of this Annual Report.
 7. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
 8. Members, who hold Shares in dematerialised form, are requested to bring their Client ID and DP. ID. Nos. for easy identification of attendance at the meeting.
 9. The Ministry of Corporate Affairs has announced a "Green Initiative in Corporate Governance" thereby allowing paperless compliance through electronic mode. The Company supports this environment friendly initiative of the Government of India and proposes to send notices for General meetings/Annual Reports/ Other Shareholder Communication through electronic mode to the e-mail addresses which are registered for this purpose from time to time. Members are requested to take advantage of this initiative and register their e-mail address with the Company.

Directors' Report to the Shareholders

Your Directors have pleasure in presenting herewith the 66th Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS:

(₹ in Lacs)

	2012-13	2011-12
Profit/(Loss) Before Tax	(1878.00)	158.18
Less: Provision for Tax - Current	-	100.00
- Deferred	(560.32)	(59.44)
- Prior Year (Net)	26.01	(16.19)
Profit/(Loss) After Tax	(1343.69)	133.81
Balance bought forward from last year	2318.46	2214.65
Balance Carried forward	974.77	2348.46
Transferred to:		
General Reserve	-	30.00
Balance Carried Forward	974.77	2318.46
	974.77	2348.46

OPERATING PERFORMANCE:

During the year the Company reported net sale of ₹ 43,591.52 lacs as compared to ₹ 38,390.35 lacs for the last year representing an increase of 13.55% over the previous year. In spite of increase in net sales the performance of your Company has resulted in a loss of ₹ 1,343.69 lacs as against a profit of ₹ 133.81 lacs in the previous year.

The major contributory for this loss in the financial year under review were increase in Input material cost, manpower cost & overheads and our inability to pass on this increase fully to our customers.

The performance review, outlook and strategy have been spelt out in depth in the Management Discussion and Analysis which forms part of this Directors Report.

In view of loss, the Board of Directors regrets its inability to recommend any dividend on equity shares.

CHANGES IN CAPITAL STRUCTURE

Allotment of equity shares on exercise of Employee Stock Options:

During the year under review, the Company allotted 20,775 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme. The applicable disclosure as at 31st March, 2013 as stipulated under the SEBI Guidelines is given in annexure A to this report.

In view of the above the Paid up Share Capital of the Company stands increased from ₹ 689.02 lacs to ₹ 689.22 Lacs.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

Global growth declined to 3.2 percent in 2012 as the economic turbulence continued. Growth remained sluggish in advanced economies and slowed in emerging economies. The sovereign debt crisis in Europe and US policy uncertainty stifled investments and hiring, causing subsequent declines in the trickle-down demand for products from developing nations. However, the growth is projected to marginally improve. IMF places global growth at 3.3% in 2013. Correspondingly, growth in emerging and developing economies is expected to be robust, strengthening from about 5 percent in 2012 to 5.25 percent in 2013 and 5.75 percent in 2014 inspired by resilient consumer demand, supportive macroeconomic policies and export revival. India is the world's largest democracy with an estimated population of 1.2 billion and a gross domestic product in purchasing power parity terms of approximately US\$4.73 trillion. This makes India the fourth largest economy after the European Union, United States and China. However, high interest rates and low exports slowed the Indian economy down from 6.2% 2011-12 to 5% in 2012-13.

Industry Structure and Developments

The high consumer inflation marked by a consumer price index of around 10% in 2012-13 affected consumer spending and India's stationery sector. The Government continued to invest in educational reforms in Budget 2013-14, it increased allocation to the HRD ministry by 17% to ₹ 65,867 crores for various education sector initiatives. These allocations will

translate into a trickle-down demand for stationery products. The Indian stationery industry represents the bedrock of its educational system. The stationery market can be classified into office stationery, school stationery, paper products and computer stationery segments. India's stationery market is catalysed by industrial growth and education sector expansion. State initiatives to strengthen the cause of education through dedicated schemes are catalyzing sectoral growths. Other factors growing the market comprise rising literacy, wider organized retail, increasing incomes and corporate spending.

There are a number of points of sectoral optimism, incentivising stationery sector investments and much of this optimism is coming from Government action, which is the largest single determinant of the health of India's stationery sector operating in the education sector. The quantum of individuals being brought into the literacy net in India today is possibly the highest anywhere in the world. Besides, education is more decisively positioned as a transformer of destinies following the sustained success of a number of knowledge-driven businesses in India, which is resulting in higher enrolment, attendance and spending. Besides, there is a greater traction for philanthropic spending in India today than ever before, prioritized by educational spending.

At Kokuyo Camlin there is recognition that India is at a cusp in its history where Japan found itself in the early seventies. The convergence of a number of factors - growing disposable incomes and improving lifestyle trends, point to an impending growth in the country's stationery off take on the one hand and a graduation towards better product quality. What makes this an attractive opportunity is that over the last decade there has emerged an increasing preference for branded products from the country's organized stationery sector. Interestingly, the country's organized sector is leveraging the advantages of branding, automation and scale to compete effectively with the unorganized segment, growing annually at 15 per cent compared with the unorganized segment's 5 per cent growth.

BUSINESS OVERVIEW AND DEVELOPMENTS:

The Company's wide portfolio of products comprises artistic materials, hobby colours, scholastic colours, scholastic stationery products, office stationery products and writing instruments. The school

student segment is the Company's largest target segment.

The year under review was the first full year following the alliance of Camlin and KOKUYO S&T Co Ltd., marked by a progressive integration of the two corporate cultures. A challenging external environment did impact our performance. The Company invested in capability cum capacity building with the objective to be market-ready when the economy rebounds.

It was a challenging year for the manufacturing industry for a number of reasons. Firstly there was a demand slowdown, the sector growing a modest 8-10 per cent in 2012-13. Secondly, input costs, largely outside our control, spiked during the year under review due to an increase in the cost of crude oil and downstream polymer-based derivatives. Thirdly there was a greater pricing pressure exerted by Chinese imports and India's unorganized competitors. Fourthly, forex volatility affected the industry's ability to stabilize raw material costs. Last but not the least the benefit of the multi-cultural integration following the acquisition was yet to translate into operational improvements. As a result, even as the company increased revenues by 13.55% in 2012-13, it reported a net loss after tax of ₹ 13.44 cr.

The Company recognized that during a period of unprecedented volatility, the most effective counter-strategy would be derived from an improving exercise of factors within its control. This strategy largely comprised initiatives to enhance off take, strengthen market share, widen distribution points, increase product availability and strengthen collections. At Kokuyo Camlin, we recognized that the most effective means to compete in a challenging marketplace was through a planned rationalization in the overall cost structure. extend Quality Control to Quality Assurance, strengthen procurement economies and engage in effective value-engineering with an objective to reduce the break-even point.

Raw material management:

At Kokuyo Camlin, the timely, cost-effective raw material procurement sustains operational seamlessness. The Company's raw material suppliers are primarily located in Maharashtra and Gujarat. The Company's ERP helps procure raw material timely

and efficiently, right-sizing the inventory levels. During the year under review, the Company faced significant challenges related to rising raw material costs and growing competition, which made passing of costs to customers increasingly challenging.

Manufacturing:

Kokuyo Camlin continuously invests in its state-of-the-art manufacturing processes across four manufacturing units (Taloja, Tarapur and Vasai in Maharashtra in Samba and Gangyal in Jammu and Kashmir), supported by a robust quality control discipline. The Company balances manufacturing and outsourcing, supported by reliable vendors. The Company undertook various initiatives to enhance manufacturing efficiency, productivity, product quality and cost management, the benefits of which will progressively accrue.

Distribution:

At Kokuyo Camlin, our product logistics department is responsible for managing and monitoring product distribution. The Company has created a robust model comprising mother depots, regional/state hubs, depots operated by C&F agents, distributors/modern retail outlets/stockiest, wholesalers and retailers, with the objective to enhance service, delivery and effective cost management. The Company is engaged in ramping distribution, enhancing its direct presence in India's leading 50 cities.

Marketing:

Kokuyo Camlin's marketing objectives can be classified as business-to-business and business-to-customer. The Company markets brands and undertakes programmes to increase product accessibility. The marketing department is engaged in the active development of a brand strategy, brand management and brand communication. Since schools comprise the Company's core base, it remained continuously engaged with its target community through events such as the All-India Camel Colour Contest (AICCC) which is a flagship event to promote art among school children. Besides, Camel Art Foundation stands at the forefront of shaping the country's artistic expression, remaining continuously engaged with the country's art community.

Research and development and quality:

In a sector marked by evolving preferences, it is imperative to introduce innovative products and solutions. The Company's research & development facilities are located in Tarapur and Taloja (Maharashtra) and Samba (Jammu & Kashmir). The role of research and development comprises the development of innovative products, upgradation of existing products, cost reduction, improved packaging and acquiring product certifications. The alliance with Kokuyo represents an attractive opportunity to invest in R&D and generate innovative products, given that the Company is a prominent global stationery player with sizeable R&D activity. The Company is also strengthening its quality management to benchmark products with the highest standards.

OUTLOOK AND OPPORTUNITIES:

India's student enrolment in the higher education front has grown 12-fold in four decades while gross enrolment ratio reached nearly 18% in 2011-12. Besides, India ranks second in the world in terms of student enrolment in higher education institutions. The Government set an enrolment target of 35.9 million students by the end of its current Five Year Plan period. As per the target of the Twelfth Five Year Plan, higher education institutions under the Central Government are expected to show the highest annual growth of 14.9% in student enrolment compared to private institutions (7.6%), state institutions (5.6%) and open cum distance learning (4.4%).

The Camlin brand has been in existence for more than 75 years, possessing a rich insight into Indian consumer needs. Following increased Government spending, the country's education sector is poised to grow significantly, justifying the Company's decision to extend to tier II and tier III cities.

At Kokuyo Camlin, we recognize the need to ready the Company for the next round of growth in response to emerging trends in the Indian marketplace.

Besides, the Indian market is maturing to the point where customers want better products; Kokuyo Camlin expects to leverage Kokuyo's large portfolio and bring more products into the country with the objective to enhance brand excitement and addressing widening consumer preferences.

India is one of the most happening markets in the world, attracting a number of large international brands possessing value-added products. Their entry will mature the Indian market for value-added products faster than ever. In a world where consumers are more concerned about holistic value, the Company's brands stand for 'trust', 'quality' and 'value for money'. In a world increasingly concerned over product safety, the Company's products are environmentally safe for users. In a world where consumers need to be kept in a state of continuous excitement, we have access to Kokuyo's large portfolio of notebooks and office stationery.

HUMAN RESOURCE MANAGEMENT:

As on March 31, 2013, the Company had 1,185 employees. Kokuyo Camlin invested in sound employee policies and practices. Individual performance management systems were implemented to encourage merit and innovation. Roles and responsibilities were defined across levels. A well-drawn recruitment policy and performance-based compensation policy enabled the employees to enhance a sense of ownership. Ongoing training enhanced skills.

FINANCIAL OVERVIEW

Income from operations stood at ₹ 43,591.52 Lacs for the year ended 31st March, 2013 as compared to ₹ 38,390.35 Lacs for the corresponding period of the previous year.

The Company's EBITDA was at ₹ (379.19) Lacs for the year ended 31st March, 2013 as compared to ₹ 1,459.58 Lacs for the corresponding period of the previous year.

The Company's loss stood at ₹ (1,343.69) Lacs for the year ended 31st March, 2013 as compared to profit after tax of ₹ 133.81 Lacs for the corresponding period of the previous year.

In June 2012, the Company changed its bankers, selecting to work with Japanese banks namely Mizuho Corporate Bank Ltd and The Bank of Tokyo-Mitsubishi UFJ Ltd. which resulted in reduction of effective interest rate.

The Company incurred a Capital Expenditure of ₹ 1,210.53 Lacs during the year under review, which was invested in manufacturing capacities and maintenance expenditure ERP Software cost.

During the year under review, the Company had strategically incurred heavy revenue expenditure in Logistics, Quality Control, and Sales & Marketing by increasing manpower and other expenses. This ramp up did impact our bottom-line for the year 2012-2013. However we are confident that this investment shall begin to bear fruits in the near future.

The Companies subsidiary viz Camlin Alphakids Limited which is in the pre-school business incurred an operational loss of ₹ 161.87 lacs. The pre-school is in the fourth year of its operation. The Management of this subsidiary has got a good experience and learning from the past operations and the business is being restructured to ensure an early turnaround

RISK MANAGEMENT:

Since the company is operating in a competitive environment, each progressive expansion exposes it to increasing risks related to operating performance, cash flows, financial performance and sustainability. Some of the key risk the Company faces, their impact and corresponding risk mitigation action as discussed below

a. Competition risk

Any failure to address competition could have an adverse business effect.

The Company's ability to manufacture more than 2,000 SKUs distinguishes it from competitors possessing smaller SKUs. Over the years, it has strengthened its competitive strategy around the following parameters: target audience, large existing customer base, pricing, quality, product range, availability, accessibility, distribution, innovation, trade discounts, product safety and overall value-for-money proposition.

b. Cost risk

Raw material cost increases could have an adverse effect on our results.

The Company has developed multiple vendors for raw material supply, resulting in a reduced dependence on any single vendor. The Company's procurement team continuously negotiated with vendors to arrive at competitive raw material costs coupled with adequate and timely supply. The Company has developed multiple domestic vendors with the

objective to substitute imported raw materials and protect from foreign exchange volatility without any quality compromise.

c. Industry risk

The Company's performance can be affected by weak consumer spending and a sluggish economy.

Following increased government educational spending, India's stationery market is poised to grow significantly. Besides, growing per capita income, increased student enrolment and enhanced literacy (65% in 2001 to 74% in 2011) are expected to catalyse the demand for stationery products. Encouragingly, for the age group 6-14 years, the percentage of rural children not enrolled in schools declined from 6.6% in 2005 to 3.5% in 2010; the proportion of girls (11-14 years) out of school declined from 11.2% in 2005 to 5.9% in 2010.

d. Supply chain risk

Success in the business is derived from the ability to provide products just and when consumers need them.

The Company created 33 state depots to store products, who in turn supply to distributors. The Company's ability to work with multiple transportation agencies translated into competitive transportation costs. The Company implemented ERP (enterprise resource planning) across divisions to enhance distributional efficiencies.

e. Human resource risk

The inability to attract and retain talent or industrial unrest could impact operations.

The Company enjoys a harmonious industrial relationship across all manufacturing units; it has not experienced operational interruption arising from labour disputes. The Company offers attractive career opportunities, attracting fresh talent to sustain growth.

INFORMATION TECHNOLOGY (IT)

A progressive investment in information technology has been key to the Company's growth. Over the years, this investment reflected in its ERP has translated into operational efficiencies, inventory rationalization, faster response time and speed in operation and cost optimization. The Company is

committed to sustain these investments in line with its corporate growth.

INTERNAL CONTROLS

In any industry, processes and control systems play a critical role. Kokuyo Camlin's 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 and protection of resources. Moreover, the Company continuously upgrades these systems in line with the best global practices of Kokuyo.

A report from the Internal Auditor containing significant findings, along with the follow-up actions is placed before the Audit Committee for a periodic review. Their observations and recommendations are discussed by the Audit Committee leading to corrective action. The internal control system is supplemented by extensive internal audits, regular management review and adherence to standard policies and guidelines. 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.

Cautionary statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations. The Company is not responsible for any public amend, modify or revision of any forward-looking statements on the basis of any subsequent development, information or events.

CONSOLIDATED FINANCIAL STATEMENTS:

In line with the General Circular no 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, the Board of Directors of your Company had passed a Resolution for giving its consent for not attaching the financial statements of the Subsidiary Companies to the Balance Sheet of the Company for the year ended 31st March 2013.

The consolidated financial statements of the Company and its Subsidiaries, prepared in accordance with Accounting Standard - 21 issued by the Institute of Chartered Accountants of India also forms part of this Annual Report.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies is attached to the accounts.

As directed by the aforesaid circular the accounts of the Subsidiary Companies and related detailed information will be made available to any members seeking such information at any point of time. The accounts of the Subsidiary Companies are also available for inspection by any member at the registered office of the Company.

DEPOSITS:

The Company has not accepted any fixed deposits during the year. There are no overdue deposits except unclaimed deposits amounting to ₹ 0.75 Lacs as at 31st March, 2013.

APPOINTMENT OF MANAGER:

In order to ensure smooth day to day operation and carrying out the corporate vision the Board of Directors decided to appoint Mr. Ayyadurai Srikanth as "Manager" designated as "Chief Executive Officer" for a period of three years with effect from 1st February, 2013. The said appointment was also approved by the members by passing Special Resolution by way of Postal Ballot on 28th March, 2013 subject to approval of Central Government.

The Appointment of Mr Ayyadurai Srikanth will immensely benefit the Company for taking the Company's long term plans.

DIRECTORS:

Mr. Shishir Desai, Mr. Hirofumi Iwatsu and Mr. Takeo Iguchi retire by rotation and being eligible offers themselves for re-appointment. You are requested to appoint them.

In view of the appointment of the Manager with effect from 1st February, 2013, the Board of Directors had re-designated Mr. Dilip Dandekar as Chairman & Executive Director and Mr. Shriram Dandekar as Vice Chairman and Executive Director and entered in to a new agreement with the revision in remuneration for the period of three years with effect from 1st February, 2013. The said appointments were also approved by members by passing Special Resolutions by way of Postal Ballot on 28th March, 2013 subject to approval of Central Government.

During the year the Board of Directors re-designated Mr. Hirofumi Iwatsu - Executive Director as Non Executive Director with effect from 1st January, 2013.

Mr. Hiroaki Takayama relinquished his office with effect from 17th October, 2012 and the Board appointed Mr. Noriyuki Watanabe as a Director in casual vacancy in his place. Your Director feel privileged to have an association with the Mr. Hiroaki Takayama and express their appreciation for the valuable services rendered by him during his tenure.

The profiles of the Directors seeking re-appointment forms part of the Corporate Governance Report.

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

RIGHTS ISSUE:

During the period under review the Board of Directors of the Company at its meeting held on 7th August, 2012 approved the issue of Equity Shares on rights basis up to ₹ 110 Crores and has filed the Draft letter of offer dated 26th March, 2013 with the Securities and Exchange Board of India (SEBI). Subsequently, the Company had received in-principle approval from The National Stock Exchange of India Ltd. and BSE Ltd. in respect of the proposed Rights Issue of the Company.

Proceeds of the Rights issue will be utilized for (i) Setting up of an integrated manufacturing and assembling facility, and (ii) General Corporate Purposes.

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, 2013 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, 2013 and of the loss 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, 2013 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, 2013 on a 'going concern' basis.

RECONCILIATION OF SHARE CAPITAL AUDIT:

As directed by the Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit has been carried out at the specified period, by a Practicing Company Secretary.

COST AUDITORS:

In Compliance with the Notification No. 52/26/CAB-2010 dated January 24, 2012 issued by the Cost Audit Branch under MCA, the Company has appointed M/s. P. D. Phadke & Associates, Cost Accountants, Mumbai as Cost Auditor of the Company pursuant to Section 233B of the Companies Act 1956 for the audit of cost accounts in respect of colour products manufactured by the Company for the year ended 31st March, 2013 at the meeting of the Audit Committee and Board of Directors held on 15th June, 2012.

The cost compliance report, Audit report for the previous year ended 31st March, 2012 was to be filed on or before 30th September, 2012 and subsequently the due date was extended till 28th February, 2013. The Company has duly filed the cost compliance report for the year before the extended due date on 10th January, 2013.

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 BSE 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 ₹ 0.31 lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents interest on fixed deposits which remained unclaimed with the Company for a period of 7 years from their respective due dates of payment.

AUDITORS:

M/s. B. K. Khare and Co., Chartered Accountants, Mumbai, Statutory Auditors of your Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment as Statutory Auditors for the financial year 2013-2014. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company proposes the re-appointment of M/s. B. K. Khare and Co., Chartered Accountants, Mumbai, as Statutory Auditors of your Company. 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 Registered Office of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company 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. The Company continues to be involved in various CSR initiatives on several fronts. The Company spreads awareness on the importance of cleanliness and hygiene amongst school children and hospitals

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, 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.

Your Directors also wish to place on record their appreciation for the support and guidance provided by its Parent Companies, Kokuyo Co. Ltd. and KOKUYO S&T Co. Ltd, Japan.

For & on behalf of the Board

DILIP DANDEKAR
Chairman & Executive Director

Place: Mumbai

Dated: 14th May, 2013

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, 2013 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	23,55,700
d	Options exercised	19,88,350
e	Total number of shares arising as result of exercise of options	19,88,350
f	Options lapsed	2,60,200
g	Variation of terms of Options	Nil
h	Money realized by exercise of options	₹ 3,32,400
i	Total number of options in force	3,44,725
j.	Employee-wise details of options granted to:	
	i. Senior Managerial Personnel	Mr. R. Y. Gotey, C.O.O. – Production (Col. Grp.) – 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, V.P. (Corporate) & Company Secretary – 36,000
	ii. 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.
	iii. 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.
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 ₹ (1.95) Diluted ₹ (1.95)

Sr. No.	Description	Details
l	The difference between the employee compensation cost 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 ₹ (1.95) Diluted ₹ (1.95)
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 - ₹ 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 l, the following assumptions have been used.
	i. Risk-free interest rate,	7.31%
	ii. expected life	2.5 years
	iii. expected volatility	70.73%
	iv. Expected dividend yield	1.14%
	v. The price of the underlying share in the Market at the time of option granted	₹ 150.80

For & on behalf of the Board

DILIP DANDEKAR

Chairman & Executive Director

Place: Mumbai

Dated: 14th May, 2013

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.
- Use of Solar Energy for process water heating.

(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, rationalization 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 up gradation, development of new markets.
3. Future plan of action : Future plan of action envisages acceleration in the process of development already set in motion and undertaking more process development work for achieving cost reduction, and improvement in quality.

	(₹ in Lacs)	
4. Expenditure on R&D	2012-2013	2011-2012
(a) Capital	-	-
(b) Recurring	109.03	49.97
(c) Total	109.03	49.97
(d) Total R&D Expenditure as a Percentage of total turnover	0.25	0.12

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R&D Laboratory is recognized 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 Adhesive products, manufactured/procured by the Company to make the manufacturing process safe, cost effective and environment friendly.

Annexure A to Directors' Report

2. Benefits : Technological innovations derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
3. Technology Import : N.A.

focusing in OEM business in CIS countries and branded business in Middle East, SAARC & Far East Countries for Hobby and Fine Art products.

(b) Total Foreign Exchange used and earned

(₹ in Lacs)

	2012-2013	2011-2012
Foreign exchange used	3876.09	3004.71
Foreign exchange earned	877.73	911.18

(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 SAARC Countries, Middle East, Far East and CIS Regions. The Company is aggressively

For & on behalf of the Board
DILIP DANDEKAR
Chairman & Executive Director

Place: Mumbai
Dated: 14th May 2013

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, 2013.

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 sub serving 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 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 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, 2013 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 & Executive Director	ED	6	8	Yes	Nil	1
Mr. Shriram S. Dandekar(***) Vice Chairman & Executive Director	ED	6	1	Yes	Nil	Nil
Mr. Shishir B. Desai	NED (I)	4	1	Yes	Nil	Nil
Mr. Ramanathan Sriram	NED (I)	6	2	Yes	NIL	NIL
Mr. Takuya Morikawa	NED	5	NIL	Yes	NIL	NIL
Mr. Nobuchika Doi	ED	6	NIL	Yes	NIL	NIL
Mr. Hirofumi lwatsu(+)	NED	6	NIL	Yes	NIL	NIL
Mr. Takeo Iguchi	ED	6	NIL	Yes	NIL	NIL
Mr. Ravindra Chandra Bhargava	NED(I)	5	10	No	4	9
Mr. Hisamaro Garugu	NED(I)	4	NIL	Yes	NIL	NIL
Mr. Hiroaki Takayama(#)	NED(I)	3	NIL	Yes	NIL	NIL
Mr. Devendra Kumar Arora	NED(I)	4	NIL	Yes	NIL	NIL
Mr. Noriyuki Watanabe(##)	NED(I)	2	1	No	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.

** Re-designated as 'Chairman & Executive Director' w.e.f. 1st February, 2013.

*** Re-designated as 'Vice Chairman & Executive Director' w.e.f. 1st February, 2013.

+ Re-designated as 'Non-Executive Director' w.e.f. 1st January, 2013.

Ceased to be a Director w.e.f 17th October, 2012.

Appointed as a Director in Casual Vacancy caused due to resignation of the Mr. Hiroaki Takayama w.e.f. 17th October, 2012.

As on 31st March 2013, none of the Directors are related inter-se.

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, six (6) Board Meetings were held and the details are given below:

Sr. No.	Date	Board Strength	No. of Directors Present
1	10 th May, 2012	12	10
2	15 th June, 2012	12	8
3	26 th July, 2012	12	12
4	7 th August, 2012	12	10
5	17 th October, 2012	12	11
6	1 st February, 2013	12	11

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.kokuyocamlin.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 Executive Director has been obtained.

Profile of members of the Board of Directors being appointed/re-appointed:

Mr. Shishir B. Desai

Mr. Shishir B. Desai, has wide experience in the field of Corporate Laws, Exchange Control Regulations, Foreign collaboration and Joint Ventures, Mergers and Acquisitions, Offshore Structuring, Customs, Excise, Commercial and Insurance Laws.

Other Directorships - 1

Mr. Hirofumi Iwatsu

Mr. Hirofumi Iwatsu, Master of Fine Arts, has 23 years experience in the field of product development, product marketing, research & development and business development of stationery business.

Other Directorships - NIL

Mr. Takeo Iguchi

Mr. Takeo Iguchi, Bachelor of Arts, has 21 years experience in production planning & control and project management.

Other Directorships - NIL

Committees of the Board:

The Board of Directors has constituted three Committees i.e. Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration and Compensation Committee. The roles and responsibilities assigned to these Committee 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 of the Company has been constituted as per Section 292A of the Companies Act 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges.

During the financial year, four (4) meetings of the Audit Committee were held on 10th May, 2012, 26th July, 2012, 17th October, 2012 and 31st January, 2013.

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

Name	Designation	Category	No. of Meetings attended
Mr. Hiroaki Takayama*	Chairman	NED(I)	2
Mr. Ravindra Chandra Bhargava**	Chairman	NED(I)	3
Mr. Ramanathan Sriram	Member	NED(I)	4
Mr. Takuya Morikawa	Member	NED	4
Mr. Noriyuki Watanabe***	Member	NED(I)	1

* Ceased to be a Member w.e.f. 17th October, 2012.

** Appointed as a 'Chairman' w.e.f. 21st December, 2012.

*** Appointed as a Member w.e.f. 17th October, 2012.

The meeting of Audit Committee are also attended by Wholetime Directors, Chief Financial Officer, Statutory Auditor and Internal Auditor as special invitees. The Company Secretary act as a Secretary to the Audit Committee. Minutes of the Audit Committee are placed and discussed in the next meeting of the Board.

Members of the Audit Committee have requisite financial and Management expertise and have held or hold senior positions in reputed Organizations.

The Chairman of the Audit Committee was present at the Annual General Meeting Held on 26th July 2012.

Terms of reference:

The Terms of reference to this committee, interalia 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 interalia to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

4. REMUNERATION AND COMPENSATION COMMITTEE:

Composition, Meetings and the Attendance during the year.

During the financial year, three (3) meetings of the Remuneration and Compensation Committee were held on 10th May, 2012, 26th July, 2012 and 1st February, 2013.

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

Name	Designation	Category	No. of Meetings attended
Mr. Shishir B. Desai	Chairman	NED (I)	3
Mr. Dilip D. Dandekar	Member	ED	3
Mr. Hiroaki Takayama*	Member	NED (I)	2

Name	Designation	Category	No. of Meetings attended
Mr. Hisamaro Garugu	Member	NED (I)	3
Mr. Noriyuki Watanabe**	Member	NED (I)	1

* Ceased to be a Member w.e.f. 17th October, 2012.

**Appointed as a Member w.e.f. 17th October, 2012.

Terms of reference:

The main term of reference of the Committee is

- To approve fixation/revision of remuneration of the Wholetime Directors/Manager 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 Remuneration paid to the Executive Directors for the financial year ended 31st March, 2013:

(₹ In Lacs)

Name	Salary Including HRA*	Perquisites#	Total
Mr. Dilip D. Dandekar	60.89	22.86	83.75
Mr. Shriram S. Dandekar	51.26	21.74	73.00
Mr. Nobuchika Doi	41.04	42.86	83.90
Mr. Takeo Iguchi	41.04	42.82	83.86
Mr. Hirofumi Iwatsu++	30.78	27.57	58.35

* Salary including HRA includes Leave encashment of Salary.

++ Remuneration paid till 31st December, 2012

#Perquisites interalia, include reimbursement of expenses/allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession, club fees, provision of car 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, gratuity and encashment of leave as per the rules of the Company. Some of the Executive Directors are also entitled to superannuation.

Agreement for the period of three (3) years have been executed with Wholetime Directors namely, Mr. Dilip D. Dandekar and Mr. Shriram S. Dandekar w.e.f. 1st February, 2013 on the recommendation of Remuneration and Compensation Committee and approved by the Board of Directors. The approval of the members were also sought on appointment of the aforesaid Wholetime Directors by way of passing Special Resolutions through Postal Ballot on 28th March, 2013, subject to approval of the Central Government.

B. Non-Executive Directors:

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

For Board & Audit Committee meeting ₹ 10,000/- per meeting. For Remuneration & Compensation and Shareholders/Investor Grievance Committee meetings ₹ 5,000/- per meeting.

The details of Sitting Fees paid to Non-Executive Directors for the year ended 31st March, 2013 are given below:

(₹ in Lacs)

Name	Sitting Fees
Mr. Shishir B. Desai	0.75
Mr. Ramanathan Sriram	1.20
Mr. Hisamaro Garugu	0.55
Mr. Ravindra Chandra Bhargava	0.70
Mr. Devendra Kumar Arora	0.40
GRAND TOTAL	3.60

The Company has paid legal fees of ₹ 3.59 Lacs for the financial year 2012-13 to M/s. Desai & Chinoy, a firm of Solicitors & Advocates in which Mr. Shishir B. Desai is a partner. The services provided by his firm are purely of professional nature. The aforesaid professional fees paid to M/s. Desai & Chinoy are not considered material

enough to affect the independence of Mr. Shishir B. Desai.

The details of Shareholding of Non-Executive Directors/Independent Directors as on 31st March, 2013:

The Non-Executive/Independent Directors are not holding any shares in the Company as on 31st March, 2013.

C. Manager:

The Board of Directors had appointed Mr. Ayyadurai Srikanth as Manager designated as 'Chief Executive Officer' with effect from 1st February, 2013 for the period of three years under the Companies Act, 1956 and any other applicable provisions if any. Pursuant to the said appointment, the remuneration paid to him for the period ended 31st March, 2013 was Rs. 8.58 lacs.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Composition, meetings and the attendance during the year.

The Shareholders/Investors Grievance Committee was constituted for 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 10th May, 2012, 26th July, 2012, 17th October, 2012 and 31st January, 2013.

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. Ramanathan Sriram	Chairman	NED(I)	4
Mr. Shishir B. Desai	Member	NED(I)	4
Mr. Shriram S. Dandekar	Member	ED	4

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, Seven (7) Complaints about non receipt of Dividend and Share Certificates were received from shareholders, which were attended promptly and resolved to the satisfaction of the concerned Shareholders.

6. GENERAL BODY MEETINGS:

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

Financial Year Ended	Venue	Date & Time	Special Resolutions Passed
31 st March, 2012	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai-400 020	26 th July, 2012 at 3.00 p.m.	Alteration in Articles of Association of the Company in respect of increase in Authorised Share Capital of the Company.
31 st March, 2011	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai-400 020	7 th July, 2011 at 3.00 p.m.	Approval of payment of minimum remuneration to the Wholetime Directors in terms of Section 198(4) of the Companies Act, 1956.
31 st March, 2010	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai-400 020	29 th June, 2010 at 3.00 p.m.	Appointment of Relative in place of profit in terms of Section 314(1B) of the Companies Act, 1956.

7. POSTAL BALLOT:

The Company successfully completed the process of obtaining the approval of its members by way of Special Resolutions in respect of Alteration of certain Articles of Association, Appointments of Relatives of Directors to hold place of Profit, Appointment of "Manager" designated as "Chief Executive Officer", and Appointment of Wholetime Directors.

M/s. J. H. Ranade & Associates, Practicing Company Secretaries was appointed as the Scrutinizer to carry out the postal ballot process in a fair and transparent manner. The results were announced on 28th March, 2013.

Mr. Dilip D. Dandekar, Chairman & Executive Director had announced the Postal Ballot results as per the Scrutinizer's report on 28th March, 2013 and the said results were published in the news papers, Free Press Journal and Navshakti on 29th March, 2013. Details of the Resolutions passed under the Postal Ballot are as under:

Special Resolution No. 1

- Description**
Alteration of Articles 2(ss),23,24,128(d), 129(a), 160(b), 129(c), 131 and Annexure 1 of the Articles of Association of the Company.
- Voting Pattern**

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	47748326	98.55
Votes not in favour	609950	1.26
Invalid Votes	94612	0.19
Total	48452888	100.00

Special Resolution No. 2

- Description**
Consent u/s. 314(1) to Mr. Rahul D. Dandekar for continuing to hold office or place of profit in the promoted position as Manager-Sales Marketing (Colours) with increased remuneration with effect from 1st April, 2012.
- Voting Pattern**

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	48342557	99.75
Votes not in favour	22981	0.05
Invalid Votes	94612	0.20
Total	48460150	100.00

Special Resolution No. 3

- Description**
Consent u/s. 314(1) to Mr. Nikhil S. Dandekar for continuing to hold office or place of profit in the promoted position as Asst. Manager - Strategic, Planning & Project with increased remuneration with effect from 1st July, 2012.

- Voting Pattern

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	48340277	99.75
Votes not in favour	26567	0.05
Invalid Votes	94612	0.20
Total	48461456	100.00

Special Resolution No. 4

- Description

Appointment of Mr. Ayyadurai Srikanth as 'Manager' designated as 'Chief Executive Officer' with effect from 1st February, 2013.

- Voting Pattern

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	48322237	99.74
Votes not in favour	30207	0.06
Invalid Votes	94612	0.20
Total	48447056	100.00

Special Resolution No. 5

- Description

Appointment of Mr. Dilip D. Dandekar as 'Chairman & Executive Director' with effect from 1st February, 2013

- Voting Pattern

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	48343446	99.76
Votes not in favour	21373	0.04
Invalid Votes	94612	0.20
Total	48459431	100.00

Special Resolution No. 6

- Description

Appointment of Mr. Shriram S. Dandekar as 'Vice Chairman & Executive Director' with effect from 1st February, 2013.

- Voting Pattern

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	48344578	99.76
Votes not in favour	20845	0.04
Invalid Votes	94612	0.20
Total	48460035	100.00

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

PROCEDURE FOR POSTAL BALLOT:

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

8. DISCLOSURES:

Related Party Transactions

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

Transactions with the related parties are disclosed under Schedule 26(v)(c) 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 BSE 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 Chief Executive Officer 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.

9. MEANS OF COMMUNICATION:

The quarterly and yearly results are published in widely circulating national and local newspapers in English and vernacular language.

As per requirements of Clause 41 of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc. is provided on the Company's web-site www.kokuyocamlin.com within the timeframe prescribed in this regard.

10. GENERAL SHAREHOLDER INFORMATION:

- i. As indicated in the Notice to our Shareholders, the 66th Annual General Meeting of the Company will be held on Tuesday, the 23rd July, 2013 at 3.30 p.m. at Walchand

Hirachand Hall, IMC Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020.

- ii. The Financial year of the Company: 1st April to 31st March.

Financial Calendar	Financial Reporting by
Unaudited Results for : Mid of August, 2013. the quarter ending 30 th June, 2013	
Unaudited Results for : Mid of November, 2013. the quarter ending 30 th September, 2013.	
Unaudited Results for : Mid of February, 2014. the quarter ending 31 st December, 2013.	
Audited Results for : End of May, 2014. the quarter/year ending 31 st March, 2014.	

- iii Date of Book Closure : From 20th June, 2013 to 21st June, 2013 (both days inclusive).

Listing of Equity Shares on Stock Exchange: The BSE Limited. (Stock Code 523207), National Stock Exchange of India Limited (Stock Code KOKUYOCAMLN). The Company has paid Listing Fees till March 2014.

- iv. Demat ISIN in CDSL/NSDL : INE 760A01029

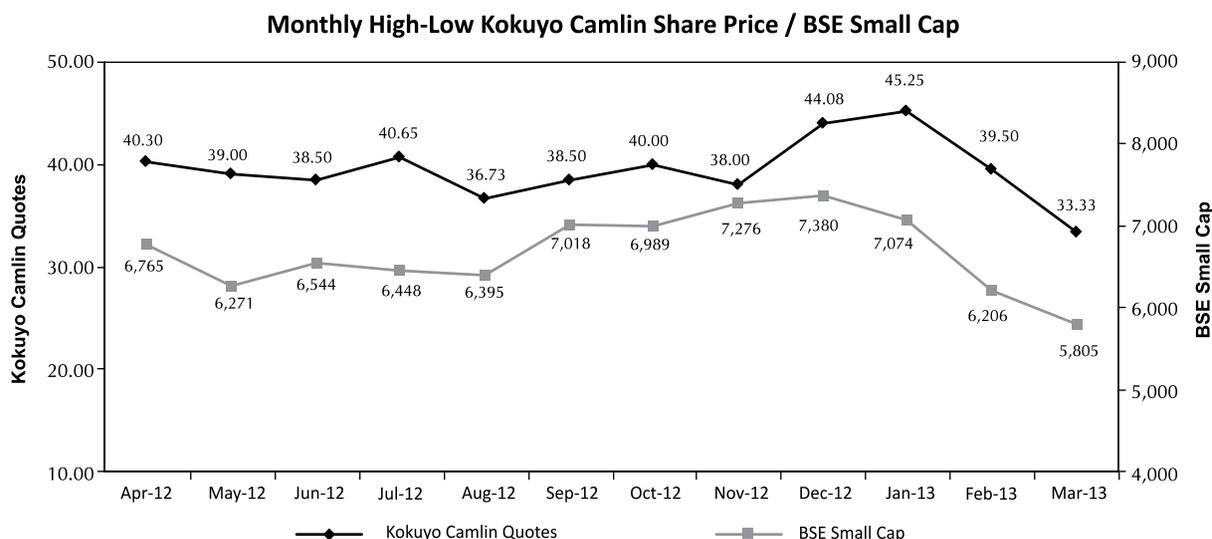
Corporate Identity Number (CIN) : L24223MH1946PLC005434

- v. Share Prices (High/Low) for the year at BSE and NSE :

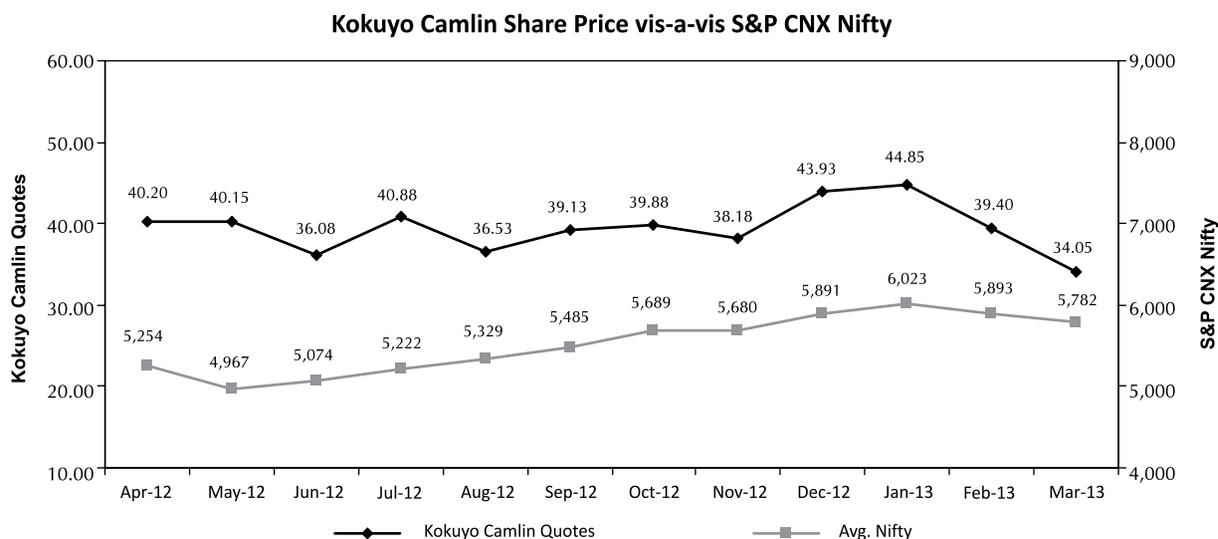
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2012	46.10	34.50	45.90	34.50
May, 2012	42.00	36.00	43.80	36.50
June, 2012	40.75	36.25	39.50	32.65
July, 2012	44.30	37.00	44.60	37.15
August, 2012	39.95	33.50	39.95	33.10
September, 2012	45.00	32.00	45.25	33.00
October, 2012	43.25	36.75	43.20	36.55
November, 2012	39.55	36.45	39.90	36.45
December, 2012	50.75	37.40	50.85	37.00
January, 2013	49.80	40.70	49.70	40.00
February, 2013	43.30	35.70	43.00	35.80
March, 2013	36.25	30.40	38.05	30.05

vii. Stock performance:

The performance of the Company in comparison to BSE Small Cap is given in the Chart below:



The performance of the Company in comparison to S&P CNX NIFTY 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, Tel.: 77203000/67720400,
Fax: 28591568 are our Registrar & Transfer
Agents (RTA) for handling the shares related
matters both in Physical & Dematerialized

mode. Shareholders are advised to send all
correspondence to the RTA. However for the
convenience of the shareholders documents
relating to shares received by the company
are forwarded to the RTA for necessary
action thereon.

ix. Share Transfer System:

Presently, the Share Transfers which are
received in physical form are processed by

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

x. Secreterial Audit

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been

issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

A Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

xi. Distribution of Shareholding as on 31st March, 2013:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 5000	16702	97.46	9707508	14.08
5001-10000	217	1.26	1598806	2.32
10001-20000	103	0.60	1500469	2.18
20001-30000	30	0.18	737105	1.07
30001-40000	10	0.06	361767	0.53
40001-50000	13	0.08	615247	0.89
50001-100000	28	0.16	2130256	3.09
100001 and above	34	0.20	52271192	75.84
Total	17137	100.00	68922350	100.00

xii. Shareholding Pattern as on 31st March, 2013

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total shareholding as a percentage of total no. of shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
a	Individuals/Hindu Undivided Family	17	3759374	5.45
b	Central Government/State Government(s)	-	-	-
c	Bodies Corporate	4	3902460	5.66
d	Financial Institutions/Banks	-	-	-
e	Any Other (specify)	-	-	-
	Sub - Total (A)(1)	21	7661834	11.11
(2)	Foreign			
a	Individuals (Non-Resident Individuals/Foreign Individuals)	4	1579050	2.29
b	Foreign Bodies Corporate	1	34836220	50.54
c	Institutions	-	-	-
d	Any Other (Specify)	-	-	-
	Sub - Total (A)(2)	5	36415270	52.84
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + A(2)	26	44077104	63.95

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total shareholding as a percentage of total no. of shares
(B)	Public Shareholding			
(1)	Institutions			
a	Mutual Funds/UTI	-	-	-
b	Financial Institutions / Banks	4	57870	0.08
c	Central Government/ State Government(s)	-	-	-
d	Venture Capital Funds	-	-	-
e	Insurance Companies	-	-	-
f	Foreign Institutional Investors	2	3268959	4.74
g	Foreign Venture Capital Investors	-	-	-
h	Any other (specify)	-	-	-
	Sub - Total (B)(1)	6	3326829	4.82
(2)	Non Institutional			
a	Bodies Corporate	498	4534593	6.58
b	Individuals	16425	13728466	19.92
	Individual shareholders holding nominal share capital upto Rs. 1 lac			
	Individual shareholders holding nominal share capital in excess of Rs. 1 lac	12	3017883	4.38
c	Non - Resident (Non-Rep.)	41	55756	0.08
	Non - Resident (Rep.)	126	162719	0.24
	Trust	3	19000	0.03
	Sub - Total (B) (2)	17105	21518417	31.23
	Total Public Shareholding (B)(1) + (B)(2)	17111	24845246	36.05
	Total (B) = (A) + (B)	17137	68922350	36.05
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
	Grand Total	17137	68922350	100.00

xiii. Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by The National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01029. As on 31st March, 2013, 96.18% of the total shares of the Company have been dematerialised.

The shareholders holding shares in physical form are requested to dematerialize their shares as the company's shares are required to be compulsorily traded at the stock exchanges in dematerialized form only. The shares of the company are regularly traded at the National Stock Exchange India Limited and BSE Limited.

xiv. 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 20775 Equity Shares upon exercise of Stock

Options to the eligible employees under the said ESOP scheme.

xv. Subsidiary Company:

The Company does not have any materially unlisted Indian Subsidiary but one Independent Director has been appointed on the Board of Camlin Alphakids Limited which is 100% Subsidiary of the Company. The minutes of the subsidiary companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of its subsidiaries is also reviewed by the Board periodically.

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

xvii. Address for correspondence:

Registered Office	: Hilton House, 48/2, Central Road, MIDC, Andheri (East), Mumbai-400093.
Tel. No.	: 022-66557000
Fax No.	: 022- 2836 6579
E.mail	: investorrelations@kokuyocamlin.com.

xviii. Secretarial Department:

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

11. NON MANDATORY REQUIREMENTS:

Non Executive Chairman's Office:

The Chairman of the Company is 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 DANDEKAR
Chairman & Executive Director

Place : Mumbai
Dated : 14th May 2013

Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of KOKUYO CAMLIN LIMITED

We have examined the compliance of conditions of Corporate Governance by Kokuyo Camlin Limited for the year ended on 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above referred 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
Firm Registration No.105102W

Jayesh Thakur
Partner
(M.No.39168)

Place : Mumbai
Date : 14th May, 2013

Independent Auditors' Report

To the Members of **Kokuyo Camlin Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Kokuyo Camlin Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and;
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us];
- c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
- d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the 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 as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors are

disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Jayesh Thakur
Partner
Membership Number - 39168

Place : Mumbai,
Date : May 14, 2013

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) 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 ₹ 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

During the year, the Company has not accepted deposits from the public. In respect of the

deposits unpaid as on the Balance Sheet date, the 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 have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.

(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 2013 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income Tax, Wealth Tax, Service Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except in respect of (i) excise duty of ₹ 41.10 lacs under the Central Excise Act, 1956 out of which dispute in respect of ₹ 20.63 lacs is pending before

Bombay High Court, ₹ 18.14 lacs is pending before the Central Excise and Service Tax Tribunal and ₹ 2.33 lacs with Commissioner (Appeal), (ii) dispute in respect of Service Tax of ₹ 1.89 lacs under the Finance Act, 1994 which is pending before the Assistant Commissioner, (iii) dispute in respect of Income Tax of ₹ 24.79 lacs under the Income Tax Act, 1961 pending before the Income Tax Appellant Tribunal (Mumbai), (iv) dispute in respect of Sales Tax of ₹ 83.17 lacs under the State Sales Tax Laws and ₹ 15.47 lacs under the Central Sales Tax Act, of which the dues involved in the proceedings pending before the Dy. Commissioner (Appeals) are ₹ 98.34 lacs and those before the Central Sales Tax Tribunal are ₹ 0.30 lacs.

(x) Accumulated Losses

The Company does not have accumulated losses as at the end of the year. Company has incurred cash loss during the financial year covered by our audit but not 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 not given any guarantee during the year.

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

(xix) Security for Debentures Issued

The Company has not issued any Debentures.

(xx) Public Issue of Equity Shares

During the year, the 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 & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Jayesh Thakur
Partner
Membership Number - 39168

Place : Mumbai,
Date : May 14, 2013

Balance Sheet as at 31st March, 2013

	Notes	As at 31.03.2013 (₹ in Lacs)	As at 31.03.2012 (₹ in Lacs)
EQUITY AND LIABILITIES			
Shareholder's Fund	2.a	689.22	689.02
Reserves and Surplus	2.b	11,158.61	12,499.18
Shareholders' Funds	2	11,847.83	13,188.20
Share Application money pending Allotment	3	—	0.23
NON-CURRENT LIABILITIES			
Long-term borrowings	4.a	1,743.14	17.59
Deferred tax liabilities (Net)	4.b	—	119.47
Other long-term liabilities	4.c	808.22	809.80
Non-Current Liabilities	4	2,551.36	946.86
CURRENT LIABILITIES			
Short-term borrowings	5.a	4,781.31	4,127.23
Trade payables	5.b	6,847.21	6,241.87
Other current liabilities	5.c	1,214.55	901.62
Short-term provisions	5.d	206.91	218.68
Current Liabilities	5	13,049.98	11,489.40
TOTAL		27,449.17	25,624.69
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	6.a		
Tangible Assets	6.a.i	6,935.25	6,551.98
Intangible Assets	6.a.ii	71.91	28.71
Capital Work-in-progress	6.a.iii	95.67	38.31
Non-Current investments	6.b	216.88	220.88
Deferred tax assets (Net)	4.b	440.85	—
Long-term loans and advances	6.c	1,177.65	1,046.71
Non-Current Assets	6	8,938.21	7,886.59
CURRENT ASSETS			
Inventories	7.a/1.F	9,610.45	9,251.94
Trade receivables	7.b	6,652.42	6,229.80
Cash and Bank Balances	7.c	1,398.61	1,448.38
Short-term loans and advances	7.d	815.58	768.87
Other current assets	7.e	33.90	39.11
Current Assets	7	18,510.96	17,738.10
TOTAL		27,449.17	25,624.69
Significant Accounting Policies	1		

As per our report of even date annexed

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ayyadurai Srikanth
Chief Executive Officer

Jayesh Thakur
Partner

Membership No. 039168

Mumbai

Dated: 14th May, 2013

Dilip Dandekar
Shriram Dandekar

Nobuchika Doi
Takeo Iguchi

Ravindra Chandra Bhargava

Chairman & Executive Director
Vice Chairman & Executive Director

Executive Director
Executive Director

Director

Chetan Badal
Chief Financial Officer
Ravindra Damle
V.P. (Corporate) & Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	Year ended 31.03.2013 (₹ in Lacs)	Year ended 31.03.2012 (₹ in Lacs)
INCOME			
Revenue from Operations	8	45,346.43	39,730.64
Less: Excise duty		1,754.91	1,340.29
		43,591.52	38,390.35
Other Income	9	25.47	68.12
TOTAL INCOME		43,616.99	38,458.47
EXPENDITURE			
Cost of materials	10	16,730.18	14,169.12
Purchases of Stock-in-Trade	11	13,117.16	13,205.31
Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	12	(354.19)	(2,868.67)
Employee Benefit Expenses	13	5,141.99	4,182.73
Finance Costs	14	734.60	663.39
Depreciation	6.a	764.21	692.48
Other Expenses	15	9,361.04	8,310.40
TOTAL EXPENDITURE		45,494.99	38,354.76
Net Profit/(Loss) before Exceptional Items		(1,878.00)	103.71
Exceptional Items	16	—	54.47
Net Profit/(Loss) before Tax		(1,878.00)	158.18
Less : Current Tax		—	100.00
: Prior Years (Net)		26.01	(16.19)
: Deferred Tax		(560.32)	(59.44)
Profit/(Loss) after Tax for the period		(1,343.69)	133.81
Earnings Per Share – Basic (in ₹)		(1.95)	0.20
Earnings Per Share – Diluted (in ₹)		(1.95)	0.20
Significant Accounting Policies	1		

As per our report of even date annexed

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

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Executive Director
Executive Director
Director

Ravindra Damle
V.P. (Corporate) & Company Secretary

Cash Flow Statement for the year ended 31st March, 2013

	Year ended 31.03.2013 (₹ in Lacs)	Year ended 31.03.2012 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss)	(1,878.00)	158.18
Adjustments for:		
Depreciation	764.21	692.48
Foreign Exchange (Unrealised)	7.18	31.89
(Profit)/Loss on disposal of Fixed Assets	13.15	23.10
(Profit)/Loss on Sale of Investments	—	(4.00)
Provisions/Reversals thereof	(19.99)	(54.47)
Finance Costs	734.60	663.39
Interest/Dividend Accrued	(25.45)	(63.09)
Operating Profit/(Loss) before Working Capital changes	(404.30)	1,447.48
Adjustments for:		
Inventories	(358.51)	(3,195.13)
Trade Receivables	(422.62)	(808.57)
Loans and Advances	(37.47)	(266.31)
Trade Payables	605.34	99.85
Other Current Liabilities	250.97	254.94
Changes in Working Capital	37.71	(3,915.22)
Cash generated from Operations	(366.59)	(2,467.74)
Direct taxes paid	(9.67)	(266.86)
Net cash from Operating Activities	(376.26)	(2,734.60)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including advances)	(1,404.42)	(926.94)
Sale of Fixed Assets	6.70	4.91
(Purchase)/Sale of Investments	4.00	12.00
Interest received	28.66	22.33
Dividend received	2.00	1.70
Net cash used in Investing Activities	(1,363.06)	(886.00)

Cash Flow Statement for the year ended 31st March, 2013

	Year ended 31.03.2013 (₹ in Lacs)	Year ended 31.03.2012 (₹ in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	2,363.68	(193.40)
Preferential Issue of Share Capital	—	5,893.93
Issue of Shares under 'Camlin Employees Stock Option Scheme 2008' (ESOP 2008)	3.09	85.19
Finance Costs paid	(669.93)	(666.18)
Dividend Paid	(0.11)	(152.34)
Net cash used in Financing Activities	1,696.73	4,967.20
D. UNREALISED FOREIGN EXCHANGE FLUCTUATION:	(7.18)	(31.89)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(49.77)	1,314.71
Cash and Cash Equivalents (Opening Balance)	1,448.38	133.68
Cash and Cash Equivalents (Closing Balance)	1,398.61	1,448.38*

* Includes ₹ 510.00 Lacs pledged with Banks

As per our report of even date annexed

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Jayesh Thakur

Partner

Membership No. 039168

Mumbai

Dated: 14th May, 2013

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Chairman & Executive Director
Vice Chairman & Executive Director

Executive Director
Executive Director
Director

Notes forming part of the Financial Statements

1. 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 the 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 the financial statements and the reported amount of revenue 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 are recorded at cost of acquisition or construction and 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 provide significant future economic benefits over an extended period. The cost comprises of license fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation costs.
- ii. In compliance with Accounting Standard (AS) 28 - "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the Company assesses on 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 recognized wherever carrying amount exceeds the recoverable amount.
- iii. Depreciation on all assets of the Company, except on leasehold land, is provided on straight line basis in terms of the requirements of Schedule XIV to the Companies Act, 1956. Leasehold land is amortised over the 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 Material and Packing Material	:	At moving weighted average cost, written down to realisable value if the costs of related finished goods exceeds its net realisable value.
B.	Work-in-process	:	At lower of moving weighted average cost, or at net realisable value.
C.	Finished Goods	:	At lower of moving weighted average cost, or at 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 input. Input credit not recoverable is charged to the Statement of Profit and Loss.

G. Foreign Currency Transactions

- i. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency 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 the 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.

Notes forming part of the Financial Statements

H. Research and Development

Revenue expenditure incurred on research and development is charged to Statement of Profit and Loss for 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 Statement of Profit and Loss 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 Statement of Profit and Loss for the year in which the employee has rendered the service. The expense is recognised at the present value of the amount payable which is determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long-term benefits are charged to the Statement of Profit and Loss for the year.

J. Revenue/Expense Recognition

- i. Revenue from sale of goods is accounted for on the basis of dispatch of goods. Sales are inclusive of excise duty and net of sales returns/trade discount.
- 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 from excise duty paid in respect of clearance from Jammu plant is recognised as revenue based on legal advice obtained by the Company [refer note no. 18].
- 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 "operating lease" are charged to the Statement of Profit and Loss on straight line basis over the lease term.

K. Government grants

- i. Grants in the nature of promoters' contribution with reference to total investment in the undertaking or total capital outlay, are treated as capital reserve.
- ii. Grants relating to specific fixed assets are deducted from the book value of the related asset.
- iii. Grants relating to revenue are credited to the Statement of Profit and Loss and presented as income from operations.

L. Borrowing Costs

Borrowing costs attributable to acquisition 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 assets. All other borrowing costs are charged to revenue.

M. 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.

N. 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 originated in one period and are capable of reversal in one or more subsequent periods.

O. Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20 on Earning per share issued by the ICAI. Basic earnings per equity share is computed by dividing net income by 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.

P. 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 in terms of Accounting Standard (AS) 17 issued by the ICAI.

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
20,00,00,000 Equity Shares of ₹ 1/- each (10,00,00,000 Equity Shares of ₹ 1/- each)	2,000.00	1,000.00
(a) Issued, Subscribed & Paid-up		
6,89,22,350 Equity Shares of ₹ 1/- each (6,89,01,575 Equity Shares of ₹ 1/- each)	689.22	689.02

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

	31.03.2013		31.03.2012	
	No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
At the beginning of the year	68,901,575	689.02	61,064,537	610.65
Issued during the year-ESOP	20,775	0.21	903,038	9.03
Issued during the year-Preferential Allotment of Equity Shares	—	—	6,934,000	69.34
Outstanding at the end of the year	68,922,350	689.22	68,901,575	689.02

(i) Terms/rights attached to equity shares

The Company has only one class of equity shares with a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share.

(ii) Shares held by the Holding/ultimate Holding Company and/or their Subsidiaries/Associates.

Out of the equity shares issued by the Company, shares held by its Holding Company are as under:

Name of the Holding Company	31.03.2013		31.03.2012	
	No. of shares	% of holding	No. of shares	% of holding
KOKUYO S&T Co., Ltd. Japan	34,836,220	50.54%	34,836,220	50.56%

(iii) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31.03.2013		31.03.2012	
	No. of shares	% of holding	No. of shares	% of holding
KOKUYO S&T Co., Ltd. Japan	34,836,220	50.54%	34,836,220	50.56%

(iv) Shares reserved for issue under options

3,44,725 ESOPs, entitled to issue of one equity share for one ESOP at issue price of ₹ 16/- per share, are awaiting exercise of the option as on March 31, 2013.

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
2. (b) RESERVES AND SURPLUS		
(i) Capital Reserve		
As per last Balance Sheet	52.70	52.70
Additions during the year	—	—
	52.70	52.70
(ii) Share Premium Account		
As per last Balance Sheet	8,040.20	2,139.68
Received during the year	3.12	5,900.52
	8,043.32	8,040.20
(iii) General Reserve		
As per last Balance Sheet	2,087.82	2,057.82
Additions during the year	—	30.00
	2,087.82	2,087.82
(iv) Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	2,318.46	2,214.65
Add : Profit/(Loss) for the year	(1,343.69)	133.81
Less : Transfer to General Reserve	—	30.00
Net surplus in the Statement of Profit and Loss	974.77	2,318.46
	11,158.61	12,499.18
3. SHARE APPLICATION MONEY PENDING ALLOTMENT	—	0.23
	—	0.23
4. NON-CURRENT LIABILITIES		
(a) Long-term borrowings		
(i) Loan from - Banks (Secured)	—	14.31
(ii) - Banks (Unsecured)	1,743.14	—
(iii) - Others (Secured)	—	3.28
	1,743.14	17.59
(b) Deferred tax liability/(Asset) (net) [Ref. Note No. 25 (ii)]	(440.85)	119.47
(c) Other long-term liabilities		
Security Deposits	808.22	809.80
	808.22	809.80

a.(ii) Loan from Banks

External Commercial Borrowing (ECB) is obtained from The Bank of Tokyo-Mitsubishi UFJ Ltd. Singapore Repayment Schedule

1. Rate of Interest is based on LIBOR plus agreed spread.
2. Repayable in eight equal half-yearly installments starting from April 22, 2014 with last installment payable on October 18, 2017.

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
5. CURRENT LIABILITIES		
(a) Short-term borrowings		
(i) Bank Overdraft (Secured)	—	3,212.49
(ii) Bank Overdraft/Working Capital Demand Loan (Unsecured)	4,781.31	—
(iii) Short-term loan from bank (Unsecured)	—	914.74
	4,781.31	4,127.23
Unsecured Bank Overdraft and Working Capital Demand Loan carry negative lien on all assets of the Company.		
(b) Trade payables		
Trade payables (including acceptances)	6,847.21	6,241.87
(c) Others		
(i) Current Maturities of Long-term borrowings – Banks	—	15.95
– Others	—	1.15
(ii) Trade Advances	132.07	99.94
(iii) Employee Dues	603.12	535.30
(iv) Security Deposits	71.45	52.03
(v) Statutory Liabilities	305.72	109.50
(vi) Interest Accrued and due on loans	68.58	3.91
(vii) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
1. Unclaimed Dividends	15.12	15.23
2. Unclaimed Fixed Deposits	0.75	1.19
3. Unclaimed Interest on Fixed Deposits	0.59	1.09
(viii) Others	17.15	66.33
	1,214.55	901.62
(d) Short-term provisions		
(i) Excise Duty	24.66	23.06
(ii) Employees' Benefits	182.25	195.62
	206.91	218.68

Notes forming part of the Financial Statements

6. (a) FIXED ASSETS

(i) Tangible assets

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2013	Upto 31.03.2012	For the year	Disposals/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Freehold Land	2.73	—	—	2.73	—	—	—	—	2.73	2.73
Leasehold Land	187.29	—	—	187.29	12.59	1.93	—	14.52	172.77	174.70
Site Development	22.47	—	—	22.47	2.79	0.37	—	3.16	19.31	19.68
Building & Shed	1,551.97	13.62	—	1,565.59	244.38	50.94	—	295.32	1,270.27	1,307.59
Plant, Machinery & Equipment	7,958.09	1,028.36	0.03	8,986.42	3,416.88	580.81	0.03	3,997.66	4,988.76	4,541.21
Office Machinery	390.55	37.61	17.07	411.09	221.45	39.82	12.29	248.98	162.11	169.10
ERP Hardware Cost	186.61	—	—	186.61	174.78	11.76	—	186.54	0.07	11.83
Furniture & Fittings	360.93	26.77	7.07	380.63	177.18	21.47	4.00	194.65	185.98	183.75
Vehicles	230.55	25.50	31.30	224.75	89.14	21.64	19.30	91.48	133.27	141.41
Total	10,891.19	1,131.86	55.47	11,967.58	4,339.19	728.74	35.62	5,032.31	6,935.25	6,551.98
Previous Year	10,312.62	752.05	173.48	10,891.19	3,823.91	660.75	145.47	4,339.19	6,551.98	6,488.71

Notes :

Capitalised borrowing costs

Additions to Fixed Assets includes borrowing costs amounting to ₹ 8.43 Lacs (₹ Nil).

(ii) Intangible assets

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2013	Upto 31.03.2012	For the year	Disposals/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
ERP Software Cost	140.77	78.67	—	219.44	112.06	35.47	—	147.53	71.91	28.71
Total	140.77	78.67	—	219.44	112.06	35.47	—	147.53	71.91	28.71
Previous Year	128.23	12.54	—	140.77	80.33	31.73	—	112.06	28.71	47.90

(iii) Capital work in progress

	95.67	38.31
Grand Total	7,102.83	6,619.00

Note :

Borrowing cost of ₹ 48.86 Lacs (₹ Nil) carried in capital work in progress is net of interest earned ₹ 0.59 Lacs (₹ Nil) on temporary deployment of capital funds.

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
6. (b) NON-CURRENT INVESTMENTS		
Investments in Equity Instruments		
I. Quoted		
4,00,000 Equity Shares of ₹ 2/- each in Camlin Fine Sciences Ltd.	9.73	9.73
[Market Value ₹ 61.80 Lacs (89.60 Lacs)]		
II. Unquoted		
A. Subsidiary Companies		
a) 5,000 Equity Shares of ₹ 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
Less : Provision for diminution in value	—	9.26
c) 10,00,000 Equity Shares of ₹ 10/- each in Camlin Alphakids Ltd.	100.00	100.00
d) 10,00,000 7% Redeemable Non Cumulative Preference Shares of ₹ 10/- each in Camlin Alphakids Ltd.	100.00	100.00
[#] During the year, the Company had taken a decision to wind up the operations of its 100% subsidiary, Camlin North America Inc. and the carrying cost of investment in the said subsidiary was fully provided for. The said investment, having received necessary approvals, has been fully written-off during the year 2012-13.		
B. Trade (In Associate Companies)		
(a) 4,000 Equity Shares of ₹ 100/- each in Triveni Pencils Ltd.	—	4.00
(b) 2,150 Equity Shares of ₹ 100/- each in Excella Pencils Ltd.	2.15	2.15
(c) 5,22,000 Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd.	52.20	52.20
Less: Provision for diminution in value	52.20	52.20
	216.88	220.88

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
(c) Long-term Loans and Advances		
(i) Capital Advances	345.77	209.24
(ii) Security Deposits	362.56	363.58
(iii) Excise Deposits	122.05	172.67
(iv) Loans to Subsidiary Companies		
1. Camlin North America Inc., USA (Fully provided) [refer note no 6 b II (A) b]	—	19.99
2. Camlin Alphakids Ltd.	305.32	257.30
(v) Loans/Advances to related parties		
Mayur Colours Ltd.	41.95	43.92
	1,177.65	1,066.70
Less: Allowance for Doubtful Loans and Advances	—	19.99
	1,177.65	1,046.71
7. CURRENT ASSETS		
(a) Inventories		
(i) Raw Material [includes in transit ₹ 54.18 Lacs (₹ 0.14 Lacs)]	942.21	797.01
(ii) Packing Material [includes in transit ₹ 29.62 Lacs (₹ 208.00 Lacs)]	1,560.41	1,701.29
(iii) Work-in-Process [includes in transit ₹ 2.24 Lacs (₹ 1.19 Lacs)]	809.27	1,027.58
(iv) Finished Goods [includes in transit ₹ 165.86 Lacs (₹ 120.57 Lacs)]	3,056.22	2,686.47
(v) Stock-in-Trade [includes in transit ₹ 190.38 Lacs (₹ 300.61 Lacs)]	3,242.34	3,039.59
	9,610.45	9,251.94
(b) Trade receivables		
Unsecured		
(i) From Subsidiary Company – Camlin North America Inc. USA Outstanding for a period exceeding six months from the due date [Fully provided] [Refer Note No. 6 b II (A) b]	—	26.48
(ii) Other Receivables		
Outstanding for a period exceeding six months from the due date		
1. Considered Good	309.32	573.25
2. Considered Doubtful	138.27	139.22
(iii) Other Debts – Considered Good	6,343.10	5,656.55
	6,790.69	6,395.50
Less: Allowance for doubtful receivables	138.27	165.70
	6,652.42	6,229.80

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
(c) Cash and Bank Balances		
(i) Cash and Cash Equivalent		
Balances with Banks		
1. In Current Accounts	340.78	384.42
2. In EEFC Accounts	1.72	2.73
3. Deposit with maturity of less than three months	175.00	—
Cash on Hand	8.19	6.55
(ii) Other Bank Balances		
1. Deposits with original maturity of more than three months but less than twelve months	800.00	515.00
2. Maturing after twelve months	49.03	5.50
3. Fixed Deposits (pledged against borrowings)	—	510.00
4. Staff Security Deposits	8.18	7.86
5. Earmarked for payment of dividends/interest on fixed deposits	15.71	16.32
	1,398.61	1,448.38
(d) Short-term Loans and Advances		
Unsecured (Considered Good)		
(i) 1. Advances to Subsidiary Company - Camlin International Ltd.	—	0.09
2. Advances to Related Parties	4.19	5.02
(ii) Trade Advances	125.06	109.60
(iii) Prepaid Expenses	118.93	128.90
(iv) Income Tax (net of provisions)	125.16	141.50
(v) Deposits, balances and input credits for other taxes and duties	244.80	212.52
(vi) Other advances	197.44	171.24
	815.58	768.87
(e) Other non-current assets		
Interest accrued on Deposits	33.90	39.11
	33.90	39.11
8. REVENUE FROM OPERATIONS		
Sale of Products [Ref. Note No. 1-J-i & 25-i]	45,276.09	39,570.69
Add: Other Operating Revenues	70.34	159.95
Revenue from Operations (Gross)	45,346.43	39,730.64
Less: Excise Duty - [Net of Rebate] [Refer Note No. 18]	1,754.91	1,340.29
Revenue from Operations (Net)	43,591.52	38,390.35

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
9. OTHER INCOME		
(i) Interest	23.45	61.39
(ii) Dividend on Trade Investments	2.00	1.70
(iii) Profit on Sale of Investment	—	4.00
(iv) Profit on Sale of Assets	0.02	0.74
(v) Miscellaneous Receipts	—	0.29
	25.47	68.12
10. COST OF MATERIALS		
Colours/Pigments	1,761.17	1,649.55
Chemicals	1,974.55	1,734.33
Components	4,810.16	3,587.68
Containers	2,908.23	2,632.78
Others	5,276.07	4,564.78
	16,730.18	14,169.12
11. PURCHASE OF STOCK-IN-TRADE		
(i) Stationery Items	11,091.38	11,519.32
(ii) Chemical and Chemical Products	2,025.78	1,685.99
	13,117.16	13,205.31
12. CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Stocks as per last Balance Sheet		
Work-in-Process	1,027.58	764.55
Stock-in-Trade	3,039.59	1,470.27
Finished Goods	2,686.47	1,650.15
	6,753.64	3,884.97
Less: Closing Stock as at year end		
Work-in-Process	809.27	1,027.58
Stock-in-Trade	3,242.34	3,039.59
Finished Goods	3,056.22	2,686.47
	7,107.83	6,753.64
	(354.19)	(2,868.67)
13. EMPLOYEE COST		
Salaries, Wages and Bonus	4,560.81	3,783.89
Contribution to Provident & other funds [Refer Note No. 26 iv]	416.44	218.68
Staff and Labour Welfare	164.74	180.16
	5,141.99	4,182.73

Notes forming part of the Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
14. FINANCE COSTS		
Interest Expense on Debts and Borrowings [Net of interest of ₹ 14.51 Lacs (₹ 131.85 Lacs) earned on Time Deposits pledged with the Bank]	497.14	405.58
Interest Expense relating to Taxes and Duties	1.43	4.87
Other Borrowing Costs	236.03	252.94
	734.60	663.39
15. OTHER EXPENSES		
Power and Fuel	411.94	347.59
Job work charges	838.73	599.43
Repairs		
– Building	4.52	37.54
– Machinery	87.31	61.84
Rent	769.58	645.62
Rates and Taxes	28.22	27.27
Net losses/(gains) in respect of translations of foreign currencies	(30.14)	(31.39)
Insurance	85.11	64.88
Advertisement and Sales Promotion	1,830.78	2,077.18
Transport & forwarding charges	1,691.10	1,480.53
Commission/discount/service charges on sales	1,048.46	723.93
Travelling & Conveyance	887.74	800.31
Payment to Auditors #	37.35	21.25
Miscellaneous Expenses	1,670.34	1,454.42
	9,361.04	8,310.40
# Payment to Auditors		
(a) Audit fees for Standalone Accounts	10.00	10.00
(b) Audit fees for Consolidated Accounts	3.00	2.50
(c) Tax Audit Fees	2.00	2.00
(d) Vat Audit Fees	3.50	3.20
(e) Consultancy services	4.25	1.00
(f) Certifications	13.65	1.60
(g) Reimbursement of expenses	0.95	0.95
	37.35	21.25
16. EXCEPTIONAL ITEM		
Reversal of provision for doubtful advances in respect of a related party	—	54.47
	—	54.47

Notes forming part of the Financial Statements

NOTES TO ACCOUNTS:

17. Contingent Liabilities and Commitments (to the extent not provided for)

i. Contingent Liabilities:

1. Claims against the Company not acknowledged as debts: ₹ 183.36 Lacs (₹ 317.97 Lacs).
2. Other money for which the Company is contingently liable: ₹ 34.78 Lacs (₹ 23.42 Lacs).

ii. Commitments:

1. Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 530.41 Lacs (₹ 291.95 Lacs)
2. Corporate guarantees given to the banker of a related party ColArt Camlin Canvas Pvt. Ltd.: ₹ Nil (₹ 150 Lacs)

18. Excise Remission at Jammu:

- a. The Jammu and Kashmir High Court delivered a judgment dated December 23, 2010 quashing the Excise Notification applicable to the undertakings set-up in Jammu. The notification restricted the quantum of excise duty remission and the Jammu and Kashmir High Court upheld the entitlement to total exemption from excise duty. The Company has obtained legal advice which confirms the company's right to such total exemption and in terms of the judgment of the High Court, rebate of excise duty, being the duty on assessable value of goods, net of CENVAT credit of ₹ 411.45 Lacs (₹ 335.17 Lacs), is recognised as revenue and accrued as income from operations. The cumulative amount of remission as on March 31, 2013 so recognised is ₹ 1190.25 Lacs (₹ 778.80 Lacs).
- b. A writ petition was filed by the company in the Jammu and Kashmir High Court praying for quashing of the notification. Pending final disposal of the petition filed by the company, the Jammu and Kashmir High Court had modified the earlier interim order, issued on May 4, 2011, in OWP 601/2011 on March 11, 2013. Consequently, the Jammu and Kashmir High Court has directed the excise department to release 50% of the amount due to the manufacturers, subject to the approval of the Jurisdictional Commissioner of Excise to ensure liquidity and solvency of the manufacturers.

19. Derivatives instruments and foreign currency exposure

- a. The hedged exposure of foreign currency transactions is as under:

		(₹ in Lacs)	
On Account of	Currency	2012-13	2011-12
(i) Trade Payables	(USD)	1.02	—
	(YEN)	160.95	—

- b. The unhedged exposure of foreign currency transactions is as under:

		(₹ in Lacs)	
On Account of	Currency	2012-13	2011-12
(i) Trade Receivables	(USD)	4.88	7.34
(ii) Trade Payables	(USD)	0.95	1.36
	(GBP)	0.10	—
	(YEN)	142.45	207.08

20. Equity Shares:

- i. During the preceding year 2011-12, the company had allotted 69,34,000 equity shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of share premium of ₹ 84/- per share) aggregating to ₹ 5,893.90 Lacs on preferential basis to KOKUYO S&T Co., Ltd. on the terms and conditions approved by the members at the Extra Ordinary General Meeting held on June 29, 2011.

- ii. The utilisation of funds received by way of preferential allotment is as under:

		(₹ in Lacs)	
Particulars		2012-13	2011-12
Funds raised on preferential allotment		5,893.90	5,893.90
Capital Expenditure		1,211.20	644.94
Repayment of Long-term Loans		490.00	490.00
Working Capital		4,192.70	3,733.96
Time Deposit with Banks		—	1,025.00
Total		5,893.90	5,893.90

Notes forming part of the Financial Statements

21. Managerial Remuneration

The Company has sought approval of the Central Government in relation to managerial remuneration paid to the Whole-time Directors/Managing Director/Manager. The approval is awaited. The details of the same are as under:

- Remuneration to resident Whole-time Directors, including Managing Directors, aggregating to ₹ 32.24 Lacs as waiver of excess remuneration paid for the financial year 2011-12 in view of inadequacy of profits for the year.
- Remuneration to resident Whole-time Directors, including Managing Directors, aggregating to ₹ 185.75 Lacs as minimum remuneration, in view of inadequacy of profits for the financial year 2012-13.
- Appointment and payment of remuneration to Whole-time Directors/Manager with effect from February 01, 2013 for the period of three years as approved by the members by way of passing special resolution through postal ballot on March 28, 2013.

22. Expenditure on Research and Development

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

		(₹ in Lacs)	
Sr. No.	Particulars	2012-13	2011-12
1.	Employee Cost	93.58	34.21
2.	Cost of Materials	1.43	1.67
3.	Other Expenses	14.03	14.09
Total		109.04	49.97

23. 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" (MSMED Act) 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 March 31, 2013 are as under :

		(₹ in Lacs)	
Sr. No.	Description	2012-13	2011-12
1.	Principal amount remaining unpaid beyond due date to suppliers as at the end of accounting year.	8.82	2.36
2.	Interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.08	0.21
3.	Amount of interest paid in terms of Section 16 of the MSMED Act, along with the amount of payment made to the supplier beyond the appointed day during the year 2012-13	Nil	Nil
4.	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 the MSMED Act.	3.11	1.33
5.	Amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	3.18	1.54

24. The disclosures in respect of Employees' Stock Option Scheme which are outlined in this year's Annexure to the Directors Report and the Report on Corporate Governance, are treated as an annexure to these accounts.

Notes forming part of the Financial Statements

25. (i) Break up of Sales and Stocks:

(₹ in Lacs)

CLASS OF GOODS	Sales	Inventory	
		Work-in-Progress	Finished Goods
(A) MANUFACTURED ITEMS			
1. Chemical & Chemical Products Gum/Paste/Adhelin/Artist Colours	13,750.50 (11,614.39)	344.04 (447.12)	1,377.21 (1,222.40)
2. Stationery items (A) S.P. Ink/Writing Ink	2,210.82 (1,982.34)	148.37 (125.84)	168.68 (278.12)
Stationery items (B) Wooden Pencils/Markers/Hi-polymer Leads/Others	10,859.11 (9,327.96)	316.86 (454.62)	1,510.33 (1,185.94)
(B) TRADING ITEMS			
1. Chemical & Chemical Products Gum/Paste/Adhelin/Artist Colours	3,273.45 (2,699.05)		577.38 (506.70)
2. Stationery items Wooden Pencils/Markers/Hi-polymer Leads/Others	15,258.07 (14,031.81)		2,664.96 (2,532.89)
3. Others – Being sale of exhibition materials, Painting, etc.	— (5.87)		— (0.00)
Less : Trade Discount	75.86 (90.73)		
	45,276.09 (39,570.69)	809.27 (1,027.58)	6,298.56 (5,726.05)

(₹ in Lacs)

	2012-13	2011-12
(ii) Earnings in Foreign Exchange		
Exports at F.O.B. Value (Excluding Nepal)	877.73	911.18
	877.73	911.18
(iii) Expenditure in Foreign Currency		
Travelling	44.85	29.17
Others	84.87	39.48
	129.72	68.65
(iv) Value of Imports on C.I.F. Basis		
(a) Raw Materials	465.60	520.21
(b) Components and Spare Parts	2,493.12	1,904.65
(c) Capital Goods	222.53	353.19
(d) Purchases of Traded Products	565.12	158.01
	3,746.37	2,936.06
(v) Value of Consumption of Raw Materials and Stores		
(a) Indigenous	13,335.77	11,739.98
(b) Imported (Landed Cost) – Raw Material, Components & Spare Parts	3,394.41	2,540.05
	16,730.18	14,280.03
(vi) Percentage of Consumption of Raw Materials and Stores		
(a) Indigenous	79.71	82.21
(b) Imported (Landed Cost) – Raw Material, Components & Spare Parts	20.29	17.79
	100.00	100.00

Notes forming part of the Financial Statements

26. Disclosures Pursuant to the Requirements of Accounting Standards:

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

			(₹ in Lacs)	
Sr. No.	Particulars	2012-13	2011-12	
a.	Payable not later than 1 year	375.04	99.00	
b.	Payable later than 1 year and not later than 5 years	810.67	371.25	
c.	Payable later than 5 years	Nil	Nil	

ii. Deferred Taxes:

				(₹ in Lacs)
Particulars	Opening Balance as on 01.04.2012	Increase/ (Decrease) During the year	Closing Balance as on 31.03.2013	
Liabilities:				
Depreciation	519.93	22.83	542.76	
Sub-total	519.93	22.83	542.76	
Assets:				
Provision for doubtful debts/Leave Encashment	115.48	(27.90)	87.58	
Expenses Allowable	284.97	135.65	420.62	
Unabsorbed Business Loss	—	475.41	475.41	
Sub-total	400.45	583.16	983.61	
Net Deferred Tax Liability/(Asset)	119.47	(560.32)	(440.85)	

The amount of deferred tax is retained to the extent the Company has been able to make a fair estimation of taxable income in the subsequent years based on business plans.

iii. Earnings Per Share (Basic & Diluted):

	2012-13	2011-12
Net Profit/(Loss) after Tax – ₹ Lacs	(1,343.69)	133.81
Issued and paid-up equity shares (Nos)	6,89,22,350	6,89,01,575
Weighted average number of equity shares used in computing basic earnings per share (Nos.)	6,89,07,153	6,65,91,285
Weighted average number of equity shares used in computing diluted earnings per share (Nos.)	6,91,03,725	6,70,21,121
Earnings per share – Basic ₹	(1.95)	0.20
Earnings per share – Diluted ₹	(1.95)	0.20

iv. Retirement Benefits:

Defined Contribution Plans

Company's contributions paid/payable during the year to provident fund, superannuation fund are recognised in the Statement of Profit and Loss.

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 gains and losses are recognised immediately in the Statement of Profit and Loss 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.

Notes forming part of the Financial Statements

Gratuity

Description of the Plan

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employees' 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:

	2012-13	2011-12	2010-11	2009-10	2008-09
Discount rate	8.25%	8.50%	8.25%	8.25%	7.50%
Rate of Return on Plan Assets	8.70%	8.60%	8.00%	8.00%	8.00%

Reconciliation of Benefit Obligation:

	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the beginning of the year	605.45	750.64	682.98	487.74	425.58
Interest Cost	51.46	60.05	56.35	36.58	36.93
Current Service Cost	38.88	30.54	34.18	31.60	29.08
Past Service Cost	—	—	—	108.73	—
Benefit Paid	(78.58)	(172.07)	(77.67)	(45.16)	(40.25)
Actuarial (Gain)/Loss on Obligations	82.35	(63.71)	54.80	63.49	36.39
Liability at the end of the year	699.56	605.45	750.64	682.98	487.74
Value of Plan Assets at the end of the year	689.39	658.16	730.83	698.74	650.36

Reconciliation of value of Plan Assets:

	2012-13	2011-12	2010-11	2009-10	2008-09
Value of Plan Assets at the beginning of the year	658.16	730.83	698.74	650.36	563.56
Return on Plan Assets	56.60	55.27	55.90	52.97	49.54
Contributions	50.98	31.95	47.12	34.32	75.92
Benefit Paid	(78.58)	(172.07)	(77.67)	(45.16)	(40.25)
Actuarial (Gain)/Loss on Obligations	2.23	12.20	6.74	6.25	1.58
Value of Plan Assets at the end of the year	689.39	658.16	730.83	698.74	650.36

Expenses recognised in the Statement of Profit and Loss under the head Employee Cost

	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	38.88	30.54	34.18	31.60	29.09
Past Service Cost	—	—	—	108.73	—
Interest Cost	51.46	60.05	56.35	36.58	36.94
Return on Plan Assets	(56.60)	(55.26)	(55.90)	(52.97)	(49.55)
Net Actuarial (Gain)/Loss recognised	80.12	(75.90)	48.06	57.25	34.81
Expenses recognised in the Statement of Profit and Loss	113.86	(40.58)	82.68	181.18	51.28

Notes forming part of the Financial Statements

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

(a)	Name of the Related Party	Nature of Relationship
1.	KOKUYO S&T Co. Ltd.	Holding Company
2.	Camlin North America, Inc., USA	Subsidiary
3.	Camlin International Ltd.	Subsidiary
4.	Camlin Alphakids Ltd.	Subsidiary
5.	ColArt Camlin Canvas Pvt. Ltd.	Associate
6.	CAFCO Consultants Ltd.	Associate
7.	Camart Industries Ltd.	Associate
8.	Camlink Agencies LLP	Associate
9.	Camlink Consultants Pvt. Ltd.	Associate
10.	Dandekar Developers Pvt. Ltd.	Associate
11.	Dandekar Investments & Consultants Pvt. Ltd.	Associate
12.	DDI Consultants Pvt. Ltd.	Associate
13.	Excella Pencils Ltd.	Associate
14.	Camlin Fine Sciences Ltd.	Associate
15.	Nilmac Packaging Industries Ltd.	Associate
16.	Triveni Pencils Ltd.	Associate
17.	Mayur Colours Ltd.	Associate

(b) Key Management Personnel and their Relatives:

	Name of the Person	Nature of Relationship
	Key Management Personnel	
+	Mr. Dilip Dandekar	Chairman & Executive Director (C & ED)
++	Mr. Shriram Dandekar	Vice Chairman & Executive Director (VC & ED)
	Mr. Nobuchika Doi	Executive Director
*	Mr. Hirofumi Iwatsu	Non-Executive Director
	Mr. Takeo Iguchi	Executive Director
**	Mr. Ayyadurai Srikanth	Chief Executive Officer
	Relatives	
	Mr. Subhash Dandekar	Chairman Emeritus and brother of C & ED
	Mrs. Aditi Dighe	General Manager - Marketing (Colour Group) and daughter of C & ED
	Mr. Rahul Dandekar	Manager - Sales Marketing (Colours) and son of C & ED
	Mr. Nikhil Dandekar	Assistant Manager - Strategic Planning and Project and son of VC & ED

+ Redesignated as Chairman & Executive Director w.e.f. February 1, 2013

++ Redesignated as Vice Chairman & Executive Director w.e.f. February 1, 2013

* Ceased to be Executive Director w.e.f. January 1, 2013 and continued as Non-Executive Director thereafter

** Appointed as Chief Executive Officer from February 1, 2013.

Notes forming part of the Financial Statements

v. Related Parties Disclosures: (as certified by the management) (contd.) (c) Transactions with Associate Companies:

		(₹ in Lacs)
Particulars	Associate Companies	2012-13
Purchase of goods	Excella Pencils Ltd.	3,231.78
	Others	127.12
	Total	3,358.90
		(2,402.10)
Sale of goods	Excella Pencils Ltd.	301.37
	Others	9.57
	Total	310.94
		(125.64)
Purchase/Sale of Fixed Assets	ColArt Camlin Canvas Pvt. Ltd.	16.72
	Total	16.72
		—
Receiving Services	Mayur Colours Ltd.	299.58
	Nilmac Packaging Industries Ltd.	228.74
	Others	31.52
	Total	559.84
		(325.17)
Rendering Services	Total	—
		(1.02)
Interest Received	Mayur Colours Ltd.	2.18
	Total	2.18
		(6.04)
Dividend Paid	Total	—
		(15.91)
Dividend Received	Camlin Fine Sciences Ltd.	2.00
	Total	2.00
		(1.60)
Net Amount Payable	Excella Pencils Ltd.	698.69
	Other	27.54
	Total	726.23
		(446.28)
Net Amount Receivable	Triveni Pencils Ltd.	127.80
	Mayur Colours Ltd.	44.06
	Others	1.76
	Total	173.62
		(165.14)
Sale of Investments	DDI Consultants Pvt. Ltd.	4.00
	Total	4.00
		(8.00)

Notes forming part of the Financial Statements

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

Payments to Key Management Personnel and their Relatives		(₹ in Lacs)
		2012-13
a. Remuneration	Mr. Dilip Dandekar	83.74
	Mr. Shriram Dandekar	72.99
	Mr. Nobuchika Doi	83.90
	Mr. Hirofumi Iwatsu	58.35
	Mr. Takeo Iguchi	83.85
	Mr. Ayyadurai Srikanth	8.58
	Others	28.64
b. Dividend		—
	Total	420.05
		(348.64)

(d) Transactions with Subsidiary Companies:

(₹ in Lacs)

Particulars	Name of Subsidiary Companies	2012-13
Receiving Services	Camlin Alphakids Ltd.	0.03
	Camlin International Ltd.	0.09
	Total	0.12
		(0.24)
Interest Free Loans Given	Camlin Alphakids Ltd.	305.35
	Total	305.35
		(277.29)
Net Amount Receivable	Total	—
		(26.58)

(e) Transactions with Holding Company:

(₹ in Lacs)

Particulars	Name of the Holding Company	2012-13
Purchase of Goods	KOKUYO S&T Co. Ltd. Japan	107.72
		(13.75)
Net Amount Payable	KOKUYO S&T Co. Ltd. Japan	13.10
		(7.35)

Figures in brackets are for the previous year.

27. The Board of Directors, in its meeting held on August 7, 2012, had approved issue of equity shares on rights basis to its existing shareholders, for an issue size not exceeding ₹ 110 Crores. The Company has filed a draft letter of offer with the Securities Exchange Board of India (SEBI) on March 28, 2013 and is awaiting its observations on the same. Expenditure of ₹ 38.81 Lacs related to the said issue is carried in 'Other Advances' under 'Short-term Loans and Advances'.

28. Previous year's figures, shown separately as such or in brackets are recast/regrouped wherever necessary.

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

(₹ in Lacs)

1.	Name of the Subsidiary	CAMLIN INTERNATIONAL LTD.	CAMLIN ALPHAKIDS LTD.
2.	Financial year of the subsidiary company ends on	31 st March, 2013	31 st March, 2013
3.	Holding company's interest:		
	I. No. of shares held	5,000	20,00,000
	II. Percentage of shareholding	100%	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.	(0.17)	(161.87)
	II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	(0.85)	(244.79)
5.	The net aggregate amount of the subsidiary's profit/(loss) dealt with in the holding company's a/cs.:		
	I. For the financial year of the subsidiary	NIL	NIL
	II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	NIL	NIL

	Dilip Dandekar	<i>Chairman & Executive Director</i>
Ayyadurai Srikanth	Shriram Dandekar	<i>Vice Chairman & Executive Director</i>
<i>Chief Executive Officer</i>		
	Nobuchika Doi	<i>Executive Director</i>
Chetan Badal	Takeo Iguchi	<i>Executive Director</i>
<i>Chief Financial Officer</i>	Ravindra Chandra Bhargava	<i>Director</i>
	Ravindra Damle	
	<i>V.P. (Corporate) & Company Secretary</i>	

Mumbai

Dated: 14th May, 2013

Details of Subsidiary Pursuant to Section 212(8) of the Companies Act, 1956

Details of Subsidiary Companies as Provided Pursuant to the Directions of The Department of Company Affairs while Granting Permission to the Company under Section 212(8) of The Companies Act, 1956

(₹ in Lacs)

	NAME OF THE SUBSIDIARY	CAMLIN INTERNATIONAL LTD.	CAMLIN ALPHAKIDS LTD.
1.	Capital	5.00	200.00
2.	Reserves	1.33	0.00
3.	Total Assets	10.54	196.93
4.	Total Liabilities	10.54	196.93
5.	Details of Investments	NIL	NIL
6.	Turnover	NIL	245.65
7.	Profit/(Loss) before Taxation	(0.17)	(159.48)
8.	Provision for Taxation	NIL	2.39
9.	Profit/(Loss) after Taxation	(0.17)	(161.87)
10.	Proposed Dividend	NIL	NIL

Independent Auditors' Report

To the Board of Directors of Kokuyo Camlin Limited

1. We have audited the accompanying consolidated Financial Statements of **Kokuyo Camlin Limited** ("the Company") and its subsidiaries and associate companies (hereinafter referred to as the "Group", refer note no. 1 to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those

risk assessments; the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

6. In our opinion, the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standards (AS) 21 - Consolidated Financial Statements, Accounting Standards (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standards (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Jayesh Thakur
Partner
Membership Number 39168

Mumbai, May 14, 2013

Consolidated Balance Sheet as at 31st March, 2013

	Notes	As at 31.03.2013 (₹ in Lacs)	As at 31.03.2012 (₹ in Lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds	2.a	689.22	689.02
Reserves and Surplus	2.b	10,786.43	12,289.79
Shareholders' Funds	2	11,475.65	12,978.81
Share Application money pending Allotment	3	—	0.23
NON-CURRENT LIABILITIES			
Long-term borrowings	4.a	1,743.14	17.59
Deferred tax liabilities (Net)	4.b	—	75.45
Other long-term liabilities	4.c	808.22	809.80
Non-Current Liabilities	4	2,551.36	902.84
CURRENT LIABILITIES			
Short-term borrowings	5.a	4,781.31	4,127.23
Trade payables	5.b	6,920.65	6,287.65
Other current liabilities	5.c	1,248.53	932.70
Short-term provisions	5.d	206.91	218.68
Current Liabilities	5	13,157.40	11,566.26
TOTAL		27,184.41	25,448.14
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	6.a		
Tangible Assets	6.a.i	7,026.27	6,710.22
Intangible Assets	6.a.ii	71.91	28.71
Capital Work-in-progress	6.a.iii	95.67	38.31
Non-Current Investments	6.b	45.01	49.93
Deferred tax assets (Net)	6.c	482.49	—
Long-term loans and advances	6.d	939.53	847.60
Non-Current Assets	6	8,660.88	7,674.77
CURRENT ASSETS			
Inventories	7.a/1.F	9,610.45	9,251.94
Trade receivables	7.b	6,652.98	6,232.82
Cash and Bank Balances	7.c	1,407.02	1,471.66
Short-term loans and advances	7.d	819.18	777.84
Other current assets	7.e	33.90	39.11
Current Assets	7	18,523.53	17,773.37
TOTAL		27,184.41	25,448.14
Significant Accounting Policies	1		

As per our report of even date annexed

For B.K. Khare & Co. <i>Chartered Accountants</i> Firm Registration No. 105102W	Ayyadurai Srikanth <i>Chief Executive Officer</i>	Dilip Dandekar Shriram Dandekar	<i>Chairman & Executive Director</i> <i>Vice Chairman & Executive Director</i>
Jayesh Thakur <i>Partner</i> Membership No. 039168	Chetan Badal <i>Chief Financial Officer</i>	Nobuchika Doi Takeo Iguchi Ravindra Chandra Bhargava	<i>Executive Director</i> <i>Executive Director</i> <i>Director</i>
	Ravindra Damle <i>V.P. (Corporate) & Company Secretary</i>		

Mumbai
Dated: 14th May, 2013

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	Year ended 31.03.2013 (₹ in Lacs)	Year ended 31.03.2012 (₹ in Lacs)
INCOME			
Revenue from Operations	8	45,592.08	39,914.04
Less: Excise Duty		1,754.91	1,340.29
		43,837.17	38,573.75
Other Income	9	25.47	68.12
TOTAL INCOME		43,862.64	38,641.87
EXPENDITURE			
Cost of Materials	10	16,730.18	14,169.12
Purchases of Stock-in-Trade	11	13,117.16	13,205.31
Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in Trade	12	(354.19)	(2,868.67)
Employee Benefit Expenses	13	5,160.94	4,202.97
Finance Costs	14	734.60	663.39
Depreciation	6.a	805.87	730.35
Other Expenses	15	9,705.73	8,579.27
TOTAL EXPENDITURE		45,900.29	38,681.74
Net Profit/(Loss) before Exceptional Items		(2,037.65)	(39.87)
Exceptional Items	16	—	54.47
Net Profit/(Loss) before tax		(2,037.65)	14.60
Less: Current Tax		—	100.00
: Prior Years (Net)		26.01	(16.19)
: Deferred Tax		(557.94)	(59.44)
Profit/(Loss) after Tax for the period		(1,505.72)	(9.77)
Share of Profits/(Losses) of Associate		(4.92)	0.16
Profit/(Loss) after Tax and Share of profits of Associates for the period		(1,510.64)	(9.61)
Earnings Per Share - Basic (in ₹)		(2.19)	(0.01)
Earnings Per Share - Diluted (in ₹)		(2.19)	(0.01)
Significant Accounting Policies	1		

As per our report of even date annexed

For B.K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Ayyadurai Srikanth
Chief Executive Officer

Chetan Badal
Chief Financial Officer

Jayesh Thakur
Partner

Membership No. 039168

Mumbai

Dated: 14th May, 2013

Dilip Dandekar

Shriram Dandekar

Nobuchika Doi

Takeo Iguchi

Ravindra Chandra Bhargava

Chairman & Executive Director

Vice Chairman & Executive Director

Executive Director

Executive Director

Director

Ravindra Damle
V.P. (Corporate) & Company Secretary

Consolidated Cash Flow for the year ended 31st March, 2013

	Year ended 31.03.2013 (₹ in Lacs)	Year ended 31.03.2012 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss)	(2,042.57)	14.76
Adjustments for:		
Depreciation	805.87	730.35
Foreign Exchange (Unrealised)	7.18	31.89
(Profit)/Loss on disposal of Fixed Assets	13.15	23.10
(Profit)/Loss on Sale of Investments	—	(4.00)
Provisions/Reversals thereof	27.84	(54.47)
Finance Costs	734.60	663.39
Interest/Dividend Accrued	(25.45)	(63.09)
Operating Profit/(Loss) before Working Capital changes	(479.38)	1,341.93
Adjustments for:		
Inventories	(358.51)	(3,195.13)
Trade Receivables	(420.16)	(811.24)
Loans and Advances	(8.06)	(111.21)
Trade Payables	633.00	130.06
Other Current Liabilities	255.09	266.94
Share of Income of Associates	4.92	(0.16)
Changes in Working Capital	106.28	(3,720.73)
Cash generated from Operations	(373.10)	(2,378.81)
Direct taxes paid	(5.61)	(270.93)
Net cash from Operating Activities	(378.71)	(2,649.74)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including advances)	(1,415.68)	(994.80)
Sale of Fixed Assets	6.70	4.91
(Purchase)/Sale of Investments	4.00	11.84
Interest received	28.66	22.33
Dividend received	2.00	1.70
Net cash used in Investing Activities	(1,374.32)	(954.02)

Consolidated Cash Flow for the year ended 31st March, 2013

	Year ended 31.03.2013 (₹ in Lacs)	Year ended 31.03.2012 (₹ in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	2,362.52	(193.61)
Preferential Issue of Share Capital	—	5,893.93
Issue of Shares under 'Camlin Employees Stock Option Scheme 2008' (ESOP 2008)	3.09	85.19
Finance Costs paid	(669.93)	(666.17)
Dividend Paid	(0.11)	(152.34)
Net cash used in Financing Activities	1,695.57	4,967.00
D. UNREALISED FOREIGN EXCHANGE FLUCTUATION	(7.18)	(31.89)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(64.64)	1,331.35
Cash and Cash Equivalents (Opening Balance)	1,471.66	140.31
Cash and Cash Equivalents (Closing Balance)	1,407.02	1,471.66*
* Includes ₹ 510.00 Lacs pledged with Banks		

As per our report of even date annexed

For B.K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Jayesh Thakur
Partner

Membership No. 039168

Mumbai

Dated: 14th May, 2013

Ayyadurai Srikanth
Chief Executive Officer

Chetan Badal
Chief Financial Officer

Ravindra Damle
V.P. (Corporate) & Company Secretary

Dilip Dandekar
Shriram Dandekar

Nobuchika Doi
Takeo Iguchi
Ravindra Chandra Bhargava

Chairman & Executive Director
Vice Chairman & Executive Director

Executive Director
Executive Director
Director

Notes forming part of the Consolidated Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A. Principles of consolidation:

- (i) The consolidated financial statements relate to KOKUYO 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 has 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 2013
Camlin International Ltd.	India	100%
Camlin Alphakids Ltd.	India	100%

B. Fixed Assets:

- (i) Fixed Assets, are recorded at cost of acquisition or construction and 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 provide 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 costs.
- (ii) In compliance with Accounting Standard (AS) 28 - "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the Company assesses on 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 on leasehold land is provided on straight line basis in terms of requirements of Schedule XIV to the Companies Act, 1956. Leasehold land is amortised over the respective period of lease. Cost of intellectual property rights is amortised on straight line basis 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.
- (iv) In case of Camlin Alphakids 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.
Furniture Fixtures & Electrical Fittings	Over lease period.
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.

Notes forming part of the Consolidated Financial Statements

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. Input credit not recoverable is charged to the Statement of Profit and Loss.

F. Foreign Currency Transactions

- (i) Transactions in foreign currencies are recorded at the exchange rate 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 the 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 statement of profit and loss 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 statement of profit and loss for 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 statement of profit and loss for the year in which the employee has rendered service. The expense is recognised at the present value of the amount payable which is determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the statement of profit and loss.

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/trade discount.
- (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. (Refer Note no. 18)
- (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 "operating lease" are charged to the Statement of profit and loss on straight line basis over the lease term.

J. Borrowing Costs

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. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20 Earnings per Share issued by the ICAI. Basic earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding at the end of 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.

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
20,00,00,000 Equity Shares of ₹ 1/- each (10,00,00,000 Equity Shares of ₹ 1/- each)	2,000.00	1,000.00
(a) Issued, Subscribed & Paid-up		
6,89,22,350 Equity Shares of ₹ 1/- each (6,89,01,575 Equity Shares of ₹ 1/- each)	689.22	689.02

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	31.03.2013		31.03.2012	
	No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
At the beginning of the year	68,901,575	689.02	61,064,537	610.65
Issued during the year-ESOP	20,775	0.21	903,038	9.03
Issued during the year-Preferential Allotment of Equity Shares	—	—	6,934,000	69.34
Outstanding at the end of the year	68,922,350	689.22	68,901,575	689.02

(i) Terms/rights attached to equity shares

The Company has only one class of equity shares with a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share.

(ii) Shares held by the Holding/ultimate Holding Company and/or their Subsidiaries/Associates.

Out of the equity shares issued by the Company, shares held by its Holding Company are as under:

Name of the Holding Company	31.03.2013		31.03.2012	
	No. of shares	% of holding	No. of shares	% of holding
KOKUYO S&T CO., Ltd. Japan	34,836,220	50.54%	34,836,220	50.56%

(iii) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	31.03.2013		31.03.2012	
	No. of shares	% of holding	No. of shares	% of holding
KOKUYO S&T CO., Ltd. Japan	34,836,220	50.54%	34,836,220	50.56%

(iv) Shares reserved for issue under options

3,44,725 ESOPs, entitled to issue of one equity share for one ESOP at issue price of ₹ 16/- per share, are awaiting exercise of the option as on March 31, 2013.

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
2.(b) RESERVES AND SURPLUS		
(i) Capital Reserve		
As per last Balance Sheet	52.70	52.70
Additions during the year	—	—
Closing Balance	52.70	52.70
(ii) Share Premium Account		
As per last Balance Sheet	8,040.20	2,139.68
Received during the year	3.12	5,900.52
Closing Balance	8,043.32	8,040.20
(iii) General Reserve		
As per last Balance Sheet	2,064.34	2,034.34
Additions during the year	—	30.00
Closing Balance	2,064.34	2,064.34
(iv) Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	2,132.55	2,172.32
Add : Profit/(Loss) for the year	(1,510.64)	(9.77)
Add : Profit on sale of Investment	4.00	—
Less : Transfer to General Reserve	—	30.00
Net surplus in the Statement of Profit and Loss	625.91	2,132.55
	10,786.27	12,289.79
3. SHARE APPLICATION MONEY PENDING ALLOTMENT	—	0.23
	—	0.23
4. NON-CURRENT LIABILITIES		
(a) Long-term borrowings		
(i) Loan from - Banks (Secured)	—	14.31
(ii) - Banks (Unsecured)*	1,743.14	—
(iii) - Others (Secured)	—	3.28
	1,743.14	17.59
(b) Deferred tax liability (net) [Ref. Note No. 25 (ii)]	—	75.45
	—	75.45
(c) Other long-term liabilities		
Security Deposits	808.22	809.80
	808.22	809.80
* a.(ii) Loan from Banks (Unsecured)		
External Commercial Borrowing (ECB) is obtained from The Bank of Tokyo-Mitsubishi UFJ Ltd. Singapore.		
Repayment Schedule		
1. Rate of Interest is based on LIBOR plus agreed spread.		
2. Repayable in eight equal half-yearly installments starting from April 22, 2014 with last installment payable on October 18, 2017.		

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
5. CURRENT LIABILITIES		
(a) Short-term borrowings		
(i) Bank Overdraft (Secured)	—	3,212.49
(ii) Bank Overdraft/Working Capital Demand Loan (Unsecured)	4,781.31	—
(iii) Short-term loan from bank (Unsecured)	—	914.74
	4,781.31	4,127.23
Unsecured Bank Overdraft and Working Capital Demand Loan carry negative lien on all assets of the Company.		
(b) Trade payables		
Trade payables (including acceptances)	6,920.65	6,287.65
	6,920.65	6,287.65
(c) Others		
(i) Current Maturities of Long-term borrowings – Banks	—	15.95
– Others	—	1.15
(ii) Trade Advances	132.07	99.94
(iii) Employee Dues {include arrears of ₹ 105.06 Lacs (Nil), since paid}	603.12	535.30
(iv) Security Deposits	71.45	52.03
(v) Statutory Liabilities	308.55	113.95
(vi) Interest Accrued and due on loans	68.58	3.91
(vii) Investor Education and Protection Fund will be credited by following amounts (as and when due):		
1. Unclaimed Dividends	15.12	15.23
2. Unclaimed Fixed Deposits	0.75	1.19
3. Unclaimed Interest on Fixed Deposits	0.59	1.09
(viii) Others	48.30	92.96
	1,248.53	932.70
(d) Short-term provisions		
(i) Excise Duty	24.66	23.06
(ii) Employees' Benefits	182.25	195.62
	206.91	218.68

Notes forming part of the Consolidated Financial Statements

6. (a) FIXED ASSETS (i) Tangible assets

(₹ in Lacs)

PARTICULARS	COST					DEPRECIATION					BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	Assets held for Disposal	As at 31.03.2013	Upto 31.03.2012	For the year	Disposals/ Adjustments	Assets held for Disposal	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Freehold Land	2.73	—	—	—	2.73	—	—	—	—	—	2.73	2.73
Leasehold Land	187.29	—	—	—	187.29	12.59	1.93	—	—	14.52	172.77	174.70
Site Development	22.47	—	—	—	22.47	2.79	0.37	—	—	3.16	19.31	19.68
Building & Shed	1,650.67	15.29	—	28.50	1,637.46	275.03	70.51	—	12.98	332.56	1,304.90	1,375.64
Plant, Machinery & Equipment	7,970.98	1,028.36	0.03	5.69	8,993.62	3,420.82	583.34	0.03	2.76	4,001.37	4,992.25	4,550.16
Office Machinery	410.03	37.68	17.07	1.73	428.91	223.86	41.26	12.29	0.28	252.55	176.36	186.17
ERP Hardware Cost	186.61	—	—	—	186.61	174.78	11.76	—	—	186.54	0.07	11.83
Furniture & Fittings	453.24	27.29	7.07	14.65	458.81	205.32	39.59	4.00	6.71	234.20	224.61	247.92
Vehicles	230.55	25.50	31.30	—	224.75	89.14	21.64	19.30	—	91.48	133.27	141.41
Total	11,114.57	1,134.12	55.47	50.57	12,142.65	4,404.33	770.40	35.62	22.73	5,116.38	7,026.27	6,710.22
Previous Year	10,435.56	852.49	173.48	—	11,114.57	3,851.18	698.62	145.47	—	4,404.33	6,710.22	6,584.38

Notes :

Capitalised borrowing costs

Additions to Fixed Assets includes borrowing costs amounting to ₹ 8.43 lacs (₹ Nil).

(ii) Intangible assets

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2013	Upto 31.03.2012	For the year	Disposals/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
ERP Software Cost	140.77	78.67	—	219.44	112.06	35.47	—	147.53	71.91	28.71
Total	140.77	78.67	—	219.44	112.06	35.47	—	147.53	71.91	28.71
Previous Year	128.23	12.54	—	140.77	80.33	31.73	—	112.06	28.71	47.90

(iii) Capital work-in-progress

	95.67	38.31
Grand Total	7,193.85	6,777.24

Notes :

Borrowing costs of ₹ 48.86 lacs (₹ Nil) carried in Capital work-in-progress is net of interest earned ₹ 0.59 Lacs (₹ Nil) on temporary deployment of capital funds.

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
(b) NON-CURRENT INVESTMENTS		
Investments in Equity Instruments		
I. Quoted		
4,00,000 Equity Shares of ₹ 2/- each in Camlin Fine Sciences Ltd. [Market Value ₹ 61.80 Lacs (89.60 Lacs)]	9.73	9.73
II. Trade		
(a) 4,000 Equity Shares of ₹ 100/- each \$ in Triveni Pencils Ltd.	—	—
(b) 2,150 Equity Shares of ₹ 100/- each in Excella Pencils Ltd.	2.15	2.15
Add : Share of post acquisition profit	33.13	38.05
(c) 5,22,000 Equity Shares of ₹ 10/- each \$ in ColArt Camlin Canvas Pvt. Ltd.		52.20
Less : Provision for diminution in value	—	52.20
	45.01	49.93
\$ Valued at ₹ Nil as accumulated losses as on March 31,2013 exceed the net worth of the Companies		
(c) Deferred Tax Assets (Net)	482.49	—
(d) Long-term Loans and Advances		
(i) Capital Advances	354.77	209.24
(ii) Security Deposits	420.76	421.77
(iii) Excise Deposits	122.05	172.67
(iv) Loans and Advances to related party Mayur Colours Ltd.	41.95	43.92
	939.53	847.60
Less: Allowance for Doubtful Loans and Advances	—	—
	939.53	847.60
7. CURRENT ASSETS		
(a) Inventories		
(i) Raw Material [includes in transit ₹ 54.18 Lacs (₹ 0.14 Lacs)]	942.21	797.01
(ii) Packing Material [includes in transit ₹ 29.62 Lacs (₹ 208.00 Lacs)]	1,560.41	1,701.29
(iii) Work-in-Process [includes in transit ₹ 2.24 Lacs (₹ 1.19 Lacs)]	809.27	1,027.58
(iv) Finished Goods [includes in transit ₹ 165.86 Lacs (₹ 120.57 Lacs)]	3,056.22	2,686.47
(v) Stock-in-Trade [includes in transit ₹ 190.38 Lacs (₹ 300.61 Lacs)]	3,242.34	3,039.59
	9,610.45	9,251.94

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
(b) Trade receivables		
Unsecured		
(i) Other Receivables		
Outstanding for a period exceeding six months from the due date		
1. Considered Good	309.32	573.25
2. Considered Doubtful	138.27	139.22
(ii) Other Debts - Considered Good	6,343.66	5,659.57
	6,791.25	6,372.04
Less : Allowance for doubtful receivables	138.27	139.22
	6,652.98	6,232.82
(c) Cash and Bank Balances		
(i) Cash and cash equivalent		
Balances with Banks		
In Current Accounts	349.18	407.52
In EEFC Accounts	1.72	2.73
Deposit with maturity of less than three months	175.00	—
Cash on Hand	8.20	6.73
(ii) Other Bank Balances		
Deposits with original maturity of more than three months but less than twelve months	800.00	515.00
Maturing after twelve months	49.03	5.50
Deposits secured against borrowings	—	510.00
Staff Security Deposits	8.18	7.86
Earmarked for payment of Dividends/Interest on Fixed Deposits	15.71	16.32
	1,407.02	1,471.66
(d) Short-term Loans and Advances		
UNSECURED (Considered Good)		
(i) Advances to related parties	4.19	5.02
(ii) Trade Advances	125.16	110.29
(iii) Prepaid Expenses	118.93	128.90
(iv) Income Tax (net of provisions)	126.94	147.34
(v) Deposits, balances and input credits for other taxes and duties	244.80	212.52
(vi) Other advances	199.16	173.77
	819.18	777.84
(e) Other current assets		
Interest accrued on Deposits	33.90	39.11
	33.90	39.11

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
8. REVENUE FROM OPERATIONS		
Sale of Products [Ref. Note No. 1 I (i)]	45,276.09	39,570.69
Add : Other Operating Revenues	315.99	343.35
Revenue from Operation (gross)	45,592.08	39,914.04
Less : Excise Duty-[Net of Rebate] [Refer Note No. 18]	1,754.91	1,340.29
Revenue from Operation (Net)	43,837.17	38,573.75
9. OTHER INCOME		
(i) Interest	23.45	61.39
(ii) Dividend on Trade Investments	2.00	1.70
(iii) Profit on sale of investment	—	4.00
(iv) Profit on sale of assets	0.02	0.74
(v) Miscellaneous receipts	—	0.29
	25.47	68.12
10. COST OF MATERIALS		
Colours pigments	1,761.17	1,649.55
Chemicals	1,974.55	1,734.33
Components	4,810.16	2,632.78
Containers	2,908.23	3,587.68
Others	5,276.07	4,564.78
	16,730.18	14,169.12
11. PURCHASE OF STOCK-IN-TRADE		
(i) Stationery Items	11,091.38	11,519.32
(ii) Chemical and Chemical Products	2,025.78	1,685.99
	13,117.16	13,205.31
12. CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Stocks as per last Balance Sheet		
Work-in-Process	1,027.58	764.55
Stock-in-Trade	3,039.59	1,470.27
Finished Goods	2,686.47	1,650.15
	6,753.64	3,884.97
Less:		
Closing Stock as at year end		
Work-in-Process	809.27	1,027.58
Stock-in-Trade	3,242.34	3,039.59
Finished Goods	3,056.22	2,686.47
	7,107.83	6,753.64
	(354.19)	(2,868.67)

Notes forming part of the Consolidated Financial Statements

	31.03.2013 (₹ in Lacs)	31.03.2012 (₹ in Lacs)
13. EMPLOYEE COST		
Salaries, Wages and Bonus	4,578.13	3,802.48
Contribution to Provident & other funds [Refer Note No. 21 iv]	416.44	218.68
Staff and Labour Welfare	166.37	181.81
	5,160.94	4,202.97
14. FINANCE COSTS		
Interest Expense on Debts and Borrowings [Net of interest of ₹ 14.51 Lacs (₹ 131.85 Lacs) earned on Time Deposits pledged with the Bank]	497.14	405.58
Interest Expense relating to Taxes and Duties	1.43	4.87
Other Borrowing Costs	236.03	252.94
	734.60	663.39
15. OTHER EXPENSES		
Power and Fuel	419.61	353.79
Job work charges	838.73	599.43
Repairs		
— Building	4.52	37.54
— Machinery	87.31	61.84
Rent	902.60	742.04
Rates and Taxes	28.22	27.27
Net losses/(gains) in respect of translations of foreign currencies	(30.14)	(31.39)
Insurance	85.11	64.88
Advertisement and Sales Promotion	1,845.11	2,095.78
Transport & Forwarding Charges	1,691.10	1,480.53
Commission/discount/service charges on sales	1,048.46	723.93
Travelling & Conveyance	889.05	801.45
Payment to Auditors#	39.36	22.37
Miscellaneous Expenses	1,856.69	1,599.81
	9,705.73	8,579.27
# Payment to Auditors		
(a) Audit fees for Standalone Accounts	11.17	11.12
(b) Audit fees for Consolidated Accounts	3.00	2.50
(c) Tax Audit Fees	2.84	2.50
(d) Vat Audit Fees	3.50	3.20
(e) Consultancy services	4.25	1.00
(f) Certifications	13.65	1.10
(g) Reimbursement of expenses	0.95	0.95
	39.36	22.37
16. EXCEPTIONAL ITEM:		
Reversal of provision for doubtful advances in respect of a related party	—	54.47
	—	54.47

Notes forming part of the Consolidated Financial Statements

NOTES TO ACCOUNTS

17. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities:

1. Claims against the Company not acknowledged as debts: ₹ 183.36 Lacs (₹ 317.97 Lacs)
2. Other money for which the Company is contingently liable: ₹ 34.78 Lacs (₹ 23.42 Lacs)

(ii) Commitments:

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 530.41 Lacs (₹ 291.95 Lacs).
- (ii) Corporate guarantees given to the banker of a related party ColArt Camlin Canvas Pvt. Ltd. ₹ Nil (₹ 150.00 Lacs).

18. EXCISE REMISSION AT JAMMU:

- (a) The Jammu and Kashmir High Court delivered a judgment dated December 23, 2010 quashing the Excise Notification applicable to the undertakings set-up in Jammu. The notification restricted the quantum of excise duty remission and the Jammu and Kashmir High Court upheld the entitlement to total exemption from excise duty. The Company has obtained legal advice which confirms the Company's right to such total exemption and in terms of the judgment of the High Court, rebate of excise duty, being the duty on assessable value of goods, net of CENVAT credit of ₹ 411.45 Lacs (₹ 335.17 Lacs), is recognised as revenue and accrued as income from operations. The cumulative amount of remission as on March 31, 2013 so recognised is ₹ 1190.25 Lacs (₹ 778.80 Lacs).
- (b) A writ petition was filed by the Company in the Jammu and Kashmir High Court praying for quashing of the notification. Pending final disposal of the petition filed by the Company, the Jammu and Kashmir High Court had modified the earlier interim order, issued on May 4, 2011, in OWP 601/2011 on March 11, 2013. Consequently, the Jammu and Kashmir High Court has directed the excise department to release 50% of the amount due to the manufacturers, subject to the approval of the Jurisdictional Commissioner of Excise to ensure liquidity and solvency of the manufacturers.

19. DERIVATIVES INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE:

- (a) The hedged exposure of foreign currency transactions is as under:

On Account of	Currency	(₹ in Lacs)	
		2012-13	2011-12
Trade Payables	(USD)	1.02	—
	(YEN)	160.95	—

- (b) The unhedged exposure of foreign currency transactions is as under:

On Account of	Currency	(₹ in Lacs)	
		2012-13	2011-12
i) Trade Receivables	(USD)	4.88	7.34
ii) Trade Payables	(USD)	0.95	1.36
	(GBP)	0.10	—
	(YEN)	142.45	207.08

20. EQUITY SHARES:

- (i) During the preceding year 2011-12, the Company has allotted 69,34,000 equity shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of share premium of ₹ 84/- per share) aggregating to ₹ 5,893.30 Lacs on Preferential basis to KOKUYO S&T Co., Ltd. on the terms and conditions approved by the members at the Extra Ordinary General Meeting held on June 29, 2011.
- (ii) The utilisation of funds received by way of preferential allotment is as under:

Particulars	(₹ in Lacs)	
	2012-13	2011-12
Funds raised on preferential allotment	5,893.90	5,893.90
Capital Expenditure	1,211.20	644.94
Repayment of Long Term Loans	490.00	490.00
Working Capital	4,192.70	3,733.96
Time Deposit with Banks	—	1,025.00
Total	5,893.90	5,893.90

Notes forming part of the Consolidated Financial Statements

21. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS

(i) Total Lease Rentals on account of operating leases payable:

		(₹ in Lacs)	
Sr. No.	Particulars	2012-13	2011-12
(a)	Payable not later than 1 year	441.66	164.90
(b)	Payable later than 1 year and not later than 5 years	888.73	533.02
(c)	Payable later than 5 years	Nil	Nil

(ii) Deferred Taxes:

Major items of Deferred Tax Liabilities and Deferred Tax Assets

		(₹ in Lacs)		
Particulars	Opening Balance as on 01.04.2012	Increase/ (Decrease) During the year	Closing Balance as on 31.03.2013	
Liabilities:				
Depreciation	519.93	22.83	542.76	
Sub-total	519.93	22.83	542.76	
Assets:				
Provision for doubtful debts/Leave Encashment	115.48	(27.90)	87.58	
Expenses Allowable	284.97	611.06	896.03	
Unabsorbed Depreciation	8.43	(2.07)	6.36	
Unabsorbed business loss	35.59	(0.32)	35.27	
Sub-total	444.47	580.77	1,025.24	
Net Deferred Tax Liability/(Asset)	75.45	(557.94)	(482.49)	

The amount of deferred tax is retained to the extent the Company has been able to make a fair estimation of taxable income in the subsequent years based on business plans and in respect of Camlin Alphakids Ltd., considering the fact that the initial gestation period will lead to stability of operations and growth in the revenues.

(iii) Earning Per Share (Basic & Diluted):

	2012-13	2011-12
Net Profit/(Loss) after Tax - (₹ Lacs)	(1,510.64)	(9.77)
Issued and paid-up equity shares (Nos.)	6,89,22,350	6,89,01,575
Weighted average number of equity shares used in computing basic earnings per share. (Nos.)	6,89,07,153	6,65,91,285
Weighted average Number of equity shares used in computing diluted earnings per share. (Nos.)	6,91,03,725	6,70,21,121
Earnings per share - Basic ₹	(2.19)	(0.01)
Earnings per share - Diluted ₹	(2.19)	(0.01)

Notes forming part of the Consolidated Financial Statements

(iv) Retirement Benefits:

Defined Contribution Plans:

Company's contributions paid/payable during the year to provident fund, superannuation fund are recognised in the Statement of Profit and Loss.

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 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.

Gratuity

Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employees 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:

	2012-13	2011-12	2010-11	2009-10	2008-09
Discount rate	8.25%	8.50%	8.25%	8.25%	7.50%
Rate of Return on Plan Assets	8.70%	8.60%	8.00%	8.00%	8.00%

Reconciliation of Benefit Obligation:

	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the beginning of the year	605.45	750.98	682.98	487.74	425.58
Interest Cost	51.46	60.05	56.35	36.58	36.93
Current Service Cost	38.88	30.54	34.18	31.60	29.08
Past Service Cost	—	—	—	108.73	—
Benefits Paid	(78.58)	(172.07)	(77.67)	(45.16)	(40.25)
Actuarial (Gain)/Loss on Obligations	82.35	(63.71)	54.80	63.49	36.39
Liability at the end of the year	699.56	605.45	750.64	682.98	487.74
Value of Plan Assets at the end of the year	689.39	658.16	730.83	698.74	650.36

Notes forming part of the Consolidated Financial Statements

Reconciliation of value of Plan Assets:

(₹ in Lacs)

	2012-13	2011-12	2010-11	2009-10	2008-09
Value of Plan Assets at the beginning of the year	658.16	730.83	698.74	650.36	563.56
Return on Plan Assets	56.60	55.27	55.90	52.97	49.54
Contributions	50.98	31.95	47.12	34.32	75.92
Benefits Paid	(78.58)	(172.07)	(77.67)	(45.16)	(40.25)
Actuarial (Gain)/Loss on Obligations	2.23	12.20	6.74	6.25	1.58
Value of Plan Assets at the end of the year	689.39	658.16	730.83	698.74	650.36

Expenses recognised in the Statement of Profit and Loss under the head Employee Cost

(₹ in Lacs)

	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	38.88	30.54	34.18	31.60	29.09
Past Service Cost	—	—	—	108.73	—
Interest Cost	51.46	60.05	56.35	36.58	36.94
Return on Plan Assets	(56.60)	(55.26)	(55.90)	(52.97)	(49.55)
Net Actuarial (Gain)/Loss recognised	80.12	(75.90)	48.06	57.25	34.81
Expenses recognised in the Statement of Profit and Loss	113.86	(40.58)	82.68	181.18	51.28

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

(a) Associate Companies:

Name of the Related Party	Nature of Relationship
1. KOKUYO S&T Co. Ltd.	Holding Company
2. ColArt Camlin Canvas Pvt. Ltd.	Associate
3. CAFCO Consultants Ltd.	Associate
4. Camart Industries Ltd.	Associate
5. Camlink Agencies LLP	Associate
6. Camlink Consultants Pvt. Ltd.	Associate
7. Dandekar Developers Pvt. Ltd.	Associate

Notes forming part of the Consolidated Financial Statements

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

Name of the Related Party	Nature of Relationship
8. Dandekar Investments & Consultants Pvt. Ltd.	Associate
9. DDI Consultants Pvt. Ltd.	Associate
10. Excella Pencils Ltd.	Associate
11. Camlin Fine Sciences Ltd.	Associate
12. Nilmac Packaging Industries Ltd.	Associate
13. Triveni Pencils Ltd.	Associate
14. Mayur Colours Ltd.	Associate

(b) Key Management Personnel and their Relatives:

Name of the Person	Nature of Relationship
Key Management Personnel	
+ Mr. Dilip Dandekar	Chairman & Executive Director (C & ED)
++ Mr. Shriram Dandekar	Vice Chairman & Executive Director (VC & ED)
Mr. Nobuchika Doi	Executive Director
* Mr. Hirofumi Iwatsu	Non-Executive Director
Mr. Takeo Iguchi	Executive Director
** Mr. Ayyadurai Srikanth	Chief Executive Officer
Relatives	
Mr. Subhash Dandekar	Chairman Emeritus and brother of C & ED
Mrs. Aditi Dighe	General Manager – Marketing (Colour Group) and daughter of C & ED
Mr. Rahul Dandekar	Manager - Sales Marketing (Colours) and son of C & ED
Mr. Nikhil Dandekar	Assistant Manager - Strategic Planning and Project and son of VC & ED
+ Redesignated as Chairman & Executive Director w.e.f. February 1, 2013	
++ Redesignated as Vice Chairman & Executive Director w.e.f. February 1, 2013	
* Ceased to be Executive Director w.e.f. January 1, 2013 and continued as Non-Executive Director thereafter	
** Appointed as Chief Executive Officer from February 1, 2013.	

Notes forming part of the Consolidated Financial Statements

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

(c) Transactions with Associate Companies:

		(₹ in Lacs)
Particulars	Associate Companies	2012-13
Purchase of goods	Excella Pencils Ltd.	3,231.78
	Others	127.12
	Total	3,358.90
		(2,402.10)
Sale of goods	Excella Pencils Ltd.	301.37
	Others	9.57
	Total	310.94
		(125.64)
Purchase/Sale of Fixed Assets	ColArt Camlin Canvas Pvt. Ltd.	16.72
	Total	16.72
		—
Receiving Services	Mayur Colours Ltd.	299.58
	Nilmac Packaging Industries Ltd.	228.74
	Others	31.52
	Total	559.84
		(325.17)
Rendering Services	Total	—
		(1.02)
Interest Received	Mayur Colours Ltd.	2.18
	Total	2.18
		(6.04)
Dividend Paid	Total	—
		(15.91)
Dividend Received	Camlin Fine Sciences Ltd.	2.00
	Total	2.00
		(1.60)
Net Amount Payable	Excella Pencils Ltd.	698.69
	Other	27.54
	Total	726.23
		(446.28)
Net Amount Receivable	Triveni Pencils Ltd.	127.80
	Mayur Colours Ltd.	44.06
	Others	1.76
	Total	173.62
		(165.14)
Sale of Investments	DDI Consultants Pvt. Ltd.	4.00
	Total	4.00
		(8.00)

Notes forming part of the Consolidated Financial Statements

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

		(₹ in Lacs)
Payments to Key Management Personnel and their Relatives		2012-13
a. Remuneration	Mr. Dilip Dandekar	83.74
	Mr. Shriram Dandekar	72.99
	Mr. Nobuchika Doi	83.90
	Mr. Hirofumi Iwatsu	58.35
	Mr. Takeo Iguchi	83.85
	Mr. Ayyadurai Srikanth	8.58
	Others	28.64
b. Dividend		—
Total		420.05
		(348.64)

(d) Transactions with Holding Company:

(₹ in Lacs)

Particulars	Name of the Holding Company	2012-13
Purchase of Goods	KOKUYO S&T Co. Ltd. Japan	107.72
		(13.75)
Net Amount Payable	KOKUYO S&T Co. Ltd. Japan	13.10
		(7.35)

Figures in brackets are for the previous year.

(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	33.13	35.28
Colart Camlin Canvas Pvt. Ltd.	Manufacturing and export of Canvas Products	40.00%	52.20	NIL	(52.20)	NIL

22. 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 not significant in the context of Consolidated Financial Statement. Hence, separate segment reporting has not been made in terms of Accounting Standard (AS) 17 - "Segment Reporting" issued by the ICAI.

23. Previous year's figures, shown separately as such or in brackets are recast/regrouped wherever necessary.



KOKUYO CAMLIN LIMITED

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

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 66th 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 23rd July, 2013 at 3.30 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.



KOKUYO CAMLIN LIMITED

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

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 66th Annual General Meeting held at Walchand Hirachand Hall, IMC Building,
Indian Merchants Chamber Marg, Churchgate Mumbai - 400 020. on Tuesday, the 23rd July, 2013 at 3.30 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.

ALL INDIA CAMEL COLOUR CONTEST (AICCC)



CAMEL ART FOUNDATION (CAF)





KOKUYO CAMLIN LIMITED

A SUBSIDIARY OF KOKUYO S&T CO., LTD., JAPAN

48/2, Hilton House, Central Road, MIDC, Andheri (East), Mumbai - 400 093.

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