

CHAIRMAN EMERITUS**Mr. Subhash D. Dandekar****BOARD OF DIRECTORS****Mr. Dilip D. Dandekar** — Chairman & Managing Director**Mr. Rajiv M. Dandekar** — Joint Managing Director**Mr. Shriram S. Dandekar** — Executive Director**Mr. Deepak M. Dandekar** — Executive Director**Mr. Ashish S. Dandekar****Mr. Govind G. Desai****Mr. Shrikrishna E. Godbole****Mr. Madhukar P. Khedkar****Mr. Premanand A. Narvekar****Mr. Shishir S. Shirgaokar****Mr. Pramod M. Sapre****Mr. Dhananjay N. Mungale****REGISTERED OFFICE**

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

CORPORATE OFFICE

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

WORKS

- M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506.
- M.I.D.C. Taloja, Navi Mumbai 410 208.
- 101, Gangyal Industrial Area, Phase II, Jammu 180 004.
- Rajprabha Udyog Nagar, Walive, Vasai (East), (Dist. Thane) 401 308.

**GENERAL MANAGER (CORPORATE)
& COMPANY SECRETARY****Mr. Ravindra V. Damle****AUDITORS**

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

BANKERS

Bank of Maharashtra
IDBI Bank Ltd.

REGISTRARS & TRANSFER AGENTS**M/s. Sharepro Services (India) Pvt. Ltd.**

Unit: Camlin Limited,
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai 400 099.

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NOTICE

NOTICE is hereby given that the **60th Annual General Meeting** of the Members of Camlin Limited, will be held on Monday, the 30th July, 2007 at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry and Agriculture, Oricon House, 12-K Dubhash Marg, Fort, Mumbai - 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Deepak M. Dandekar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shrikrishna E. Godbole, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Madhukar P. Khedkar, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint B. K. KHARE and CO., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT in supersession of the Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Dilip D. Dandekar, as a Director in the wholetime employment, designated as ‘Chairman & Managing Director’ with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of

Rs. 2,35,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called ‘remuneration’ including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Dilip D. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Dilip D. Dandekar, as ‘Chairman & Managing Director’, the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956.”

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

“RESOLVED THAT in supersession of the Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Rajiv M. Dandekar, as a Director in the wholetime employment, designated as ‘Jt. Managing Director’ with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of Rs. 2,25,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called ‘remuneration’ including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Rajiv M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Rajiv M. Dandekar,

as 'Jt. Managing Director', the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT in supersession of the Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Shriram S. Dandekar, as a Director in the wholetime employment, designated as 'Executive Director' with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of Rs. 2,25,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Shriram S. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Shriram S. Dandekar, as 'Executive Director', the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT in supersession of a Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Deepak M. Dandekar, as a Director in the wholetime employment,

designated as 'Executive Director' with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of Rs. 2,25,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Deepak M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Deepak M. Dandekar, as 'Executive Director', the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) to the appointment of Mrs. Rajani S. Dandekar, who is a relative of the Directors of the Company, as "Marketing Advisor" with effect from 17th November, 2006, for a period of two years, on a monthly consultancy fees of Rs. 25,000/- plus service tax and that she also be provided with car and driver to be used for the purpose of this assignment and also be reimbursed with telephone and other communication facility expenses and all other incidental expenses as may be incurred in the course of her carrying out the assignment for the Company"

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

"RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) to the appointment of Mr. Subhash D. Dandekar, who is a relative of the Directors of the Company, as "Sr. Corporate Advisor" with effect from 1st August, 2007 for a period of two years, on a monthly consultancy



fees of Rs. 15,000/- plus service tax and that he also be provided with car and driver to be used for the purpose of this assignment and also be reimbursed with telephone and other communication facility expenses and all other incidental expenses as may be incurred in the course of him carrying out the assignment for the Company”.

Regd. Office: By Order of the Board
9-B, Nanddeep Industrial Estate,
Kondivita Lane, J. B. Nagar,
Andheri (East), **RAVINDRA V. DAMLE**
Mumbai-400 059. General Manager (Corporate) &
Company Secretary

Dated : 20th June, 2007.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the business referred to under Item Nos. 7 to 12 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 24th July, 2007 to 30th July, 2007 (both days inclusive).
4. The Dividend if sanctioned will be paid on or before 28th August, 2007 to those eligible shareholders whose names stand in the Register of Members on 30th July, 2007.
5. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or

its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

Members holding shares in physical form are requested to advise any change of address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.

6. Pursuant to 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.
7. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 1999, has been transferred to the “Investor Education and Protection Fund” established by the Central Government. Members shall not be able to register their claim in respect of their un-encashed dividend with regard to the above dividend.
8. Members who have not encashed their dividend warrants for the financial year ended 31st March, 2000 and thereafter, may immediately approach the R&T Agent to submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the “Investors Education and Protection Fund” as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
9. Member desirous of getting any information on the accounts or operations of the Company, is requested to forward his/her queries to the Company atleast seven working days prior to the meeting, so that the required information can be made available at the meeting.
10. Members, who hold shares in dematerialised form are requested to bring their Client ID and DP. ID. Nos. for easy identification of attendance at the meeting.

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

SPECIAL BUSINESS:

ITEM NOS: 7 TO 10

At the 58th Annual General Meeting held on 5th September, 2005, the members had approved the appointments of M/s. Dilip D. Dandekar, Chairman & Managing Director, Rajiv M. Dandekar, Joint Managing Director, Shriram S. Dandekar and Deepak M. Dandekar as Executive Directors respectively (collectively called Wholetime Directors) on revised terms and conditions.

In order to recognise the intensive efforts made to meet the challenges in the highly competitive market and in view of the need to maintain the sustained tempo of the Management working focused towards forward looking operations of the Company, the revision in remuneration of the Wholetime Directors w.e.f. 1st April, 2007 was approved by the Remuneration Committee and the Board of Directors at their Meetings held on 11th June, 2007 and 20th June, 2007 respectively.

The revised terms of remuneration for a period of three years from 1st April, 2007 to 31st March, 2010, are as under:-

1. Salary:

Sr. No.	Name & Designation of the Wholetime Directors	Salary per Month (Rs.)
1.	Mr. Dilip D. Dandekar Chairman & Managing Director	2,35,000
2.	Mr. Rajiv M. Dandekar Jt. Managing Director	2,25,000
3.	Mr. Shriram S. Dandekar Executive Director	2,25,000
4.	Mr. Deepak M. Dandekar Executive Director	2,25,000

2. House Rent Allowance:

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

3. Perquisites and Allowances:

In addition to the salary, house rent allowance and commission payable, each of the Wholetime Directors shall also be entitled to perquisites and allowances such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for themselves and their families, club fees, provision of car with driver, telephone/fax facilities and benefit of personal accident insurance scheme and such other perquisites and

allowances in accordance with the Rules of the Company or as may be agreed to by the Remuneration Committee/ Board of Directors and such perquisites and allowances will however, be subject to a ceiling of Rs. 1.50 lacs per annum.

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

However, the aforesaid remuneration will be subject to a overall ceilings stipulated in Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

4. Commission:

The Wholetime Directors may also be paid remuneration by way of commission, in addition to salary, house rent allowance and perquisites & allowances calculated with reference to the net profits of the Company for a particular financial year, subject to the overall ceilings laid down under the provisions of Sections 198 and 309 of the Companies Act, 1956 of such amount, as the Remuneration Committee/Board of Directors may in their absolute discretion determine.

5. Provident, Superannuation and Gratuity Fund:

Company's contribution to Provident Fund, Family Pension Scheme and Superannuation Fund to the extent these either singly or together are not taxable under the Income-tax Act 1961 and Gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

The aggregate of the remuneration including contribution towards Provident Fund, Family Pension Scheme, Superannuation Fund and Gratuity Fund, payable to the Wholetime Directors of the Company taken together shall not exceed 10% of the net profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

6. Minimum Remuneration:

If in any year during the currency of appointment of the Wholetime Directors, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of salary, house rent allowance and perquisites & allowances not exceeding the limits specified under Schedule XIII of the Companies Act, 1956.

7. Memorandum of Interest:

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

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

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

The above should also be considered as an abstract of the terms of appointment of the Wholetime Directors and a Memorandum as to the nature of concern or interest of the Directors in the said appointments, as required under Section 302 of the Companies Act 1956.

The Agreement(s) entered into between the Company and the Appointees, setting out the terms and conditions of their appointment, are available for inspection of the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company.

Additional information relevant to the appointment of the Wholetime Directors forming part of the explanatory statement as required as per Schedule XIII of the Companies Act, 1956.

(I) General Information:

(a) Nature of Industry:-

The Company is a Manufacturer of Consumer Products (Art Materials and Stationery).

(b) Date of commencement of commercial production:-

The Company was incorporated on 24th December, 1946 as a Private Limited Company and has been operative since then.

(c) Financial Performance based on given indicators –

(Rs. in Lacs)

Sr. No.	Particulars	** 2006-2007	2005-2006
1.	Total Income (Including net sales and non recurring items)	23466.81	19791.21
2.	Profit/(Loss) before tax		
	From operations	380.79	(22.14)
	From Non Recurring Item	4350.61	—
3.	Profit/(Loss) after tax	3606.91	(152.65)
4.	Dividend *	120.00	—

* proposed / ** The above figures are not comparable due to demerger of fine chemicals division effective 1st July, 2006.

(d) Export Performance and Foreign Exchange earned for the financial year ended 31st March, 2007:

During the year, the Company's exports amounted to Rs. 363.03 lacs as compared to Rs. 367.19 lacs in the previous year.

(e) Foreign Investments or Collaborations, if any.

During the year, the Company has not entered into any Foreign Collaborations or made any Foreign Investments.

(II) Information about the Wholetime Directors:

(a) Background Details:

Mr. Dilip D. Dandekar (55) G.C.D, joined the Company as 'Management Trainee'. He was later appointed as Wholetime Director in the year 1979. From 1st June, 2002 he has been appointed as "Chairman & Managing Director".

Mr. Rajiv M. Dandekar (52) B.Sc. (Hons.), M.B.A., joined the Company as 'Management Trainee'. He was later appointed as "Jt. Managing Director" from 1st January, 1993.

Mr. Shriram S. Dandekar (46) M.Sc, M.B.A., joined the Company as 'Management Trainee'. He was later appointed as "Executive Director" from 1st January, 1993.

Mr. Deepak M. Dandekar (49) B.Com, joined the Company as 'Asst. Accountant'. He was later appointed as "Executive Director" from 1st June, 1996.

(b) Past Remuneration:

Sr. No.	Name of the Wholetime Directors	(Rs. in Lakhs)
1.	Mr. Dilip D. Dandekar Chairman & Managing Director	27.88
2.	Mr. Rajiv M. Dandekar Jt. Managing Director	26.43
3.	Mr. Shriram S. Dandekar Executive Director	26.32
4.	Mr. Deepak M. Dandekar Executive Director	26.38

(c) Job Profile and his Suitability:

Mr. Dilip D. Dandekar is the 'Chairman and Managing Director' w.e.f. 1st June, 2002. He has wide experience of 37 years in the field of Marketing, Administration and overall Management of the Company. He is overall incharge of the Company.

Mr. Rajiv M. Dandekar is the 'Jt. Managing Director' since 1st January, 1993. He has wide experience of 28 years in the area of Marketing and Human Resource Development. He is responsible for the General Administration and is assisting the Chairman and Managing Director in his day-to-day functions.

Mr. Shriram S. Dandekar is an 'Executive Director' since 1st January, 1993. He has wide experience of 24 years in the field of Research and Development, Product Development, Business Planning and Marketing. He is responsible for Business Planning, Research & Development, Product Development and Marketing of the Company.

Mr. Deepak M. Dandekar is an 'Executive Director' since 1st June, 1996. He has wide experience of 23 years in the field of Accounts, Finance and Information Technology. He is responsible for all matters relating to Exports and Information Technology.

All the Wholtime Directors are part of the Senior Management and are responsible for the operations and affairs of the Company pertaining to their respective areas. Taking into consideration their qualifications and experience in relevant fields, the Wholtime Directors are best suited for the responsibilities currently assigned to them by the Board of Directors.

(d) Remuneration Proposed:

	(Rs.)								
Salary (Per Month)	<table border="0"> <tr> <td>Mr. Dilip D. Dandekar</td> <td style="text-align: right;">2,35,000/-</td> </tr> <tr> <td>Mr. Rajiv M. Dandekar</td> <td style="text-align: right;">2,25,000/-</td> </tr> <tr> <td>Mr. Shriram S. Dandekar</td> <td style="text-align: right;">2,25,000/-</td> </tr> <tr> <td>Mr. Deepak M. Dandekar</td> <td style="text-align: right;">2,25,000/-</td> </tr> </table>	Mr. Dilip D. Dandekar	2,35,000/-	Mr. Rajiv M. Dandekar	2,25,000/-	Mr. Shriram S. Dandekar	2,25,000/-	Mr. Deepak M. Dandekar	2,25,000/-
Mr. Dilip D. Dandekar	2,35,000/-								
Mr. Rajiv M. Dandekar	2,25,000/-								
Mr. Shriram S. Dandekar	2,25,000/-								
Mr. Deepak M. Dandekar	2,25,000/-								
House Rent Allowance	House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.								
Perquisites Allowances and Benefits	Maximum of Rs. 1.50 lacs per annum to each Wholtime Director.								
Commission	Remuneration by way of commission in addition to salary, house rent allowance, and perquisites allowances and benefits calculated with reference to Net Profits of the Company, subject to overall ceiling laid down under the provisions of Section 198 and 309 of the Companies Act, 1956 or such amount as the Remuneration Committee/ Board of Directors may determine.								

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

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

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

Besides the remuneration proposed, the Wholtime Directors do not have any other pecuniary relationship with the Company and its managerial personnel.

(III) Other Information:

(a) Reasons for loss or inadequate profits:

Inspite of healthy growth in sales volume, the Company could not post adequate profits due to increased input material cost and overheads.

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

For improving overall profitability, Company has already initiated measures like introduction of new products with higher value addition, control over the overheads, increase in capacities, aggressive advertising and marketing of products to reposition the brands.

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

The Company has significantly improved its performance in the current year as compared to the previous year. Relevant financial parameters stating the performance of full financial year compared to the corresponding period of the previous year are given below.

(Rs. in Lakhs)

Particulars	* As on 31 st March, 2007	As on 31 st March, 2006
Total Income (Including net sales and non recurring ordinary items)	23,466.81	19,791.21
Total Expenditure	18,900.79	19,965.75
Profit/(Loss) before tax		
From operations	380.79	(22.14)
From Non Recurring Item	4350.61	—

* The above figures are not comparable due to demerger of fine chemicals division effective 1st July, 2006.

(IV) Disclosures:

The information in respect of remuneration including performance linked remuneration alongwith performance criteria, service contract, notice period, stock options details if any have been given in the Corporate Governance Report.

Directors recommend the Special Resolutions for your approval.

ITEM NO: 11

Section 314(1) of the Companies Act, 1956, inter alia, provides that appointment of a relative of a Director for holding an office or a place of profit in a Company carrying total monthly remuneration exceeding Rs. 10,000/- but not more than Rs. 50,000/-, shall require approval of the members by Special Resolution.

In view of involvement of Mrs. Rajani S. Dandekar in carrying out and implementing activities of Camlin Art Foundation and acting as an Advisor to the Marketing Team for promotion of Colour Group products, your Directors strongly feel that Company should avail her continued advice and pay Consultancy Fees of Rs. 25,000/- per month plus service tax, car with driver, reimbursement of telephone and other communication facilities and all other incidental expenses as may be incurred by Mrs. Rajani S. Dandekar in carrying out the said assignment for the Company.

No Directors other than Mr. Ashish S. Dandekar, are concerned or interested in the Resolution.

Directors recommend the Special Resolution for your approval.

ITEM NO: 12

Section 314(1) of the Companies Act, 1956, inter alia, provides that appointment of a relative of a Director for holding an office or a place of profit in a Company carrying total monthly remuneration exceeding Rs. 10,000/- but not more than Rs. 50,000/-, shall require approval of the members by Special Resolution.

Considering the expertise, knowledge and vast experience possessed by Mr. Subhash D. Dandekar and his contribution to the business, your Directors strongly feel that Company should have his continued advice and pay Consultancy Fees of Rs. 15,000/- per month plus service tax, car with driver, reimbursement of telephone and other communication facilities and all other incidental expenses as may be incurred by Mr. Subhash D. Dandekar in carrying out the said assignment for the Company.

No Directors other than Mr. Ashish S. Dandekar and Mr. Dilip D. Dandekar, are concerned or interested in the Resolution.

Directors recommend the Special Resolution for your approval.

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

By Order of the Board
RAVINDRA V. DAMLE
General Manager (Corporate) &
Company Secretary

Dated: 20th June, 2007.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 60th Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2007.

SCHEME OF ARRANGEMENT FOR DEMERGER

During the year under review, your Directors had initiated restructuring of its business by way of demerging its Fine Chemicals Division into a separate Company, with a view to enable the management to focus on respective businesses, provide scope for independent collaborations and expansions and also to help unlock value for members. The scheme was approved by the members and thereafter sanctioned by the Hon'ble Bombay High Court on 17th November, 2006. The process of demerger was completed on 19th December, 2006, that being the effective date under the Scheme of Arrangement. The Fine Chemicals Division has been now demerged as a going concern into a separate Company named Camlin Fine Chemicals Limited w.e.f. 1st July, 2006 (appointed date). The members of Camlin Limited were allotted equity shares by Camlin Fine Chemicals Limited, in terms of the Scheme. The said shares were listed on the Bombay Stock Exchange Limited on 30th March, 2007. The current financial accounts of your Company for the year ended 31st March, 2007 take into account the effect of the said demerger. In view of this, current years financial results are not comparable with the previous year, appearing in the Annual Accounts.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2006-07	2005-06
Profit/(Loss) Before Tax		
– From Operations	380.79	(22.14)
– From Non Recurring items	4350.61	—
– Less: Extra Ordinary items		
Amortisation of VRS cost	165.38	152.40
	4566.02	(174.54)
Less: Provision for Tax		
– Current/FBT	798.68	46.52
– Deferred	122.41	(68.41)
– Prior Year (Net)	38.02	—
Profit/(Loss) After Tax	3606.91	(152.65)
Balance bought forward from last year	522.85	675.50
Balance Carried forward	4129.76	522.85
Transferred to:		
Proposed Dividend	120.00	—
Corporate Dividend Tax	20.39	—
General Reserve	3500.00	—
Balance Carried Forward	489.37	522.85
	4129.76	522.85

REVIEW OF OPERATIONS:

The various restructuring initiatives taken by your management over the last couple of years are now yielding results. These are well reflected in your Company's performance under review which has resulted into operating profit before tax of Rs. 380.79 lacs as against a loss of Rs. 22.14 lacs in the previous year.

Your Company has achieved net sales of Rs. 18,764.66 lacs for the year under review as compared to Rs. 19,234.94 lacs in the previous year. The marginal decline of 2.44% in sales is on account of the Demerger of Company's Fine Chemicals Division w.e.f. 1st July, 2006. The net sales of Fine Chemical Division were Rs. 1,505.30 lacs being sales for first quarter (i.e. till demerger of the Fine Chemicals Division) as against net sales of Rs. 4,327.09 lacs for the previous year. In other words, excluding this demerged division, net sales of Consumer Products have increased from Rs. 14,864.09 lacs to Rs. 17,259.36 lacs, which represents a healthy growth of 16.11%.

Your Company is taking initiatives to ensure sustainability of growth and profitability in the coming years. Your Company is now focusing on topline increase supported by aggressive advertisement and marketing to reposition its existing brands and by reducing operating costs in the business.

DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs. 2.50 per share on 48,00,000 Equity Shares of Rs. 10/- each, for the year ended 31st March, 2007. The total dividend outgo amounts to Rs. 120.00 lacs exclusive of Tax of Rs. 20.39 lacs to be paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE & DEVELOPMENT AND SEGMENTWISE PERFORMANCE:

Your Company offers a wide range of products such as Artist Materials, Hobby Colours, Scholastic Colours, Scholastic Stationery Products, Office Products and Writing Instruments under the Camel and Camlin brands and caters to a vast consumer segment for their Fine Art, Scholastic and Office Stationery needs.

The large portfolio of products, well-known brands, and wide distribution network have helped your Company to retain its market leadership position in many product groups, in spite of competition not only from Indian Companies but also from cheap imports from China and South East Asian countries. It has been possible to maintain this position by our continuous efforts for product development and upgradation by the in-house R&D team and continuous brand building activities, which has made the Company's brands household names.



In addition to the business restructuring dealt with earlier in the report, the Company has taken certain initiatives to improve its value creation potential. Some of these initiatives are:

- Focus on products, which are at the higher end of the value chain.
- Portfolio review of businesses to aggressively support business with profitable growth potential.
- Aggressive T. V. campaign for Markers.
- Promotion of Art in India by Sponsoring “Euro Art Tour” by the Camel Art Foundation which has gained recognition and popularity from Artists Fraternity and
- Proactive alliance with technology partners in domains where the Company foresees future business opportunities. As a part of this Company entered into a distribution agreement with ColArt Fine Art & Graphics Ltd. U. K. for exclusive distribution of their products in India, Nepal and Bangladesh.

Consumer Products contributed to 92% of the total sales of the Company and has achieved net sales of Rs. 17,259.36 lacs as compared to Rs. 14,864.09 lacs in the previous year.

OUTLOOK, OPPORTUNITIES AND THREATS, RISKS AND CONCERNS:

Continuous positive development on the economic front, rapid changes in the retail environment and an increasing demand for FMCG products are all favorable indicators for your Company. The growing and young population, rising middle class incomes, changing lifestyles and aspirations present a unique opportunity for a Company like yours. Series of strategic initiatives will henceforth help your Company in mitigating the risks of squeeze on margins and paucity of funds for business development.

Macro economic factors like economic and political developments, natural calamities may affect the Company and industry at large.

Nevertheless increasing competitive pressures, dumping of imported products at extremely low prices, rising prices of input material continue to be a cause of concern for the Company.

INFORMATION TECHNOLOGY:

Your Company has been investing on technology to harness its power towards improving both process and employees productivity. As a part of this the process of implementation of SAP has already started and is expected to go live by July, 2007. The system will connect factory locations, offices and depots all over India. On successful implementation the project would entail standardization of the business process and systems with state of the art technology and would substantially help in reducing operating costs.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has established well-defined written policies and processes across the organisation pertaining to all major activities including authority for approvals. In all cases where a monetary decision is involved various limits and authorities are in place. Management Information System together with an exhaustive budgetary control system covering all major operations forms part of the overall control mechanism that ensures the requisite information related to operations is being prepared and is available for control and review. The internal auditors independently evaluate adequacy of internal control systems. Based on the observations and recommendations, follow up and remedial measures are being taken including increased area of coverage, if necessary. Observations and Recommendations of the internal auditors are discussed by the Audit Committee to ensure effective corrective action.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The Company constantly facilitates and encourages its employees at all levels to enhance their knowledge and skills and continuously seeks to inculcate within its employees, a strong sense of business ethics and social responsibility.

Relations with the employees at all levels remained cordial during the year.

CAUTIONARY STATEMENT:

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

SUBSIDIARY COMPANIES:

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, Copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditor of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon

request by any member of the Company. As directed by the Central Government in its approval the financial data of the Subsidiaries have been annexed and forms part of this Annual Report.

COST AUDIT:

In view of the demerger, Company's Cost Records in respect of manufacturing activities of Bulk Drug are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai for the period ended 30th June, 2006 being the appointed date.

DEPOSITS:

The Company has not accepted any fixed deposits during the year. There are no overdue deposits except unclaimed deposits amounting to Rs. 6.19 lacs as at 31st March 2007 out of which deposits amounting to Rs. 0.36 lacs have been repaid as on date.

DIRECTORS:

Mr. Deepak M. Dandekar, Mr. Shrikrishna E. Godbole and Mr. Madhukar P. Khedkar, retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

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

Subsequent to the demerger of the Fine Chemicals Division, the services of Mr. Ashish S. Dandekar, Executive Director of Fine Chemicals Division was transferred to Camlin Fine Chemicals Limited from the effective date. As a result he ceased to be a Executive Director and continues to be a Non-Executive Director of the Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- I. that in the preparation of the annual accounts for the financial year ended 31st March, 2007 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, 2007 and of the profit of the Company for the year under review;

III. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2007 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, 2007 on a 'going concern' basis.

SECRETARIAL AUDIT:

As directed by the Securities and Exchange Board of India (SEBI), Secretarial audit has been carried out at the specified period, by a practicing company secretary. The findings of the secretarial audit were entirely satisfactory.

CORPORATE GOVERNANCE:

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred a sum of Rs. 1.05 lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents unclaimed dividend and interest on fixed deposits which remained unclaimed with the Company for a period of 7 years from their respective due dates of payment.

AUDITORS:

The retiring Auditors, B. K. KHARE and CO., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2007-2008. You are requested to appoint them.

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

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per the provisions

of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the corporate office of the Company.

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 to this report.

ACKNOWLEDGEMENT:

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

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 20th June, 2007.

ANNEXURE 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:

Installation of automatic capacitor switching system to control power factor thereby reducing power cost.

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

The Company is in the process of installing solar street lights and solar water heaters for factory illumination and process. Steps are being taken to introduce improved operational methods, rationalisation aimed to save consumption of power and fuel.

(c) Impact of the above matters:

As a result of measures taken/to be taken, enumerated in (a) and (b) above further economy in conservation of energy coupled with reduction in cost of production shall be possible.

(d) Total energy consumption and energy consumption per unit of production:

As per FORM A.

FORM A

Form of disclosure of particulars with respect to conservation of energy
(Applicable in respect of Bulk Drug and Fine Chemical activities)

A. Power and Fuel Consumption

1. Electricity

(a) Purchased

Units (KWH)

Total Amount (Rs. in Lacs)

Rate/Unit (Rs.)

(b) Own Generation

2. Coal

3. Light Diesel Oil (LDO)

Quantity (K. Ltrs.)

Total Amount (Rs. in Lacs)

Average Rate per Ltr. (Rs.)

4. Others/Internal Generation

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

Electricity (KWH)

LDO (Ltrs.)

	*2006-2007	2005-2006
	782870	2781157
	34.41	101.41
	4.40	3.65
	—	—
	—	—
	230.00	738.00
	50.92	128.78
	22.14	17.45
	—	—
	Standards (If any)	
	574	446
	169	118

(B) TECHNOLOGY ABSORPTION

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

- | | |
|---|--|
| 1. Specific areas in which R & D Carried out by the Company | : New product development, process development. |
| 2. Benefits derived as a Result of the above R & D | : Cost reduction, quality upgradation, development of new markets. |

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

(Rs. in Lacs)

	*2006-2007	2005-2006
4. Expenditure on R&D:		
(a) Capital	—	—
(b) Recurring	62.98	75.83
(c) Total	62.98	75.83
(d) Total R&D Expenditure as a Percentage of total turnover	0.34	0.39

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R&D Laboratory is recognised by the Department of Scientific and Industrial Research, Govt. of India, where continuous efforts are made to innovate new products and improve the quality of Art Material, Stationery and Industrial Adhesive products, manufactured/procured by the Company to make the manufacturing process safe, cost effective and environment friendly.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. : Technological innovations and improvements undertaken at the laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales, reducing cost, and improving quality and scale of the production.
3. Technology Import : N. A.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Major countries of export are U.S.A., Thailand, Bahrain, Turkey, Algeria, U.A.E., Bangladesh, Nepal and Sri Lanka. During the year Company has successfully penetrated CIS countries and has exported hobby colours and is now concentrating on exporting Fine Art Range. The Company continued its participation in international exhibitions held in Europe.

(b) Total Foreign Exchange used and earned:

(Rs. in Lacs)

	*2006-2007	2005-2006
Foreign exchange used	562.75	2227.00
Foreign exchange earned	1666.56	3977.83

* In view of demerger of Fine Chemicals Division w.e.f. 1st July, 2006, the above figures are only for the first quarter ended 30th June, 2006, hence are not comparable with the previous year.

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 20th June, 2007.

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, 2007.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes in a sound code of Corporate Governance, as a tool for achieving high standard of Management and Business integrity. Your Directors believe that Corporate Governance is a powerful medium of subserving the long-term interest of all the stakeholders viz, employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve the goal by ensuring that timely and accurate disclosures are made to all in an easily understood manner on all matters regarding the Company relating to the financial situation, performance, ownership and governance of the Company.

2. BOARD OF DIRECTORS:

The Board of Directors consists of persons with considerable professional expertise and experience in Business, Industry, Finance, Management, Marketing and Law. The current strength of the Board is 12 members. It consists of 4 Executive Directors, 7 Independent Directors and 1 Non-Executive Director. The Composition of the board is in conformity with Clause 49 of the Listing Agreement, which stipulates that atleast 50 percent of the Board should consists of Independent Directors, if the Chairman of the Board is an Executive Director.

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

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

Name & Designation of Directors	Category	No. of Board Meetings Attended	No. of Directorships held in other Companies (*)	Attendance at last AGM	No. of Committee positions held in other Companies.	
					Chairman of Committee	Member of Committee
Mr. Dilip D. Dandekar Chairman & Managing Director	ED	8	7	Yes	Nil	Nil
Mr. Rajiv M. Dandekar Jt. Managing Director	ED	7	1	No	Nil	Nil
Mr. Shriram S. Dandekar Executive Director	ED	8	3	Yes	Nil	1
Mr. Deepak M. Dandekar Executive Director	ED	6	4	Yes	Nil	Nil
Mr. Ashish S. Dandekar	NED(**)	7	3	Yes	Nil	1
Mr. Govind G. Desai	NED (I)	8	8	Yes	5	3
Mr. Shrikrishna E. Godbole	NED (I)	7	Nil	Yes	Nil	Nil
Mr. Madhukar P. Khedkar	NED (I)	8	Nil	Yes	Nil	Nil
Mr. Premanand A. Narvekar	NED (I)	7	3	Yes	Nil	3
Mr. Shishir S. Shirgaokar	NED (I)	8	4	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED(I)	6	1	Yes	1	1
Mr. Dhananjay N. Mungale	NED (I)	7	9	Yes	3	3

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.

(**) In view of Demerger of Fine Chemicals Division, the services of Mr. Ashish S. Dandekar have been transferred to the Resulting Company (i.e. Camlin Fine Chemicals Limited). He ceased to be an Executive Director w.e.f. 21st December, 2006 but continues to be a Non-Executive Director.

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.

During the financial year, (8) Eight Board Meetings were held, as follows:

Sr. No.	Date	Board Strength	No. of Directors Present
1	19 th April, 2006	12	12
2	30 th June, 2006	12	11
3	26 th July, 2006	12	11
4	25 th August, 2006	12	12
5	28 th October, 2006	12	10
6	21 st December, 2006	12	12
7	29 th January, 2007	12	10
8	10 th March, 2007.	12	9

CODE OF CONDUCT:

The Board has laid down a Code of Conduct for all Board members and Senior Managerial personnel of the Company. The Code of Conduct is available on the web site of the Company at www.camlin.com.

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

PROFILE OF MEMBERS OF THE BOARD OF DIRECTORS BEING RE-APPOINTED:

At the ensuing Annual General Meeting, Mr. Deepak M. Dandekar, Mr. Shrikrishna E. Godbole and Mr. Madhukar P. Khedkar retire by rotation and being eligible offer themselves for re-appointment. Their particulars are given below:-

(A) Deepak M. Dandekar:

Mr. Deepak M. Dandekar, B.Com., Wholetime Director of the Company, since 1996 has wide experience in the field of Finance and Information Technology.

Other Directorships –

Name of the Company	Position
Camlin Fine Chemicals Ltd.	Director
Camlin International Ltd.	Director
Camlink Agencies Ltd.	Director
Camellia Infotech Ltd.	Director
Camlink Consultants Pvt. Ltd.	Director
Camellia Management Services Pvt. Ltd.	Director

(B) Mr. Shrikrishna E. Godbole:

Mr. Shrikrishna E. Godbole, L.L.B., Advocate, Director of the Company, since 1988, has long and wide experience in Legal field.

Other Directorships – Nil

(C) Mr. Madhukar P. Khedkar:

Mr. Madhukar P. Khedkar, B. Sc-Tech, D.I.M., Director of the Company, since 1988, has long and wide experience in the Pharmaceutical Industry and as ‘Corporate Consultant’.

Other Directorships – Nil

3. AUDIT COMMITTEE:

Composition, meetings and the attendance during the year:

The Audit Committee was constituted on 29th August, 2002. The Audit Committee of the Board enjoys all the powers as mentioned in Para II (C) of the Clause No. 49 of the Listing Agreement. The scope of the Audit Committee includes all the works stated in Para II (D) of Clause No. 49 of the Listing Agreement. The Company has complied with all the requirements of Clause No. 49 (II) (A) of the Listing Agreement relating to composition of the Audit Committee.

During the financial year, (5) five meetings of the Audit Committee were held on 30th June, 2006, 26th July, 2006, 25th August, 2006, 28th October, 2006 and 29th January, 2007.

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

Name	Designation	Category	No. of Meetings attended
Mr. Dhananjay N. Mungale	Chairman	NED (I)	4
Mr. Madhukar P. Khedkar	Member	NED (I)	5
Mr. Premanand A. Narvekar	Member	NED (I)	5

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

4. REMUNERATION COMMITTEE:

Composition:

The Remuneration Committee was constituted on 3rd July, 2002.

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Executive Directors of the Company and while approving:-

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

During the financial year, no meeting of the Committee was held, since the occasion for it did not arise.

The details of composition of the Committee are given below:-

Name	Designation	Category
Mr. Shishir S. Shirgaokar	Chairman	NED (I)
Mr. Govind G. Desai	Member	NED (I)
Mr. Premanand A. Narvekar	Member	NED (I)
Mr. Pramod M. Sapre	Member	NED (I)

Remuneration Policy:

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

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

Remuneration to Directors:

(A) Executive Directors:

Following is the Remuneration paid/payable to the Executive Directors for the financial year ended 31st March, 2007 :-

(Rs. in Lacs)

Name	Salary Including HRA	Performance Linked Remuneration (Provision made)*	Perquisites#	Total
Mr. Dilip D. Dandekar	14.40	12.00	1.48	27.88
Mr. Rajiv M. Dandekar	12.96	12.00	1.47	26.43
Mr. Shriram S. Dandekar	12.96	12.00	1.36	26.32
Mr. Deepak M. Dandekar	12.96	12.00	1.42	26.38
Mr. Ashish S. Dandekar (From 01.04.2006 to 30.06.2006)	3.24	—	0.09	3.33

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

* Performance Linked Remuneration (PLR) is being paid on the basis of achievements of profitability targets as per parameters laid down by the Remuneration Committee. PLR is based on the profits of the consumer products division for the year as computed U/s 349 of the Companies Act, 1956. The said PLR is being paid during the financial year 2007 - 2008.

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

Agreements for the period of three (3) years w.e.f. 1st November, 2004, have been separately entered into with each of the Executive Directors. The said Agreement have been revised on the recommendation of the Remuneration committee, and approved by the Board of Directors for a period of three (3) years w.e.f. 1st April, 2007 within the overall ceiling stipulated in Section 198, 309 and Schedule XIII of the Companies Act 1956.

Presently, the Company does not have a scheme for grant of stock options either to the Executive Directors or Employees.

(B) NON-EXECUTIVE DIRECTORS:

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

Name	Sitting Fees (Rs.)				Total
	Board	Audit Committee	Remuneration Committee	Shareholders/Investors Grievance Committee	
Mr. Govind G. Desai	32,000	—	—	12,000	44,000
Mr. Shrikrishna E. Godbole	28,000	—	—	9,000	37,000
Mr. Madhukar P. Khedkar	32,000	20,000	—	—	52,000
Mr. Premanand A. Narvekar	28,000	20,000	—	—	48,000
Mr. Shishir S. Shirgaokar	32,000	—	—	12,000	44,000
Mr. Pramod M. Sapre	24,000	—	—	—	24,000
Mr. Dhananjay N. Mungale	28,000	16,000	—	—	44,000
Mr. Ashish S. Dandekar	4,000	—	—	—	4,000
GRAND TOTAL					2,97,000

In addition to the above fees, Mr. Dhananjay N. Mungale & Mr. Shishir S. Shirgaokar were paid sitting fees of Rs. 20,000/- each during the year for attending meeting of the Committee of Directors.

Details of Shareholding of Non-Executive Directors/Independent Directors as on 31st March, 2007:

Name	Shares Held
Mr. Ashish S. Dandekar	85700
Mr. Govind G. Desai	100
Mr. Shrikrishna E. Godbole	250
Mr. Madhukar P. Khedkar	Nil
Mr. Premanand A. Narvekar	300
Mr. Shishir S. Shirgaokar	200
Mr. Pramod M. Sapre	1100
Mr. Dhananjay N. Mungale	Nil

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Composition, meetings and the attendance during the year:

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

During the financial year, (4) four meetings were held on 30th June, 2006, 26th July, 2006, 28th October, 2006 and 29th January, 2007.

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. Govind G. Desai	Chairman	NED (I)	4
Mr. Shishir S. Shirgaokar	Member	NED (I)	4
Mr. Shrikrishna E. Godbole	Member	NED (I)	3
Mr. Rajiv M. 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, 3 complaints about non receipt of share certificate were received from shareholders, which were attended to promptly and resolved to the satisfaction of the concerned Shareholders. There were no pending complaints at the close of the financial year.

6. GENERAL BODY MEETINGS:

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

Financial Year	Venue	Date & Time
2005-2006	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai- 400 020.	25 th August, 2006 at 3.00 p.m.
2004-2005	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai- 400 020.	5 th September, 2005 at 3.00 p.m.
2003-2004	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai- 400 020.	23 rd July, 2004 at 3.00 p.m.

Three Special Resolutions were passed at the 57th Annual General Meeting, Six Special Resolutions were passed at the 58th Annual General Meeting, and one Special Resolution was passed at the 59th Annual General Meeting.

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

During the year, Court convened meeting of the members was held on 4th August, 2006 for approving the scheme of Arrangement in respect of Demerger of Fine Chemicals Divisions.

7. DISCLOSURES:

Related Party Transactions

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

Transactions with the related parties are disclosed under Schedule No. 23 (xiv) (h) to the financial statements in the Annual Report.

Compliance with Regulations

The Company has complied with all the requirements of the Listing Agreements with the Bombay Stock Exchange Limited as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchange or any other statutory authority in any matter relating to capital markets 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 Board regularly reviews the risk management strategy of the Company to ensure the effectiveness of the risk management policies and procedures.

CEO/CFO Certification

The Chairman and Managing Director of the Company and General Manager Accounts heading finance function of the Company have furnished the requisite Certificates to the Board of Directors under Clause 49(V) of the listing agreement.

8. MEANS OF COMMUNICATION:

- The quarterly and half-yearly results are published in widely circulating national and local newspapers such as Financial Express (English) and Loksatta (vernacular language).
- As per requirements of Clause 51 of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc. is provided on the special SEBI web-site i.e. www.sebidifar.nic.in and the Company's web-site i.e. www.camlin.com within the time frame prescribed in this regard.

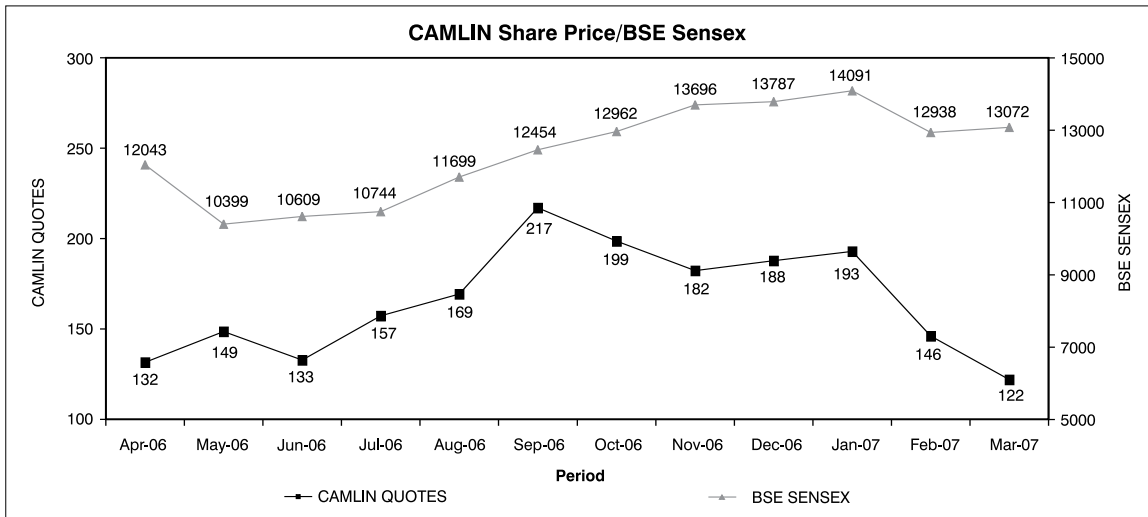
9. GENERAL SHAREHOLDER INFORMATION:

- (i) As indicated in the Notice to our Shareholders, the 60th Annual General Meeting of the Company will be held on Monday, the 30th July, 2007 at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry and Agriculture, Oricon House, 12-K Dubhash Marg, Fort, Mumbai - 400 001.
- (ii) Financial Calendar : Financial Reporting by:
 - Unaudited Results for the quarter ending 30th June, 2007 : end of July, 2007.
 - Unaudited Results for the quarter ending 30th September, 2007 : end of October, 2007.
 - Unaudited Results for the quarter ending 31st December, 2007 : end of January, 2008.
 - Audited Results for the year ending 31st March, 2008 : end of June, 2008.
- (iii) Date of Book Closure: From 24th July, 2007 to 30th July, 2007 (both days inclusive).
- (iv) Date of Dividend Payment: on or before 28th August, 2007.
- (v) Listing of Equity Shares on Stock exchange: Bombay Stock Exchange Limited. (Stock Code 523207). The Company has paid Listing Fees till March, 2008.
- (vi) Demat ISIN in CDSL/NSDL: INE 760A01011
- (vii) Share Prices (High & Low) for the financial year at BSE:

Month	High (Rs.)	Low (Rs.)
April, 2006	154.00	129.00
May, 2006	179.95	134.05
June, 2006	148.00	95.00
July, 2006	157.30	115.25
August, 2006	185.00	142.10
September, 2006	217.75	166.25
October, 2006	229.00	191.20
November, 2006	200.00	160.00
December, 2006	204.85	170.10
January, 2007	205.00	177.95
February, 2007	204.00	135.00
March, 2007	159.90	106.00

(viii) Stock performance:

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



(ix) Registrars and Share Transfer Agents for Shares and Fixed Deposits:

M/s. Sharepro Services India Pvt. Ltd., Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099.

(x) Share Transfer System:

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

(xi) Distribution of Shareholding as on 31st March, 2007:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 500	5342	93.21	767847	16.00
501-1000	160	2.79	131578	2.74
1001-2000	76	1.33	120456	2.51
2001-3000	31	0.54	77589	1.62
3001-4000	13	0.23	45867	0.95
4001-5000	10	0.17	48857	1.02
5001-10000	28	0.49	218045	4.54
10001 and above	71	1.24	3389761	70.62
Total	5731	100.00	4800000	100.00

(xii) Shareholding Pattern as on 31st March, 2007 as per Clause 35 of Listing Agreement.

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total No. of shares	
					As Percentage of (A+B)	As Percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
a	Individuals/Hindu Undivided Family	53	1554764	1554564	32.39	32.39
b	Central Government/State Government(s)	—	—	—	—	—
c	Bodies Corporate	7	636246	636246	13.26	13.26
d	Financial Institutions/Banks	—	—	—	—	—
e	Any Other (specify)	—	—	—	—	—
	Sub – Total (A)(1)	60	2191010	2190810	45.65	45.65
(2)	Foreign					
a	Individuals (Non-Resident Individuals/ Foreign Individuals	3	135500	135500	2.82	2.82
b	Bodies Corporate	—	—	—	—	—
c	Institutions	—	—	—	—	—
d	Any Other (Specify)	—	—	—	—	—
	Sub – Total (A)(2)	3	135500	135500	2.82	2.82
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + A(2)	63	2326510	2326310	48.47	48.47
(B)	Public Shareholding					
(1)	Institutions					
a	Mutual Funds/UTI	1	11725	11725	0.24	0.24
b	Financial Institutions / Banks	3	430	130	0.01	0.01
c	Central Government/ State Government(s)	—	—	—	—	—
d	Venture Capital Funds	—	—	—	—	—
e	Insurance Companies	—	—	—	—	—
f	Foreign Institutional Investors	1	38304	38304	0.80	0.80
g	Foreign Venture Capital Investors	—	—	—	—	—
h	Any other (specify)	—	—	—	—	—
	Sub – Total (B)(1)	5	50459	50159	1.05	1.05
(2)	Non Institutional					
a	Bodies Corporate	142	323279	320879	6.73	6.73
b	Individuals	5483	1278960	918027	26.65	26.65
	Individual shareholders holding nominal share capital upto Rs. 1 lakh					
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	21	818228	792428	17.05	17.05
c	Non – Resident (Non-Rep.)	9	1390	1390	0.03	0.03
	Non – Resident (Rep.)	8	1174	974	0.02	0.02
	Sub – Total (B) (2)	5663	2423031	2033698	50.48	50.48
	Total Public Shareholding (B)(1) + (B)(2)	5668	2473490	2083857	51.53	51.53
	Total (B) = (A) + (B)	5731	4800000	4410167	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	—	—	—	—	—
	Grand Total	5731	4800000	4410167	100.00	100.00

(xiii) Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN No. INE 760A01011. As on 31st March, 2007, 91.88% of the total shares of the Company have been dematerialised.

(xiv) As of date, the Company has not issued GDRs/ADRs/Warrants or any other convertible instruments.

(xv) Plant Locations:

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

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

Jammu : 101, Gangyal Industrial Area, Phase II, Jammu - 180 004.

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

(xvi) Address for correspondence:

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

(xvii) Secretarial Department:

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

10. NON-MANDATORY REQUIREMENTS:

Non-Executive Chairman's Office:

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

Remuneration Committee:

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

Shareholders Rights:

The quarterly, half yearly and Annual Financial Results of the Company are published in the News paper and are also posted on Company's Corporate website. The complete Annual Report is sent to each and every Shareholder of the Company.

Audit Qualifications:

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

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 20th June, 2007.

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Members of Camlin Limited.

We have examined the compliance of conditions of Corporate Governance by Camlin Limited for the year ended on 31st March, 2007 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars & 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 & COMPANY**
Chartered Accountants

SUNIL BHANDARI
Partner
M. No. 37388

Place : Mumbai
Date : 20th June, 2007.

AUDITORS' REPORT

TO

THE MEMBERS OF CAMLIN LIMITED

1. We have audited the attached Balance Sheet of CAMLIN LIMITED as at 31st March, 2007 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed with reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books and

proper returns adequate for the purposes of our audit have been received from branches not visited by us.

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the said Balance Sheet, Profit Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

SUNIL BHANDARI
Partner
M. No. 37388

Place : Mumbai
Date : 20th June, 2007.

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has disposed of the Fine Chemicals Division by way of demerger into another Company. According to the information and explanations given to us, we are of the opinion that the said disposal has not affected the going concern status of the Company.
- (ii) (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 the concerned parties.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, during the year Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, during the year, the Company has not accepted any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) According to the information and explanations given to us, in our opinion, the rates of interest and other terms and conditions of unsecured loans taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (d) According to the information and explanations given to us, the Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (e) There is no overdue amount of loans taken or granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations 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 explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and

materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.

- (vi) In our opinion and according to the information and explanations given to us, 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) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government, for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of its Bulk Drug activities and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, 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) According to the information and explanations given to us, 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 2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except in respect of (i) Excise duty of Rs. 74.36 lacs under the Central Excise Act, 1956 out of which Rs. 38.39 lacs is pending before CESTAT and Rs. 35.97 lacs with DC (Appeals), (ii) Service Tax of Rs. 1.89 lacs under the Service Tax, 1994 which is pending before the Assistant Commissioner (iii) Income tax of Rs. 97.88 lacs under the Income Tax Act, 1961 in respect of which Rs. 74.77 lacs is pending before the Tribunal and Rs. 23.11 lacs is pending before the Commissioner of Income Tax (Appeals) and (iii) Sales Tax of Rs. 46.32 lacs which is pending before the Deputy Commissioner (Appeals).
- (x) The Company does not have accumulated losses as at the end of the year. Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) 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) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company with its JV partner M/s ColArt Fine Arts and Graphics Limited, UK has given a corporate guarantee to a bank against a loan of Rs. 150 lacs availed by their JV M/s ColArt Camlin Canvas Pvt. Ltd., wherein both the JV partners are jointly and severally liable in the case of a default by the JV Company and prima facie, in our opinion, this corporate guarantee is not prejudicial to the interest of the Company.

- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) During the year the Company has not raised any money by public issue.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

SUNIL BHANDARI
Partner
M. No. 37388

Place : Mumbai
Date : 20th June, 2007.

BALANCE SHEET AS AT 31ST MARCH, 2007.

	Schedules	As at 31.03.2007 (Rs. in Lacs)	As at 31.03.2006 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	2,108.41	1,046.54
		2,588.41	1,526.54
Loan Funds			
Secured Loans	3	1,254.44	5,020.89
Unsecured Loans	4	277.91	956.39
		1,532.35	5,977.28
Deferred Tax Liability (Net)		37.37	113.67
TOTAL		4,158.13	7,617.49
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	4,314.79	7,580.83
Less: Depreciation		2,509.82	3,465.17
Net Block		1,804.97	4,115.66
Capital Work In Progress including Advances		147.75	787.92
		1,952.72	4,903.58
Investments	6	98.91	113.94
Current Assets, Loans and Advances			
Inventories	7	3,009.58	3,799.04
Sundry Debtors	8	1,874.71	2,890.42
Cash and Bank Balances	9	237.38	186.64
Other Current Assets	10	11.44	8.43
Loans and Advances	11	751.74	1,153.41
		5,884.85	8,037.94
Less: Current Liabilities & Provisions			
Liabilities	12	4,002.98	5,826.34
Provisions	13	278.41	202.20
		4,281.39	6,028.54
Net Current Assets		1,603.46	2,009.40
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	503.04	590.57
TOTAL		4,158.13	7,617.49

Schedules 1 to 25 forming part of Accounts

As per our report of even date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

Mumbai
Dated : 20th June, 2007.

R. V. Damle
*General Manager (Corporate)
& Company Secretary*

D. D. Dandekar
R. M. Dandekar
S. S. Dandekar
D. M. Dandekar
G. G. Desai
S. E. Godbole
P. A. Narvekar
S. S. Shirgaokar
P. M. Sapre
D. N. Mungale

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007.

	Schedules	Year ended 31.03.2007 (Rs. in Lacs)	Year ended 31.03.2006 (Rs. in Lacs)
INCOME			
Net Sales	15	18,764.66	19,234.94
Other Receipts from Operations	16(A)	2.00	478.80
Other Income	16(B)	4,700.15	77.47
TOTAL INCOME		23,466.81	19,791.21
EXPENDITURE			
Consumption of Materials & Goods traded-in	17	12,337.09	12,717.44
(Increase)/Decrease in Stocks	18	(31.93)	(23.41)
Payment to Employees	19	1,654.97	1,834.38
Manufacturing & Other Expenses	20	4,017.99	4,095.39
Finance Cost	21	371.70	670.13
Depreciation- Gross		385.95	525.43
Less: Transferred from Revaluation Reserve		0.96	6.59
Amortisation of VRS Cost		384.99	518.84
Provision for Wealth Tax		165.38	152.40
		0.60	0.58
TOTAL EXPENDITURE		18,900.79	19,965.75
Net Profit/(Loss) before Tax		4,566.02	(174.54)
Less : Current Tax		767.00	—
: Prior Years (Net)		38.02	—
: Fringe Benefit Tax		31.68	46.52
Profit/(Loss) after Tax		3,729.32	(221.06)
Net Profit/(Loss) before/after Tax			
Profit/(Loss) from continuing operations		4,386.56	(431.83)
Less : Current Tax		706.12	—
: Prior Years (Net)		38.02	—
: Fringe Benefit Tax		30.14	37.55
		3,612.28	(469.38)
Profit/(Loss) from discontinuing operations		179.46	257.29
Less : Current Tax		60.88	—
: Fringe Benefit Tax		1.54	8.97
		117.04	248.32
		3,729.32	(221.06)
Taxes - Deferred		122.41	(68.41)
Profit/(Loss) after Tax		3,606.91	(152.65)
Balance brought forward from last year		522.85	675.50
		4,129.76	522.85
APPROPRIATIONS			
Proposed Dividend		120.00	—
Corporate Dividend Tax		20.39	—
General Reserve		3,500.00	—
Balance Carried to Balance Sheet		489.37	522.85
		4,129.76	522.85
Earning Per Share - Basic & Diluted (in Rs.)		75.14	(3.18)

As per our report of even date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

Mumbai
Dated : 20th June, 2007.

R. V. Damle
General Manager (Corporate)
& Company Secretary

D. D. Dandekar
R. M. Dandekar
S. S. Dandekar
D. M. Dandekar
G. G. Desai
S. E. Godbole
P. A. Narvekar
S. S. Shirgaokar
P. M. Sapre
D. N. Mungale

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

SCHEDULES TO BALANCE SHEET

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
1. SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs. 10/- each	500.00	500.00
Issued, Subscribed & Paid-up		
48,00,000 Equity Shares of Rs. 10/- each	480.00	480.00
Out of these shares:		
(i) 6,000 Equity Shares allotted to vendors as fully paid up shares pursuant to contract without payment thereof being received in cash.		
(ii) 36,34,500 Equity Shares allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve & Share Premium.		
(iii) 5,00,000 Equity Shares Issued by way of Conversion of Debentures.		
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	25.20	25.20
Revaluation Reserve		
As per last Balance Sheet	231.38	237.97
Less: Transferred to Profit & Loss Account	0.96	6.59
Less: Adjusted against sale of Land and Building	230.42	—
	—	231.38
General Reserve		
As per last Balance Sheet	267.11	267.11
Additions during the year	3,500.00	—
Less: Transfer to CFCL on Demerger [Refer note no. 23 (i)]	2,173.27	—
	1,593.84	267.11
Profit & Loss Account	489.37	522.85
	2,108.41	1,046.54

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
3. SECURED LOANS		
(i) Term Loans from Banks & Financial Institutions		
a. Rupee Loan	672.72	
Interest accrued thereon	5.31	2,007.78
b. Foreign Currency Loan — Fixed Assets	—	33.09
— Working Capital	—	690.31
(ii) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)		
— Rupee Loan	575.92	
Interest accrued thereon	0.49	2,041.90
— Foreign Currency Loan	—	247.81
	1,254.44	5,020.89
Term Loans include Rs. 260.63 Lacs repayable within one year (2005-2006 Rs. 1,404.02 Lacs)		
4. UNSECURED LOANS		
(i) Fixed Deposits	277.91	556.39
(ii) Short Term loan from Bank	—	400.00
	277.91	956.39
Includes Rs. 265.11 Lacs repayable within one year (2005-2006 Rs. 674.45 Lacs)		

5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	COST					DEPRECIATION					BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	Transfer to CFCL *	As at 31.03.2007	Upto 31.03.2006	For the year	Disposals/ Adjustments	Transfer to CFCL *	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Freehold Land	141.21	—	133.21	5.27	2.73	—	—	—	—	—	2.73	141.21
Leasehold Land	27.06	—	—	1.69	25.37	5.53	0.25	—	0.60	5.18	20.19	21.53
Site Development	49.44	—	0.74	37.55	11.15	3.65	0.34	0.46	2.11	1.42	9.73	45.79
Building & Shed	1,223.23	2.56	351.87	591.14	282.78	329.22	14.31	162.68	81.54	99.31	183.47	894.01
Plant, Machinery & Equipment	5,257.52	191.13	66.62	2,035.31	3,346.72	2,617.25	293.61	31.91	842.63	2,036.32	1,310.40	2,640.27
ERP Hardware/ Software Cost	133.43	—	—	24.58	108.85	101.48	20.86	—	19.59	102.75	6.10	31.95
Furniture & Fittings	322.43	126.07	211.43	59.40	177.67	186.61	33.63	144.66	8.60	66.98	110.69	135.82
Vehicles	286.52	58.38	50.99	74.38	219.53	81.44	22.95	25.03	21.49	57.87	161.66	205.08
Intellectual Property Rights (IPRs)	139.99	—	—	—	139.99	139.99	—	—	—	139.99	—	—
Total	7,580.83	378.14	814.86	2,829.29	4,314.79	3,465.17	385.95	364.74	976.55	2,509.82	1,804.97	4,115.66
Previous Year	7,047.59	621.13	87.89	—	7,580.83	2,985.34	525.43	45.60	—	3,465.17	4,115.66	4,062.25

* Refer note no. 23 (i)

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
6. INVESTMENTS — LONG TERM		
I. Quoted (Trade)	5.00	—
50,000 Shares of Rs. 10/- each in Camlin Fine Chemicals Ltd. [Market Value Rs. 42.50 Lacs (2005-2006 N.A.)]		
II. Unquoted		
A. (Non Trade)		
(i) Unit Trust of India		
21,564 Bonds – 6.75 % Tax Free of Rs. 100/- each	21.56	21.56
(ii) Subsidiary Companies		
(a) 5,000 Equity Shares of Rs. 100/- each in Camlin International Ltd.	5.00	5.00
(b) 20,000 Equity Shares of US\$ 1 each in Camlin North America Inc. U.S.A.	9.26	9.26
Less: Provision for diminution in value	9.26	—
B. Trade Shares	—	9.26
(a) 4,000 Equity Shares of Rs. 100/- each in Triveni Pencils Ltd.	4.00	4.00
(b) 2,500 Equity Shares of Rs. 10/- each in The Saraswat Co-operative Bank Ltd. [Refer note no. 23 (i)]	—	0.25
(c) 8,928 Equity Shares of Rs. 100/- each in Nilmac Packaging Industries Ltd.	—	10.42
(d) 1,000 Shares of Rs. 10/- each in Co-operative Stores, New Delhi.	0.10	0.10
Less: Provision for diminution in value	0.10	—
(e) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	2.15	2.15
(f) 10,000 Equity Shares of Rs. 10/- each in Sicom Ltd.	8.00	8.00
(g) 10,000 Shares of Rs. 10/- each in North Kanara GSB Co-Op. Bank Ltd.	1.00	1.00
(h) 5,22,000 (2005-2006 5,18,000) Equity Shares of Rs. 10/- each in ColArt Camlin Canvas Pvt. Ltd.	52.20	51.80
(i) Share Application Money ColArt Camlin Canvas Pvt. Ltd.	—	0.40
	98.91	113.94
7. INVENTORIES		
Raw Materials	424.71	625.00
Packing Materials	320.82	340.18
Consumables & Stores	7.65	7.18
Work-in-Process	279.93	805.54
Goods-in-Transit	259.48	177.82
Finished Goods	1,716.99	1,843.32
	3,009.58	3,799.04

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
8. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding over six months		
(a) Considered Good	309.43	584.23
(b) Considered Doubtful	99.29	82.43
(ii) Other Debts Considered good		
[Net of Bill Discounting Rs. NIL (2005-2006 Rs. 1,015.74 Lacs)]	1,552.89	2,278.76
(iii) From subsidiary company — Camlin North America Inc. U.S.A.		
Outstanding over six months	10.80	11.95
Other	13.98	15.48
[Of the total outstanding Rs. 12.39 Lacs considered doubtful and provided for (2005-2006 Rs. Nil)]		
	1,986.39	2,972.85
Less: Provision for doubtful debts	111.68	82.43
	1,874.71	2,890.42
9. CASH AND BANK BALANCES		
(i) Cash on Hand	8.62	3.41
(ii) With Scheduled Banks		
(a) In other Deposit Accounts	104.18	95.85
(b) In other Current Accounts	96.61	46.08
(c) Staff Security Deposit Account	6.64	6.41
(d) In Current Account for the payment of Dividend & Interest	20.95	34.00
(iii) With Others		
In Current Account with Municipal Co-operative Bank Ltd. [Maximum balance during 2006-2007 Rs. 0.89 Lacs (2005-2006 Rs. 1.65 Lacs)]	0.38	0.89
	237.38	186.64
10. OTHER CURRENT ASSETS		
Interest accrued on Investments/Deposits	11.44	8.43
11. LOANS AND ADVANCES		
(a) Loan to subsidiary Company — Camlin North America Inc. U.S.A.	21.80	22.30
[Of the above outstanding Rs. 10.90 Lacs considered doubtful and provided for (2005-2006 Rs. Nil)]		
(b) UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
a. Considered Good	498.79	874.61
b. Considered Doubtful	4.48	4.58
(ii) Staff Advances	4.25	12.80
(iii) Deposits	213.52	152.57
(iv) Tax paid net of Provision	24.28	91.13
	767.12	1,157.99
Less: Provision for doubtful advances	15.38	4.58
	751.74	1,153.41

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
12. LIABILITIES		
(i) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	644.86	772.65
(b) Others	2,289.28	3,336.57
	2,934.14	4,109.22
(ii) Interest Accrued but not due on loans	2.13	27.44
(iii) Security Deposits	481.61	414.30
(iv) Unclaimed Dividend	8.19	9.63
(v) Other Liabilities	576.91	1,265.75
	4,002.98	5,826.34
13. PROVISIONS		
(i) Provision for Employees Benefits	84.67	117.90
(ii) Excise Duty on bonded warehouse stocks	53.35	84.30
(iii) Proposed Dividend	120.00	—
(iv) Corporate Dividend Tax	20.39	—
	278.41	202.20
14. MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Voluntary Retirement Scheme (VRS)		
As per last Balance Sheet	590.57	742.97
Incurred during the year	77.85	—
Less: Written off during the year	165.38	152.40
	503.04	590.57

SCHEDULES TO PROFIT & LOSS ACCOUNT

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
15. SALES		
Gross Sales	19,633.07	20,112.50
Less: Trade Discount	91.34	79.08
Less: Excise Duty	777.07	798.48
	18,764.66	19,234.94
16. OTHER RECEIPTS		
A. From Operations		
Export Benefits	2.00	18.90
Insurance Claim	—	459.90
	2.00	478.80
B. Other Income		
Interest [Tax deducted at source Rs. 4.07 Lacs (2005-2006—Rs. 0.30 Lacs)]	36.23	10.47
Dividend — On Trade Investments	0.84	4.73
Profit on Sale of Assets		—
a. Profit on Sale of Andheri Property [Refer note no. 23 (ix)]	4537.19	
b. Profit on Sale of Other Assets	67.77	3.20
Miscellaneous Receipts	58.12	59.07
	4,700.15	77.47
	4,702.15	556.27
17. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	625.00	470.57
Add: Purchases	2,813.63	4,148.55
	3,438.63	4,619.12
Less: Stock of Raw Materials as at year end	424.71	625.00
	3,013.92	3,994.12
(ii) Packing Materials	2,188.18	1,790.85
(iii) Consumable Stores	33.17	22.20
(iv) Purchase of Finished Goods for resale	7,336.91	6,910.27
Less: Raw Material/Packing Material Stocks transferred to CFCL on demerger [Refer note no. 23 (i)]	235.09	—
	12,337.09	12,717.44
18. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS		
(Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work in Process	805.54	575.16
Goods in Transit	177.82	117.18
Finished Goods	1,843.32	2,110.93
	2,826.68	2,803.27
Less: Closing Stock as at year end		
Work in process	279.93	805.54
Goods in Transit	259.48	177.82
Finished Goods	1,716.99	1,843.32
	2,256.40	2,826.68
Less: Stocks transferred to CFCL on Demerger [Refer note 23 (i)]		
Work in process	516.27	—
Finished Goods	85.94	—
	602.21	—
	(31.93)	(23.41)

SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd.)

	31.03.2007 (Rs. in Lacs)	31.03.2006 (Rs. in Lacs)
19. PAYMENT TO EMPLOYEES		
Salaries, Wages and Bonus	1,407.46	1,525.45
Contribution to Provident & other funds	183.39	240.44
Staff and Labour Welfare	64.12	68.49
	1,654.97	1,834.38
20. MANUFACTURING & OTHER EXPENSES		
Power and Fuel	237.31	358.77
Job work charges	248.34	352.26
Repairs		
— Building	14.90	11.87
— Machinery	22.97	46.06
— Others	85.91	70.60
Rent	293.73	124.78
Rates and Taxes	20.00	32.62
Excise duty paid/provided on finished goods (net)	(19.41)	67.70
Insurance	44.83	63.05
Advertisement and Sale Promotion	677.96	557.39
Transport & Forwarding Charges	742.20	688.87
Commission/Discount/Service Charges on Sales	249.65	369.49
Travelling & Conveyance	367.28	406.31
Audit Fees & Other Services	15.08	12.38
Provision for Doubtful Debts/Advances	71.93	26.50
Bad Debts Written Off	—	217.98
Less: Provision write back	—	217.62
	—	0.36
Provision for diminution in value of investments	9.36	—
Directors' Meeting Fees	3.37	2.86
Miscellaneous Expenses	730.59	882.84
Loss on Sale of Assets [Refer note no. 23 (ix)]	201.99	20.68
	4,017.99	4,095.39
21. FINANCE COST		
On Term Loans*	108.95	243.17
On Fixed Deposits	33.88	54.66
On Other	228.87	372.30
	371.70	670.13

* Includes Rs. 17.53 Lacs (2005-2006 Rs. 24.84 Lacs) being exchange loss arising from Foreign Currency Borrowing to the extent regarded as adjustment to interest cost.

SCHEDULES TO ACCOUNTS

22. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

(i) **Fixed Assets**

- (a) Fixed Assets, including Intellectual Property Rights, are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat and VAT) Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation.
- (b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes cost of designing software, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- (c) **Impairment of Assets:**
In compliance with Accounting Standard (AS) 28- "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the carrying amount of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(ii) **Depreciation**

- (a) Depreciation on all assets of the Company except leasehold land, is provided on Straight Line basis as applicable under the Companies Act, 1956.
- (b) The excess of depreciation upto the date of disposal provided on revalued Building over the amount computed on the above basis with reference to the original cost thereof is withdrawn from the Revaluation Reserve and transferred to Profit & Loss Account.
- (c) Leasehold land is amortised over respective period of lease.
- (d) Cost of Intellectual Property Rights is amortised on Straight Line Method over the useful life of 36 months as estimated by the Management.
- (e) Capitalised Hardware/Software costs of ERP are amortised over the estimated useful economic life not exceeding five years.

(iii) **Investments**

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

(iv) **Valuation of Inventories**

a	Raw Material, Packing Materials, Consumables & Stores	At weighted average cost
b	Work in process	At lower of weighted average cost or net realisable value
c	Finished Goods	At lower of weighted average cost or net realisable value

(v) **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.

(vi) **Foreign Currency Transactions**

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise, except in case of exchange difference on loans utilised or liabilities incurred for purchase of imported assets, which is capitalised.
- (b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract.
- (c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

SCHEDULES TO ACCOUNTS (*contd.*)

(vii) **Research and Development**

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

(viii) **Retirement Benefits**

Regular contributions are made to Provident Fund and charged to revenue. Contributions are made to the approved funds for providing benefits of Superannuation and Retirement Gratuities. Leave Encashment is provided based on actuarial valuation.

(ix) **Revenue/Expense Recognition**

- (a) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- (b) Revenue in respect of overdue interest, insurance claim, etc is recognised to the extent the company is reasonably certain of its ultimate realisation.
- (c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.
- (d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.
- (e) Lease Rentals in respect of assets taken on “operation of lease” are charged to Profit & Loss Account on straight line basis over the lease term.

(x) **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.

(xi) **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.

(xii) **Earning Per Share**

The Company reports basic and diluted earning per equity share in accordance with AS 20, Earning per Share issued by the ICAI. Basic earning per equity share is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding including shares pending allotment.

(xiii) **Segment Reporting – Basis of Information**

The Company operated in two segments: Consumer Products & Fine Chemicals. Segments have been identified and reported taking into account the nature of the product, the differential risks, the organisation structure and the internal financial reporting systems.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under “Unallocated Corporate Income/Expenses”. Assets and Liabilities which relate to the enterprise as a whole but not allocable to segments on a reasonable basis, have been included under “Unallocated Corporate Assets/Liabilities”.

(xiv) **Voluntary Retirement Scheme**

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

23. NOTES TO ACCOUNTS

(i) **Demerger of Fine Chemicals Division**

Scheme of Arrangement (“the Scheme”) under Section 391 to 394 of the Companies Act, 1956 was approved by the Shareholders on 4th August, 2006 for demerger of Fine Chemicals business into Camlin Fine Chemicals Limited (CFCL- “Resulting Company”). The Scheme was sanctioned by the Hon’ble High Court of Judicature at Bombay on

SCHEDULES TO ACCOUNTS (contd.)

17th November, 2006. The Scheme has become operative from 19th December, 2006 on filing the certified copy of Court Order with the Registrar of Companies, Maharashtra.

Pursuant to the Scheme, with effect from 1st July, 2006 (appointed date), the Fine Chemicals Business of the Company stands demerged and transferred to and vested in CFCL as a going concern.

With effect from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Fine Chemicals Division, under the provisions of Sections 391 to 394 of the Act, have been transferred to the Resulting Company.

All staff, workmen and employees of the Fine Chemicals Division of the Demerged Company in service on the Effective Date have become staff, workmen and employees of the Resulting Company with effect from the Appointed Date without any break in their continuity of service.

Accordingly, the following Assets and Liabilities at the close of business on 30th June, 2006 have been transferred to CFCL.

	(Rs. in Lacs)
Assets	
Fixed Assets	
Gross Block	2829.29
Less : Depreciation	976.55
Net Block	1852.74
Capital Work in Progress including Advances	862.03
	2714.77
Investment	0.25
Current Assets, Loans & Advances	
Inventories	837.30
Sundry Debtors (Net of provision for Doubtful Debts Rs. 31.98 Lacs)	1255.06
Cash in Hand	0.50
Loans & Advances	566.53
	2659.39
Less : Current Liabilities & Provisions	
Current Liabilities	758.56
Provisions	27.73
	786.29
Net Current Assets	1873.10
Total Assets	4588.12
Liabilities	
Secured Loan	2216.15
Deferred Tax Liabilities	198.70
Total Liabilities	2414.85
Net Worth	2173.27

SCHEDULES TO ACCOUNTS (contd.)

1(one) fully paid-up equity share of Rs. 10/- (ten) each of the Resulting Company shall be issued and allotted for every 1(one) fully paid-up equity share of Rs. 10/- (ten) each held by the equity shareholders in the Demerged Company.

In respect of borrowings transferred to CFCL as per the Scheme of Arrangement, charge on certain Assets of the Company still exists as on 31.03.2007. CFCL is in process of providing suitable securities to release this charge on the Company's Assets.

Current financial figures takes into Account the effect of Demerger. As such the current year figures are not comparable with previous years figure.

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

(iii) Contingent Liabilities:

- (a) In respect of Bills of Exchange/cheque discounted with the Bankers Rs. Nil (2005-2006 – Rs. 1,015.74 Lacs).
- (b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 3.10 Lacs (2005-2006 – Rs. 40.60 lacs).
- (c) Corporate Guarantees given to ColArt Camlin Canvas Pvt. Ltd. Rs. 150.00 Lacs (2005-2006 Rs. Nil).
- (d) Demands against the Company, either disputed or not acknowledged as debts and not provided for:

	2006-2007	2005-2006
Income Tax	97.88	23.21
Sales Tax	46.32	108.24
Excise Duty	201.02	162.96
Provident Fund	0.67	0.67
Modvat	9.10	-
Service Tax	1.89	-
Labour Matters	12.80	11.78
Others	0.63	0.63

(iv) The unhedged exposure of foreign currency transactions as on 31.03.2007 is as follows:

	On Account of	Currency	2006-2007	2005-2006
(a)	Term Loans/Demand Loans	(USD)	Nil	21.77 Lacs
(b)	Sundry Debtors	(USD)	3.45 Lacs	26.72 Lacs
(c)	Sundry Creditors	(USD)	NIL	18.70 Lacs
		(YEN)	NIL	4.34 Lacs.
		(EUR)	0.06 Lacs	Nil
(d)	Advances	(USD)	0.50 Lacs	0.50 Lacs

(v) Commitments

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 161.60 Lacs (2005-2006 Rs. 16.73 Lacs)

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

SCHEDULES TO ACCOUNTS (contd.)

Working Capital Loans from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them as also mortgage/hypothecation of specified Immovable and Movable Fixed Assets of the Company ranking pari-passu by way of Second Charge.

Vehicle Loans are secured by hypothecation of related vehicles.

(vii) Loans and Advances

Staff Advances include Loans/Advances due from Officers Rs. Nil (2005-2006 - Rs. Nil) Maximum balance Rs. Nil (2005-2006 - Rs. Nil).

(viii) The Investor Education and Protection Fund shall be credited by the following amounts as per prescribed time frame.
(Rs. in Lacs)

	2006-2007	2005-2006
(a) unclaimed dividends	8.19	9.63
(b) unclaimed fixed deposits	6.19	6.67
(c) unclaimed interest on fixed deposits	12.76	24.25

(ix) During the year Company has concluded the sale of its Andheri Property for a total consideration of Rs. 4600 Lacs. After adjusting cost of land and expenses relating to sale of land amounting to Rs. 62.81 Lacs Company has earned non recurring income of Rs. 4537.19 Lacs which is included in other Income. Consequent to the same, Loss on sale of Assets includes value of fixed assets like Building, Unusable Fixtures etc. written off aggregating to Rs.186.58 Lacs.

(x) Salaries, Performance Linked Remuneration and Perquisites paid/provided to Managing/Wholetime Directors;

(Rs. in Lacs)

	2006-2007	2005-2006
Salaries	47.10	55.20
House Rent Allowance	9.42	11.04
Contributions to and provisions for Provident Fund and Family Pension Fund and Superannuation and approved Gratuity Fund.	16.64	19.50
Perquisites	5.82	6.54
Performance Linked Remuneration (PLR)*	48.00	0.00
Total	126.98	92.28

* PLR is based on the profits of the consumer products division for the year as computed U/s 349 of the Companies Act, 1956.

(xi) Audit fees and other services includes:

(Rs. in Lacs)

	2006-2007	2005-2006
Audit Fees	5.15	5.15
Tax Audit	1.25	1.25
VAT Audit	3.50	-
Certification	3.69	4.54
Consultancy Services	1.00	1.00
Out of Pocket Expenses	0.49	0.44
Total	15.08	12.38

SCHEDULES TO ACCOUNTS (contd.)

(xii) Total Lease Rentals on account of operating leases payable are as follows-

(i)	Payable not later than 1 year	Rs. 112.20 Lacs
(ii)	Payable later than 1 year and not later than 5 years	Rs. 61.19 Lacs
(iii)	Payable Later than 5 years	NIL

(xiii) Interest includes interest of Rs. 0.02 lacs (2005-2006 Rs. 0.14 lacs) on Fixed Deposit of Rs. Nil, matured during the year (2005-2006 Rs. 1.30 lacs), paid/payable to Managing/Wholetime Directors.

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

(a) **Gratuity:**

Gratuity Liability is fully covered by Gratuity-cum-Insurance Policy under the Cash Accumulation Scheme of Life Insurance Corporation of India (LIC). Company's contribution in terms of this policy representing the accruing liability for each year, is charged to the profit and loss account. The present value of accrued gratuity liability determined by LIC aggregates to Rs. 441.16 lacs (2005-2006 Rs. 479.04 lacs) as on 01/01/2007 against which the funds with the LIC amount to Rs. 335.53 lacs (2005-2006 Rs. 365.03 lacs).

(b) **Foreign Currency Transactions:**

Exchange variation arising on translation of Foreign Currency transactions credited to the Profit & Loss Account is Rs. 20.81 lacs (Net) [2005-2006 credited Rs. 47.25 lacs (Net)].

(c) **Deferred Taxes:**

Major items of Deferred Tax Liabilities and Deferred Tax Assets

(Rs. in Lacs)

Particulars	Opening Balance as on 01.04.2006	Net Increase/ (Decrease) during the year	Closing Balance as on 31.03.2007
LIABILITIES			
Depreciation	484.97	(319.19)	165.78
Total A	484.97	(319.19)	165.78
ASSETS			
Unabsorbed Depreciation/Business Loss	313.40	(313.40)	0.00
Provision for doubtful debts/Leave Encashment	47.17	27.98	75.15
Taxes, Duties and other sums (Net)	3.68	32.79	36.47
Voluntary Retirement Scheme	7.05	(1.46)	5.59
Demerger Expenses	0.00	11.19	11.19
Total B	371.30	(242.90)	128.40
Deferred Tax Liability transferred to CFCL on demerger - C	0.00	198.70	0.00
Net Tax effect of Timing Differences (A – B + C)	113.67	122.41	37.37

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

	2006-2007	2005-2006
Net Profit/(-) Loss (After Tax) as per profit and loss account available for equity shareholders (Rs. in lacs)	3606.91	(152.65)
Equity Shares for calculation of earnings per shares (Nos.)	4800000	4800000
Earnings per Share – Basic and Diluted (Rs.)	75.14	(3.18)

SCHEDULES TO ACCOUNTS (contd.)

(e) **AS 24 Discontinued Operations (Fine Chemicals Division)**

(i) The amount of revenue, expense, pre-tax profit/(loss) from discontinued operations are as follows:

(Rs. in Lacs)

	2006-2007	2005-2006
Turnover	1505.31	4320.26
Operating Expenses	1325.85	3712.97
Profit before Tax	179.46	607.29
Income Tax Expense – Current	60.88	-
– FBT	1.54	8.66
Profit after tax	117.04	598.63

(ii) The cash flow during the year from discontinued operations are as follows:

(Rs. in Lacs)

	2006-2007	2005-2006
Operating Activity	(274.50)	116.91
Investing Activity	(162.45)	(923.84)
Financing Activity	395.70	795.93
Net Increase/(Decrease) in Cash and Cash Equivalent	(41.25)	(7.78)

(f) Company has two subsidiary Companies namely Camlin North America INC, USA and Camlin International Limited. As per the unaudited Financial Statements of Camlin North America compiled by the Management, during the year it has posted turnover of Rs. 16.92 Lacs. which amounts to only 0.09% of turnover of Camlin. Its net assets are negative Rs. 37.47 Lacs. Further, during the year Camlin International Limited has posted turnover of Rs. 2.84 Lacs. which amounts to only 0.001% of turnover of Camlin. Its net assets are Rs. 7.38 Lacs. Keeping in view the quantum of business done by these subsidiaries as also the value of Net Assets, management is of the view that, the said subsidiaries are immaterial to Camlin Limited. Hence, the Financial Statements and Cash Flows of these subsidiaries are not consolidated by the Company.

SCHEDULES TO ACCOUNTS (contd.)

(g) SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2007 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS.

(Rs. in Lacs)

Sr. No.		F.Y. 2006-2007			F.Y. 2005-2006			
		Consumer Product	\$ Fine Chemicals	Total	Consumer Product	*Pharma	Fine Chemicals	Total
A.	REVENUE:							
	Net Sales(Net of Trade Discount & Excise)/Income from operations	21,844.69	1,523.60	23,368.29	15,297.74	55.24	4,320.26	19,673.24
	Intersegment Sales	—	—	—	—	—	—	—
	Total Revenue	21,844.69	1,523.60	23,368.29	15,297.74	55.24	4,320.26	19,673.24
B.	RESULT							
	Segment Result	5,670.43	275.82	5,946.25	780.13	(302.16)	746.59	1,224.56
	Unallocated Corporate expenses							
	Net of unallocable income			1,008.53				728.97
	Operating Profit			4,937.72				495.59
	Interest Expense			371.70				670.13
	Interest Income			—				—
	Income Tax							
	— Current			798.68				46.52
	— Deferred			122.41				(68.41)
	Total Income Tax			921.09				(21.89)
	Earlier year adjustment			38.02				—
	Profit/(Loss)from Ordinary Activities			3,606.91				(152.65)
	Extra ordinary loss			—				—
	NET PROFIT/(LOSS)			3,606.91				(152.65)
C.	OTHER INFORMATON							
	Segment Assets	—	—	—	7,842.79	—	4,379.79	12,222.58
	Unallocated Corporate Assets			—				1,423.44
	1. TOTAL ASSETS			—				13,646.02
	Segment liabilities	—	—	—	4,593.65	—	(428.02)	4,165.63
	Unallocated Corporate Liabilities	—	—	—				9,480.39
	2. TOTAL LIABILITIES			—				13,646.02
	3. Capital Expenditure							
	Segment Related	—	—	—	327.33	—	941.09	1,268.42
	Corporate Related			—				34.35
	4. Depreciation							
	Segment Related	—	—	—	245.92	—	203.32	449.23
	Corporate Related			—				69.60
	5. Non-cash expenses other than Depreciation							
		—	—	—	—	—	—	—

NOTES:

1. The segments cover the following activities:
 - (a) Consumer Products - Art Material, Scholastic Products, Writing Instruments, Office Stationery, Glues, and several Hobby products.
 - (b) Fine Chemicals - Bulk Drugs, Bulk Drug Intermediaries, Fine Chemicals.
 2. The secondary segment can be taken to be the Fine Chemicals segment which caters mainly to the Overseas market.
 3. The Company's capital was employed solely in Consumer Products business as at the end of the reporting period
- * Discontinued Operation.
 \$ Discontinued Operation due to Demerger w.e.f. July 1,2006.

SCHEDULES TO ACCOUNTS (contd.)

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

(i) Associate Companies/Subsidiary Companies

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

(ii) Key Management Personnel

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Executive Chairman & Managing Director
Mr. R. M. Dandekar	Joint Managing Director
Mr. S. S. Dandekar	Executive Director
Mr. D. M. Dandekar	Executive Director
Mr. A. S. Dandekar	Executive Director (till December 21, 2006)

(iii) Transactions with Associate Companies

Particulars	Associate Companies	(Rs. in Lacs)
		2006-2007
Purchase of goods	Triveni Pencils Ltd.	779.46
	Excella Pencils Ltd.	691.43
	Nilmac Packaging Industries Ltd.	310.59
	Others	14.69
	Total	<u>1,796.17</u>
		(1,480.79)
Sale of goods	Excella Pencils Ltd.	21.95
	Triveni Pencils Ltd.	15.15
	Others	3.12
	Total	<u>40.22</u>
		(337.56)

SCHEDULES TO ACCOUNTS (contd.)

Particulars	Associate Companies	(Rs. in Lacs) 2006-2007
Purchase of Fixed Assets	Camart Industries Ltd.	3.50
	Camlink Agencies Ltd.	<u>1.45</u>
	Total	<u>4.95</u> (7.44)
Sale of Fixed Assets	Nilmac Packaging Industries Ltd.	0.32
	Excella Pencils Ltd.	<u>0.20</u>
	Total	<u>0.52</u> (6.51)
Receiving Services	Triveni Pencils Ltd.	27.18
	Camellia Infotech Ltd.	18.21
	Nilmac Packaging Industries Ltd.	15.01
	Camart Industries Ltd.	11.20
	Others	<u>7.54</u>
	Total	<u>79.14</u> (217.67)
Rendering Services	Excella Pencils Ltd.	0.24
	Camlink Agencies Ltd.	0.18
	Camart Industries Ltd.	0.18
	Others	<u>0.33</u>
	Total	<u>0.93</u> (11.39)
Net Amount Payable	Excella Pencils Ltd.	166.41
	Nilmac Packaging Ind. Ltd.	40.38
	Others	<u>6.96</u>
	Total	<u>213.75</u> (327.17)
Net Amount Receivable	Camlidhan Products Ltd.	40.42
	Camlin Fine Chemicals Ltd.	24.97
	Others	<u>3.83</u>
	Total	<u>69.22</u> (395.14)
Loans Given	ColArt Camlin Canvas Pvt. Ltd.	<u>30.49</u>
	Total	<u>30.49</u> (—)
Investment made	Camlin Fine Chemicals Ltd.	<u>5.00</u>
	Total	<u>5.00</u> (—)
Dividend Received	Excella Pencils Ltd.	<u>0.65</u>
	Total	<u>0.65</u> (0.54)
Sale of goods	Camlin North America Inc., USA	<u>4.56</u>
	Total	<u>4.56</u> (23.59)

SCHEDULES TO ACCOUNTS (contd.)

		(Rs. in Lacs)
Particulars	Associate Companies	2006-2007
Net Amount Receivable	Camlin North America Inc., USA	26.79
	Camlin International Ltd.	0.07
	Total	26.86
		(27.43)
Receiving Services	Camlin International Ltd.	0.07
	Total	0.07
		(0.07)
Interest Free Loans Given	Camlin North America Inc., USA	21.79
	Total	21.79
		(22.30)
Dividend Receivable		—
	Total	—
		(4.00)

(iv) Details of Transactions relating to persons referred to in item (ii) above and their relatives

	(Rs. in Lacs)	
Particulars	2006-2007	2005-2006
Remuneration	126.98	92.28
Sale of Investment	10.42	—

Remuneration includes amount paid to Mr. A.S. Dandekar who was Executive Director till June 30, 2006, after which date the remuneration was accounted by M/s. Camlin Fine Chemicals Limited.

(xv) The names of Small Scale Industrial undertakings to whom the Company owes a sum exceeding Rs. 1 Lac which is outstanding for more than 30 days, included in Sundry Creditors in Schedule No.12 of the Balance Sheet are as follows:

Name of the party	Name of the party
Anuroop Packaging	Pratibha Pens Pvt. Ltd.
Asian Pen & Plastic Industries	Roshan Packaging Industries
Beekay Industries	RLK Shriram Plastics P. Ltd.
Bombay Plastic Works	Sagar Enterprises
Citizen Pen & Plastic Ind	Shree Mangerish Ptg. Press
Century Caps Industry	Sethia Printers
Excella Pencils Ltd.	Shreeji Industries
Galaxy Industrial Corpn.	Sushart Art Products
Global Plastics	Supercoats Industries
Manish Printers	Sahara Plastic Industries
Mayur Colours Ltd.	Uday Manufacturing Co.
P. P. Industries	Uday Multi Print
Prakash Chemical & Fertilizers	

The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the company.

Since the Company is in process of procuring the information of suppliers covered under Micro/Small or Medium Entrepreneurs Development Act 2006, the information required under section 22 of the said act is not furnished.

SCHEDULES TO ACCOUNTS (contd.)

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

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

(i) Details of goods manufactured/sales/stocks	Unit of Measure	#Licenced Capacity	*Installed Capacity	OPENING STOCK		PRODUCTION/ PURCHASE		SALES		CLOSING STOCK	
				(QTY)	Value (Rs.)	(QTY)	Value (Rs.)	(QTY)	Value (Rs.)	(QTY)	Value (Rs.)
(A) MANUFACTURED ITEMS											
1. Chemical & Chemical Products***	Ltrs./Kgs.	60.98 (60.98)	65.22 (65.22)	4.08 (2.67)	750.24 (673.19)	25.45 (31.67)\$	26.08 (30.26)	6,405.96 (8,363.48)	@3.27 (4.08)	@641.20 (750.24)	
2. Stationery Items (A)	Ltrs.	6.36 (6.36)	45.20 (45.20)	1.24 (0.46)	50.88 (35.39)	9.94 (8.77)	10.23 (7.99)	737.74 (658.98)	0.95 (1.24)	44.13 (50.88)	
Stationery Items (B)	Nos./Pks.	2,074.06 (2,074.06)	1,474.20 (1,474.20)	404.74 (803.15)	236.53 (209.49)	421.16+++ (264.20)\$	443.62 (662.61)	3,080.52 (1,875.98)	382.28 (404.74)	436.38 (236.53)	
3. Bulk Drugs***	Kgs.	3.37 (3.37)	0.70 (0.70)	0.04 (0.04)	44.83 (54.35)	0.09 (0.26)	0.11 (0.27)	141.27 (638.17)	@@- (0.04)	@@- (44.83)	
(B) TRADING ITEMS											
1. CHEMICAL & Chemical Products	Nos./Pks.			19.40 (17.15)	222.03 (95.60)	150.40 (215.90)\$	149.53 (213.65)	2,209.83 (1,688.34)	20.27 (19.40)	259.64 (222.03)	
2. Stationery Items	Nos./Pks.			317.43 (309.91)	716.63 (758.00)	1,687.23 (1,986.63)\$	1,767.82 (1,979.11)	7,057.75 (6,875.96)	236.84 (317.43)	595.12 (716.63)	
3. Bulk Drugs	Kgs.										
4. Pharmaceutical Products	Nos./Pks.										
				(27.21)	(405.94)	(-)	(27.21)	(11.59)	(-)	(-)	
				<u>2,021.14</u>	<u>(2,231.96)</u>	<u>7,336.91</u>	<u>(6,910.27)</u>	<u>19,633.07</u>	<u>(20,112.50)</u>	<u>1,976.47</u>	
										<u>(2,021.14)</u>	

The Company has made representation to the Ministry of Industry, Government of India to grant upward revision of licenced capacities on the basis of installed capacities, as at 26th April, 1978.

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

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

\$ Includes goods damaged/destroyed in flood.

> Includes captive consumption - 22175 Ltrs. & 47370 kgs. (2005 - 2006 - 26370 Ltrs. & 21002 Kgs.)

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

+++ Includes Qty. NH (2005 - 2006 -Nil) manufactured in the premises of third party.

@ Net off stocks transferred to CFCL on Demerger Qty. 0.18, Rs. 64.00 Lacs [Refer Note No. 23 (f)]

@@ Net off stocks transferred to CFCL on Demerger Qty. 0.02, Rs. 21.94 Lacs [Refer Note No. 23 (f)]

NOTES:

1. Figures in brackets are for the previous year.

2. The quantities mentioned in nos./packs comprise of heterogeneous packings.

3. Quantity of Sales include promotional distribution.

SCHEDULES TO ACCOUNT (Contd.)

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

(ii) RAW MATERIALS CONSUMED

(Rs./Units in Lacs)

	Unit of Measure	2006-2007		2005-2006	
		Quantity	Value* Rs.	Quantity	Value* Rs.
Colours/Pigments	Kgs/Ltrs	4.00	492.25	4.84	508.67
Chemicals	Kgs/Ltrs	25.16	1650.65	47.88	3202.62
Slats/Leads	Nos/Kgs	0.00	0.00	0.12	5.65
Other Raw Materials			645.67		277.17
			<u>2788.57</u>		<u>3994.11</u>
* Includes Resale of Material					
(iii) Earnings in Foreign Exchange					
Exports at F.O.B. Value (Excluding Nepal)			1666.56		3977.83
			<u>1666.56</u>		<u>3977.83</u>
(iv) Expenditure in Foreign Currency					
Travelling			37.08		53.39
Others			26.64		59.34
			<u>63.72</u>		<u>112.73</u>
(v) Value of Imports on C.I.F. Basis					
(a) Raw Materials			204.02		1868.78
(b) Components and Spare Parts			188.40		166.43
(c) Capital Goods			45.54		31.13
(d) Purchases of Traded Products			61.07		47.93
			<u>499.03</u>		<u>2114.27</u>
(vi) Value of consumption of Raw Materials and Stores					
(a) Indigenous			1609.28		3506.90
(b) Imported (Landed Cost) — Raw Material			841.77		355.85
Imported (Landed Cost) — Components & Spare Parts			337.52		131.36
			<u>2788.57</u>		<u>3994.11</u>
(vii) Percentage of Consumption of Raw Materials & Stores					
(a) Indigenous			57.71		87.80
(b) Imported (Landed Cost) — Raw Material			30.19		8.91
(c) Imported (Landed Cost) — Components & Spare Parts			12.10		3.29
			<u>100.00</u>		<u>100.00</u>

SCHEDULES TO ACCOUNT (Contd.)

25. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	Year ended 31.03.2007 (Rs. in Lacs)	Year ended 31.03.2006 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before non-recurring items	4,566.02	(174.54)
Adjustments for:		
Depreciation	384.99	518.84
Provision for Doubtful Debts	71.93	26.50
Foreign Exchange (Unrealised)	(0.71)	(0.33)
(Profit)/Loss on Sale of Fixed Assets	(4,402.97)	20.68
(Profit)/Loss on Sale of Investments	—	—
Provision for diminution of Investments	9.36	—
Interest Expenses	371.70	670.13
Interest/Dividend Received	(37.07)	(15.20)
Amortisation of Expenses	165.38	152.40
Provision for Gratuity	—	—
Reversal of Provision for Doubtful Debts/Advances	—	(217.62)
Provision for leave encashment	(33.23)	(11.21)
Provision for Wealth Tax	0.60	0.58
Operating Profit before Working Capital changes	1,096.00	970.23
Adjustments for:		
Trade and other Receivables	(511.21)	(340.21)
Inventories	(47.84)	(232.45)
Trade Payables	(594.91)	791.35
Other Payables	(477.17)	572.45
Cash generated from Operations	(535.13)	1,761.37
Direct taxes paid	(770.45)	(92.16)
Extraordinary items - VRS Payment	(77.85)	(762.02)
Net cash from operating activities	(1,383.43)	907.19
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(600.00)	(1,302.79)
Sale of Fixed Assets	4,621.71	21.61
(Purchase)/Sale of Investments	5.42	(52.45)
Profit/(Loss) on Sale of Investments	—	—
Interest received	33.22	6.91
Dividend received	0.84	4.73
Net cash used in Investing Activities	4,061.19	(1,321.99)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	(2,228.78)	1,006.81
Interest Paid	(397.01)	(663.28)
Dividend Paid	(1.44)	(1.57)
Net cash used in Financing Activities	(2,627.23)	341.96
D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents	0.71	0.33
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS*	51.24	(72.51)
Cash and Cash Equivalents (Opening Balance)	186.64	259.15
Cash and Cash Equivalents transferred to CFCL on demerger [Refer note no. 23 (i)]	0.50	—
Cash and Cash Equivalents (Closing Balance)	237.38	186.64

* Refer note 23(xiv)(e)(ii) for discontinuing operations cash flow.

As per our report of even date annexed
For B. K. KHARE & CO.
Chartered Accountants

Sunil Bhandari
Partner
(M. No. 37388)

R. V. Damle
General Manager (Corporate)
& Company Secretary

D. D. Dandekar
R. M. Dandekar
S. S. Dandekar
D. M. Dandekar
G. G. Desai
S. E. Godbole
P. A. Narvekar
S. S. Shirgaokar
P. M. Sapre
D. N. Mungale

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

Mumbai
Dated : 20th June, 2007.

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No.	:	5434	State Code	:	11
Balance Sheet Date	:	31.03.2007			

II. Capital Raised during the period:

(Amount in Rs. Lacs)

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

III. Position of Mobilisation and

Deployment of Funds:

(Amount in Rs. Lacs)

Total Liabilities	:	8,439.52	Total Assets	:	8,439.52
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Sources of Funds:

Paid-up-Capital	:	480.00	Reserves & Surplus	:	2,108.41
Secured Loans	:	1,254.44	Unsecured Loans	:	277.91
			Deferred Tax Liability	:	37.37

Application of Funds:

Net Fixed Assets	:	1,952.72			
Net Current Assets	:	1,603.46	Investments	:	98.91
Accumulated Losses	:	NIL	Miscellaneous Expenditure	:	503.04

IV. Performance of the Company:

(Amount in Rs. Lacs)

Turnover	:	23,466.81			
(including other Income)			Total Expenditure	:	18,900.79
Profit /(Loss) Before Tax	:	4,566.02	Profit /(Loss) After Tax	:	3,606.91
Earning Per Share in Rs.	:	75.14	Dividend Rate %	:	25.00

V. Generic Name of Principal

Products of the Company:

(As per monetary terms)

Item Code No.

(ITC Code)

32.13

96.09

96.08

Product Description

Artist Colours

Wooden Pencils

Writing instruments

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

(Rs. in Lacs)

1. Name of the Subsidiary	: CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA, INC, USA
2. Financial year of the subsidiary company ends on	: 31 st March, 2007	31 st March, 2007
3. Holding company's interest:		
I. no. of shares held	: 50,000	20,000
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.	: (0.30)	(9.77)
II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	: 0.18	(13.34)
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

R. V. Damle
*General Manager (Corporate)
& Company Secretary*

D. D. Dandekar
R. M. Dandekar
S. S. Dandekar
D. M. Dandekar
G. G. Desai
S. E. Godbole
P. A. Narvekar
S. S. Shirgaokar
P. M. Sapre
D. N. Mungale

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

Mumbai
Dated : 20th June, 2007.

**DETAILS OF SUBSIDIARY COMPANIES AS PROVIDED PURSUANT TO THE DIRECTIONS
OF THE DEPARTMENT OF COMPANY AFFAIRS WHILE GRANTING PERMISSION TO THE
COMPANY UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956**

(Rs. in Lacs)

Name of the Subsidiary	:	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA, INC, USA*
1. Capital	:	5.00	9.26
2. Reserves	:	2.37	(46.73)
3. Total Assets	:	11.58	19.66
4. Total Liabilities	:	11.58	19.66
5. Details of Investments	:	NIL	NIL
6. Turnover	:	2.84	16.92
7. Profit/(Loss) Before Taxation	:	(0.31)	(9.42)
8. Provision For Taxation	:	NIL	0.35
9. Profit/(Loss) After Taxation	:	(0.31)	(9.77)
10. Proposed Dividend	:	NIL	NIL

* Exchange Rate as on 31st March, 2007. – 1 US\$ = Rs. 43.59.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Year Ending 31st March	2007	2006	2005	2004	2003	2002	2001
A. Assets Employed							
1. Net Fixed Assets	1952.72	4903.58	4168.51	3563.16	3607.37	2870.78	2630.17
2. Net Current Assets	1603.46	2009.40	1865.36	3300.73	2244.76	2060.52	2398.88
3. Others	601.95	704.51	804.46	62.10	47.70	362.56	446.83
Total	4158.13	7617.49	6838.33	6925.99	5899.83	5293.86	5475.88
B. Financed By							
1. Equity Share Capital	480.00	480.00	480.00	480.00	480.00	240.00	240.00
2. Reserves & Surplus	2108.41	1046.54	1205.78	1700.87	1599.14	1509.76	1704.84
3. Shareholder's Funds	2588.41	1526.54	1685.78	2180.87	2079.14	1749.76	1944.84
4. Loan Funds	1532.35	5977.28	4970.47	4302.90	3411.04	3027.90	3531.04
5. Deferred Tax Liability (Net)	37.37	113.67	182.08	442.22	409.65	516.20	-
Total	4158.13	7617.49	6838.33	6925.99	5899.83	5293.86	5475.88
C. Net Sales (Net of Trade Discount & Excise)	18764.66	19234.94	19764.33	18268.50	17517.43	16707.08	15140.34
D. Profit and Appropriations							
1. Operating Profit (Pbidt) (Before Extra Ordinary Item)	5488.09	1166.83	328.07	1118.58	1628.57	1214.77	1127.54
2. Interest	371.70	670.13	584.45	372.17	320.85	388.32	536.21
3. Profit/(Loss) Before Dep, Tax & Extra Ordinary Item	5116.39	496.70	(256.38)	746.41	1307.72	826.45	591.33
4. Depreciation	384.99	518.84	456.23	437.01	371.58	305.54	266.68
5. Profit/(Loss) Before Tax & Extra Ordinary Item	4731.40	(22.14)	(712.61)	309.40	936.14	520.91	324.65
6. Extra Ordinary Item	165.38	152.40	19.05	—	321.17	108.33	99.77
7. Profit/(Loss) Before Tax	4566.02	(174.54)	(731.66)	309.40	614.97	412.58	224.88
8. Tax – Current	798.68	46.52	—	72.00	275.00	30.00	18.00
– Deferred	122.41	(68.41)	(260.14)	32.57	(106.55)	79.10	-
9. Profit/(Loss) After Tax	3644.93	(152.65)	(471.52)	204.83	446.52	303.48	206.88
10. Earlier Years' Adjustments	38.02	0.00	16.98	(15.28)	(2.25)	5.13	0.39
11. Net Profit/(Loss) After Tax	3606.91	(152.65)	(488.50)	189.55	444.27	308.61	207.27
12. Dividend & Tax on Dividend	140.39	—	—	81.23	108.30	60.00	66.12
13. Retained Earnings	3466.52	—	—	108.32	335.97	248.61	141.15
E. Per Share Information							
1. Earning Per Share	75.14	(3.18)	(10.18)	3.95	**9.26	12.86	8.64
2. Book Value Per Share (Rs.)	43.45	14.68	14.67	40.34	*38.08	*48.98	53.95
3. Dividend Per Share (Rs.) (Excluding Tax on Dividend)	2.50	—	—	1.50	2.00	2.50	2.50

* Book value per share as on 31.03.2002 would have been Rs. 67.20 but the same has gone down because of implementation of AS- 22 on "Accounting for Taxes on Income" and charging Rs. 437.10 lacs from General Reserve.

** Earning per equity share and book value per share is with reference to 48 lacs number of equity shares (Post Bonus Issue) as against 24 lacs number equity shares for earlier years and hence not strictly comparable.



Camlin Limited

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

PROXY FORM

I/We, of

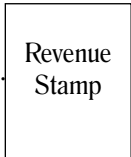
being a member(s) of the above named Company hereby appoint.....

..... of

or failing him..... of

as my/our proxy to vote for me/us on my/our behalf at the 60th Annual General Meeting of the Company to be held at Maharashtra Chamber of Commerce, Industry and Agriculture, Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Opp. Jahangir Art Gallery, 12/K, Dubash Marg, Fort, Mumbai 400 001 on Monday, the 30th July, 2007 at 3.00 p.m. and at any adjournment thereof.

Folio No./DP ID & Client ID* Signature



Date

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

*Applicable for investors holding Shares in electronic form



Camlin Limited

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

Attendance Slip

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the attending Member (in Block Letters)

Name of the Proxy (in Block Letter).....

(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 60th Annual General Meeting of the Company to be held at Maharashtra Chamber of Commerce, Industry and Agriculture, Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, Opp. Jahangir Art Gallery, 12/K, Dubash Marg, Fort, Mumbai 400 001 on Monday, the 30th July, 2007 at 3.00 p.m.

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

*Applicable for investors holding Shares in electronic form

Member's/Proxy's Signature

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