

**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** — Executive Director

**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.

**COMPANY SECRETARY**

**Mr. Ravindra V. Damle**

**AUDITORS**

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

**BANKERS**

Bank of Maharashtra  
The United Western Bank Ltd.

**REGISTRARS & TRANSFER AGENTS**

**M/s. Sharepro Services (India) Pvt. Ltd.**  
Unit: Camlin Limited,  
Satam Estate, 3<sup>rd</sup> Floor,  
Cardinal Gracious Road,  
Chakala, Andheri (E),  
Mumbai 400 099.

Contents	Page No.
Notice .....	2
Directors' Report including Management Discussion and Analysis .....	5
Report on Corporate Governance .....	11
Auditors' Report .....	20
Balance Sheet .....	24
Profit & Loss Account .....	25
Schedules to Accounts .....	26
Cash Flow Statement .....	44
Consolidated Balance Sheet and Profit & Loss Account .....	47

## NOTICE

**NOTICE** is hereby given that the **59<sup>th</sup> Annual General Meeting** of the Members of Camlin Limited, will be held on Friday, the 25<sup>th</sup> August, 2006 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Govind G. Desai who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Premanand A. Narvekar who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shishir S. Shirgaokar who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint B. K. KHARE and CO., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

**“RESOLVED THAT** in supersession of Special Resolution passed by the Members at the 58<sup>th</sup> Annual General Meeting of the Company held on 5<sup>th</sup> September, 2005 and subject to approval of the Central Government, consent of the Company be and is hereby accorded under Section 314 (1-B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to the appointment of Ms. Aditi D. Dandekar, daughter of Mr. Dilip D. Dandekar, Chairman & Managing Director, to hold and continue to hold an office or place of profit in the Company as 'Brand Manager (Colour Group) w.e.f. 1<sup>st</sup> September, 2006 on basic salary of Rs. 26,000/- per month plus allowances, benefits, perquisites (collectively called remuneration) as set out in the explanatory statement.

**RESOLVED FURTHER THAT** subject to the approval of the Central Government, the Company also accords its consent under the said Section 314 (1-B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to the payment of increased remuneration in a form of additional increments, and/or allowances/perquisites subject to a overall ceiling of Rs. 20,000/- per month, which may be payable to other employees in her grade from time to time on account of pay-revision and to promote her to higher grade(s) in accordance with the general policy of the Company.

**RESOLVED LASTLY THAT** the Directors of the Company be and are hereby authorised to accept any modifications/directions given by the Central Government, while approving the appointment of Ms. Aditi D. Dandekar and to take all such appropriate steps as may be necessary for giving effect to this Resolution for obtaining the approval from the Central Government.”

**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**  
Company Secretary

Dated : 30<sup>th</sup> June, 2006.

### 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 No. 6 is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 21<sup>st</sup> August, 2006 to 25<sup>th</sup> August, 2006 (both days inclusive).

4. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956 all dividends which remained unpaid or unclaimed upto the financial year ended 31<sup>st</sup> March, 1994, have been transferred to 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, 2<sup>nd</sup> Floor, A Wing, CBD – Belapur, Navi Mumbai- 400 614.

In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31<sup>st</sup> March, 1998, have 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 warrants with regard to the above dividend.

5. Members who have not encashed their dividend warrants for the financial year ended 31<sup>st</sup> March, 1999 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 ‘Investors Education and Protection Fund’ as per the provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
6. Members, 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 NO: 6**

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

At the 58<sup>th</sup> Annual General Meeting held on 5<sup>th</sup> September, 2005, Members had approved the appointment of Ms. Aditi D. Dandekar for holding office or place of profit w.e.f. 1<sup>st</sup> October, 2004 on a consolidated salary of Rs. 20,000/- per month. Subsequently, while promoting Ms. Aditi D. Dandekar as 'Product Manager', w.e.f. 1<sup>st</sup> October, 2005, the Board revised her salary to Rs. 38,000/- per month including all perquisites with a annual increment of Rs. 5,000/- per month. As the total remuneration and perquisites were below Rs. 50,000/- per month, there was no requirement for approaching the Central Government for approval.

In acknowledgement of the role played by Ms. Aditi D. Dandekar in promoting hobby and scholastic art products, it is proposed to further promote her as 'Brand Manager', (Colour Group) and revise remuneration payable to her commensurately.

Apart from receiving a basic salary of Rs. 26,000/- per month with an annual increment subject to ceiling of Rs. 20,000/- per month (including perquisites and allowances), she shall also be entitled to the following benefits and perquisites:-

- (a) House Rent Allowance of Rs. 17,000/- per month.
- (b) Gratuity payable in accordance with an approval of fund and which does not exceed fifteen days salary for each completed year of service.
- (c) Educational Allowance of Rs. 1,000/- per month.
- (d) Books and Periodicals of Rs. 1,000/- per month.
- (e) Soft furnishing allowance of Rs. 3,000/- per month.
- (f) Company's contribution to Provident Fund, subject to 12% of salary or at any other rate as may be notified by the concerned authorities from time to time.

- (g) The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing will be evaluated as per the Income Tax Rules 1962. This will, however, be subject to a ceiling of 10% of the basic salary.
- (h) Reimbursement of full Hospital and Medical expenses for self and family, subject to a ceiling of one month's basic salary.
- (i) Leave Travel Concession for self and family, once a year, to and from any place in India, subject to a ceiling of Rs. 18,000/-.
- (j) Free use of not more than one Telephone allowed, at her residence i.e. all charges whereof including rental call charges etc., shall be paid by the Company in full. However, all long distance personal calls shall be borne and paid by her.
- (k) Free use of Motor Car shall be provided by the Company for the purpose of Company's business and the Company shall meet the expenses of running, maintenance and other expenses of every kind whatsoever incurred in respect thereof. Use of car for personal purpose shall be billed by the Company to her.
- (l) Free Meal Vouchers applicable to her grade, which is presently at Rs. 1,600/- per month.
- (m) Rules of the Company in force from time to time, as to leave holidays and payment of ex-gratia, incentive shall also be applicable to her.

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

Directors recommend the Special Resolution for your approval.

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

By Order of the Board  
**RAVINDRA V. DAMLE**  
Company Secretary

Dated : 30<sup>th</sup> June, 2006.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 59<sup>th</sup> Annual Report and Audited Statements of Account for the Financial Year ended 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2005-2006	2004-2005
Profit/(Loss) Before Tax	(174.54)	(731.66)
Less: Provision for Tax		
– Current/FBT	46.52	—
– Deferred	(68.41)	(260.14)
– Prior Year (Net)	—	16.98
Profit/(Loss) After Tax	(152.65)	(488.50)
Balance brought forward from last year	675.50	1,164.00
Balance Carried Forward	522.85	675.50

### REVIEW AND RESTRUCTURING OF OPERATIONS:

Your Company has achieved Net Sales of Rs. 19,213.06 Lacs for the year under review as compared to Rs. 19,764.33 Lacs in the previous year. The marginal decline of 2.79% in sales is on account of the closure of the Company's Pharmaceutical Division during the year. The Net Sales of Pharmaceutical Division were only Rs. 6.83 Lacs during the year as against Rs. 2,407.94 Lacs in the previous year. In other words, excluding this discontinued operation, Net Sales of your Company have increased from Rs. 17,356.39 Lacs to Rs. 19,206.23 Lacs, which is a healthy growth of 10.66%.

Your Company has also succeeded in restricting the loss at Rs. 174.54 Lacs as against Rs. 731.66 Lacs in the previous year. In fact, the loss during the current year is on account of a number of one time/non-recurring events.

- In the course of the closure of the Pharmaceutical Division, the Company has incurred non-recurring final loss of Rs. 350.00 Lacs.
- The unprecedented floods in Mumbai and surrounding regions in July 2005, resulted into damage to the Finished Goods Inventory to the tune of Rs. 521.83 Lacs. While the Company was successful in speedily receiving the Insurance Claim of Rs. 459.90 Lacs, there was a net loss of Rs. 61.93 Lacs. More importantly, non-availability of stocks for sale during the season caused substantial loss of sale and margin.

Despite the above, the steps taken by the Management such as implementation of Voluntary Retirement Scheme for Consumer Products Division at Andheri Establishment, shifting of production to its Tarapur, Taloja and Vasai factories, sourcing of certain Colour Products from Jammu which enjoys exemption from excise duty, helped the Consumer Products Division and the Company to significantly mitigate the impact of one-time/non-recurring events mentioned above. This, coupled with an excellent performance of the Fine Chemicals Division, whose turnover grew by around 19% with commensurate increase in PBT, has helped your Company in restricting the loss for the year.

In view of the loss, Directors regret their inability to recommend any dividend on Equity Shares.

During the year, the Company entered into a Joint Venture with ColArt Fine Art and Graphics Ltd., UK for the manufacture and export of Canvas products. ColArt Fine Art and Graphics Ltd. UK is a world leader in the Art Material segment having presence in more than 15 countries. The joint venture Company has started commercial production and exports since April 2006. Apart from the dividend income which will accrue to your Company from the joint venture, the association with a world leader will also help your Company's Art Material/Colour business in a variety of ways.

Your Company has successfully concluded the sale of its Andheri property for a consideration of Rs. 4,600.00 Lacs on 23<sup>rd</sup> May 2006. These funds have been deployed partly to retire a major component of debt and partly for the business/promotion of the Consumer Products Division. While the reduction in debt will result into substantial reduction in interest cost, the funds deployed in business and for promotion would help the Division to make its top-line grow faster.

Fine Chemicals Division has recently commenced commercial production of an artificial sweetener viz. Sucralose, developed completely through in-house R&D efforts. This is a product with high demand and margin and it would significantly add to the top-line and bottom-line of the Division.

Going forward, various strategic initiatives taken by your Company will help both its divisions to post very good results.

Being Confident of the future profitability of both the divisions, your Board has approved the plan of de-merger of Fine Chemicals Division into a separate Company with effect from 1<sup>st</sup> July 2006. This would enable the respective managements of the two separate Companies to focus on their core businesses. Post de-merger, the combined market capitalization of the two Companies is expected to be much higher than the present market capitalization of the Company, resulting into enhancement of Shareholders' Wealth.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE & DEVELOPMENT AND SEGMENTWISE PERFORMANCE:

Your Company had substantially restricted the activities of the Pharmaceutical Division w.e.f. 1<sup>st</sup> April 2005. This Division has been completely closed w.e.f. 01.01.2006. With this, your Company now has only two Divisions viz. Consumer Products and Fine Chemicals.

### CONSUMER PRODUCTS:

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, wide distribution network, and well-known brands have helped your Company to retain its market leadership position in many product groups, in spite of excessive competition not only from Indian Companies but cheap imports from China and South East Asian countries.

It has been possible to maintain this position by our continuous 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 during the 75th year of our existence.

Some of the initiatives undertaken by your Company this year are:

- (a) Development of International Quality Plastic Markers in our Vasai facility.
- (b) T.V. campaign for the Exam brand of Scholastic Stationery Products.
- (c) Sponsorship of the "Euro Art Tour" by the Camel Art Foundation.
- (d) All India Camel Colour Contest for Schools entered its 25<sup>th</sup> year with participation by twenty six lac children from 3017 schools.

In an extremely competitive market, these and other such initiatives will help your Company continue to retain its position in the market.

The Division contributed to 77.48% of the Total Sales of the Company and has achieved Net Sales of Rs. 14,885.97 Lacs as compared to Rs. 13,723.94 Lacs in the previous year.

### FINE CHEMICALS:

The main products of Fine Chemicals Division are TBHQ and BHA which are food grade antioxidants. Fine Chemicals Division also manufactures Bulk Drugs and Intermediates in a small way. The products of this Division are exported to over 30 Countries. As regards TBHQ and BHA, your Company ranks among top three in the World.

The strength of Fine Chemicals Division is in its continuous R&D efforts which have enabled the Company to enhance the quality and cut down the cost of its products despite the rising prices of petroleum based inputs. With this, the Company has been able to prevent erosion of its margins to a large extent despite falling prices of finished products and rising prices of inputs. The Company has the prestigious HACCP Certificate (Hazard Analysis Of Critical Control Points) which is a confirmation of its strong R&D and Quality Control.

The Company has adopted a two pronged strategy for competing in the International market.

As stated earlier, while on one hand the Company focuses continuously on cost reduction and quality enhancement of its existing products to meet the challenges of international competition, on the other hand, it continuously strives to develop new products with high demand in the international market and good margins. In April 2006, the Company has launched a new product viz. 'Sucralose' which is a synthetic sweetener with large demand and attractive price.

The Division contributed to 22.49% of the Total Sales of the Company and has achieved Net Sales of Rs. 4,320.26 Lacs as compared to Rs. 3,632.90 Lacs in the previous year

### OUTLOOK, OPPORTUNITIES AND THREATS, RISKS AND CONCERNS:

As regards Consumer Products Division, series of strategic initiatives will henceforth help the Company in mitigating the risks of squeeze on margins and paucity of funds for business development.

This will enable the Company to take advantage of the growth opportunities thrown by increase in income levels, increase in number of students seeking education, growth in awareness about importance of art; all of which auger well for the growth in demand of its products.

As regards Fine Chemicals Division, growth in manufacture of food products, cattle and poultry feed, oil refining and increase in incidence of diabetics, are expected to result in significant growth in demand for its products. As stated earlier, with strong R&D efforts the Company is poised to meet the challenges of competitive prices and falling margins and to take advantage of growth in demand.

Nevertheless, growing domestic as well as international competition, dumping of imported products at extremely low prices and rising prices of petroleum based and other inputs continue to be the cause of concern for the Company.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has clearly laid down policies, guidelines and

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

#### **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, 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:**

##### **Camlin North America, Inc., U.S.A:**

During the year under review, Camlin North America, Inc., U.S.A., a wholly owned Subsidiary Company, has achieved a sales revenue of Rs. 22.24 Lacs for the year as compared to Rs. 10.04 Lacs in the previous year. The operations have resulted into a net loss of Rs. 13.34 Lacs (previous year of Rs. 14.19 Lacs).

##### **Camlin International Limited:**

The Company has restricted the business of its another wholly owned Subsidiary Company viz. Camlin International Limited to Rs. 4.35 Lacs during the current year as against net sales of Rs. 44.66 Lacs in the previous year and has earned a net profit of Rs. 0.31 Lacs. (previous years Rs. 4.07 Lacs). Directors have recommended a dividend of 80% for the year ended 31<sup>st</sup> March, 2006.

Department of Company Affairs, Government of India vide its letter dated 25<sup>th</sup> April, 2006 has exempted the Company from attaching the Annual Reports and other particulars of its

Subsidiary Companies alongwith the Annual Reports of the Company required under Section 212(8) of the Companies Act, 1956. Therefore, the said Reports of the Subsidiary Companies are not attached herewith.

However, as directed by the Department of Company Affairs, while according aforesaid approval, financial details of Subsidiary Companies have been separately disclosed.

A Statement under Section 212 (3) of the Companies Act, 1956 in respect of both the Companies, along with information required to be disclosed as per the directions of Central Government is also annexed.

The Company shall provide a copy of the Annual Report and other documents of its Subsidiary Companies to the shareholders on their request free of cost.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

As required under Clause 32 of the Listing Agreement and Accounting Standard No. 21, issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2006 have been prepared by the Company and the said audited statements form part of the Annual Report.

#### **COST AUDIT:**

The Company's Cost Records for the year ended 31<sup>st</sup> March, 2006 in respect of manufacturing activities of Bulk Drugs, are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

#### **DEPOSITS:**

During the year total amount of fixed deposits held by the Company was Rs. 556.39 Lacs. There are no overdue deposits except unclaimed deposits amounting to Rs 6.67 Lacs as at 31<sup>st</sup> March, 2006, out of which, deposits amounting to Rs. 4.52 Lacs have been repaid as on date.

#### **DIRECTORS:**

Mr. Govind G. Desai, Mr. Premanand A. Narvekar and Mr. Shishir S. Shirgaokar retire by rotation and, being eligible, offer themselves for re-appointment. You are requested to re-appoint them.

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

As required under the Listing Agreement, particulars of Directors seeking appointment at the ensuing Annual General Meeting have been attached to the Notice of the meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2006 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2006 and of the loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31<sup>st</sup> March, 2006 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2006 on a 'going concern' basis.

**CORPORATE GOVERNANCE:**

As required by clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is given as a part of Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance. The Management Discussion and Analysis Report also forms a part of this report.

**TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:**

The Company has transferred a sum of Rs. 0.78 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 have been 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 2006-2007. You are requested to appoint them.

**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.

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

**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 : 30<sup>th</sup> June, 2006.



## 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:**

The major steps taken towards energy conservation were the installation of:

- (i) Eco-friendly vapor absorption machines (VAM) against conventional chilling plant;
- (ii) Condensed water recovery network and boiler efficiency controlling software; and
- (iii) Super impellers.

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

No additional investments are envisaged. However, steps have been taken to introduce improved operational methods, rationalisation and better methods of lighting, aimed to save consumption of power and fuel.

**(c) Impact of the above matters:**

As a result of measures taken/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**

	<u>2005-2006</u>	<u>2004-2005</u>
<b>1. Electricity</b>		
(a) Purchased		
Units (KWH)	<b>2781157</b>	2279725
Total Amount (Rs. in Lacs)	<b>101.41</b>	80.71
Rate/Unit (Rs.)	<b>3.65</b>	3.54
(b) Own Generation	—	—
<b>2. Coal</b>	—	—
<b>3. Light Diesel Oil (LDO)</b>		
Quantity (K. Ltrs.)	<b>738.00</b>	684.00
Total Amount (Rs. in Lacs)	<b>128.78</b>	160.68
Average Rate Per Ltr. (Rs.)	<b>17.45</b>	23.49
<b>4. Others/Internal Generation</b>	—	—
<b>(B) Consumption per Unit of production (M.T.)</b>	<b>Standards</b>	<b>Standards</b>
	<b>(If any)</b>	<b>(If any)</b>
Electricity (KWH)	<b>446</b>	629
LDO (Ltrs.)	<b>118</b>	189

### 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 : New product development, Process development.  
by the Company

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 Bulk Drugs, Fine Chemicals and other products aimed to achieve cost reduction, and improvement in quality.

	(Rs. in Lacs)	
	2005-2006	2004-2005
4. Expenditure on R&D:		
(a) Capital	—	—
(b) Recurring	75.83	75.73
(c) Total	75.83	75.73
(d) Total R&D Expenditure as a percentage of total turnover	0.38%	0.38%

### 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 & Industrial Research, Govt. of India, where continuous efforts are made to innovate new products and improve the quality of Stationery, Industrial Adhesives, Art Material, Bulk Drugs and Fine Chemical products manufactured/procured by the Company and to make the manufacturing process safe, cost effective and environment friendly.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. : 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. The Fine Chemicals Division is heading towards global leadership in food grade antioxidants.
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:**

The Company continued its participation in international exhibitions held in Europe and has appointed distributors in U.S.A., Europe, Africa, Latin America, Middle East, South East Asia and other countries.

For giving further boost to export sales, the presence in international exhibitions will be enhanced during the year.

The inspection of manufacturing facilities of Fine Chemicals Division by Multinational buyers is being organised to inspire the confidence of potential buyers.

**(b) Total Foreign Exchange used and earned:**

	(Rs. in Lacs)	
	2005-2006	2004-2005
Foreign exchange used	2,227.00	1,661.28
Foreign exchange earned	3,977.83	3,658.31

For & On behalf of the Board

**DILIP D. DANDEKAR**  
Chairman & Managing Director

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2006.

## REPORT ON CORPORATE GOVERNANCE

Your Company has adopted the practices stipulated in the Clause 49 of the Listing Agreement and has established procedures and systems to comply with the provisions of the revised Clause. Accordingly, pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given below.

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

The Company believes in a sound code of Corporate Governance, as a tool for highest standard of Management and Business integrity. Your Board believes that Corporate Governance is powerful medium of sub-serving the long-term interest of all the stakeholders viz, employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve the Goal by ensuring 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 and industry, finance, management, marketing and law. The current strength of the Board, is 12 members. It consists of majority of Non-Executive/Independent Directors. The size and composition of the Board conforms to the requirements of the Code on Corporate Governance under the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai.

None of the Non-Executive directors have any material pecuniary relationship or transactions with the Company.

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.

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	9	9	Yes	Nil	Nil
Mr. Rajiv M. Dandekar Jt. Managing Director	ED	8	4	No	Nil	Nil
Mr. Shiram S. Dandekar Executive Director	ED	8	6	Yes	Nil	Nil
Mr. Deepak M. Dandekar Executive Director	ED	8	5	No	Nil	Nil
Mr. Ashish S. Dandekar Executive Director	ED	8	5	Yes	Nil	Nil
Mr. Govind G. Desai	NED (I)	9	18	Yes	5	3
Mr. Shrikrishna E. Godbole	NED (I)	7	Nil	Yes	Nil	Nil
Mr. Madhukar P. Khedkar	NED (I)	6	Nil	No	Nil	Nil
Mr. Premanand A. Narvekar	NED (I)	9	9	Yes	Nil	3
Mr. Shishir S. Shirgaokar	NED (I)	7	13	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	7	Nil	Yes	Nil	Nil
Mr. Dhananjay N. Mungale	NED (I)	8	13	No	3	4

ED – Executive Director.

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

During the financial year 2005-2006, (9) Nine Board Meetings were held on the following dates:

17<sup>th</sup> May, 2005, 20<sup>th</sup> June, 2005, 30<sup>th</sup> July, 2005, 26<sup>th</sup> August, 2005, 05<sup>th</sup> September, 2005, 26<sup>th</sup> October, 2005, 07<sup>th</sup> January, 2006, 30<sup>th</sup> January, 2006 and 20<sup>th</sup> March, 2006.

**CODE OF CONDUCT:**

The Board has laid down Code of Conduct for all Board members and senior managerial personnel of the Company. The Code of Conduct is available on web site of the Company at [www.camlin.com](http://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 (CMD) has been obtained.

**DETAILS OF DIRECTORS BEING RE-APPOINTED:**

At the ensuing Annual General Meeting, Mr. Govind G. Desai, Mr. Premanand A. Narvekar and Mr. Shishir S. Shirgaokar retire by rotation and being eligible offer themselves for re-appointment. Pursuant to Clause 49(VI)(A) of the Listing Agreement, their particulars are given below:-

**(A) Govind G. Desai:**

Mr. Govind G. Desai, B.A., L.L.M., Director of the Company, since 1988, has long and wide experience in Legal field and particularly on matters relating to Corporate Laws’.

**Other Directorships:**

Name of the Company	Position
Aegean Properties Ltd.	Director
Alta Leasing & Finance Ltd.	— do —
Bliss Chemicals & Pharmaceuticals India Ltd.	— do —
Bullows (India) Pvt. Ltd.	— do —
Bullows Paints Equipment Pvt. Ltd.	— do —
Campagne Indage Ltd.	— do —
Centaur Chemicals Pvt. Ltd.	— do —
Centaur Laboratory Ltd.	— do —
Champagne Vineyards Ltd.	— do —
Classic Stripes Pvt. Ltd.	— do —
Contract Advertising (India) Pvt. Ltd.	— do —
Duphar-Interfran Ltd.	— do —
Durabuild Technologies Pvt. Ltd.	— do —
Fermenta Biotech Ltd.	— do —
Fosroc Chemicals Pvt. Ltd.	— do —
Gravity Realty Ltd.	— do —
Lona Industries Ltd.	— do —

**(B) Mr. Premanand A. Narvekar:**

Mr. Premanand A. Narvekar, M.A., B.Com. Director of the Company, since 1988, has long and varied experience in the field of Accountancy, Audit, Taxation, Finance & Corporate Law. He is Member of the Institute of Internal Auditors, Florida, U.S.A.

**Other Directorships:**

Name of the Company	Position
Alta Leasing & Finance Ltd.	Director
Camlin International Ltd.	— do —
Gajanan Consultancy Services Pvt. Ltd.	— do —
Kema Services International Pvt. Ltd.	— do —
Kumar Investments Pvt. Ltd.	— do —
Lona Industries Ltd.	— do —
Sardesai Consultants Pvt. Ltd.	— do —
Sardesai holding Pvt. Ltd.	— do —
Vibrant Auto Components Pvt. Ltd.	— do —

**(C) Mr. Shishir S. Shirgaokar:**

Mr. Shishir S. Shirgaokar, B.Sc., Director of the Company, since 1988, has long and wide experience in the Sugar Industry and General Management.

**Other Directorships:**

Name of the Company	Position
Forest Industries Pvt. Ltd.	Director
Indo Schottle Auto Parts Pvt. Ltd.	— do —
Kulkarni Power Tools Ltd.	— do —
Mohan Shirgaokar Investments Pvt. Ltd.	— do —
Prabhakar Shirgaokar Investments Pvt. Ltd.	— do —
Sadasiv Sugar Ltd.	— do —
Sangli Fabricators Pvt. Ltd.	— do —
Shantaram Reshellers Pvt. Ltd.	— do —
Shishir Shirgaokar Investors Pvt. Ltd.	— do —
SLK Software Services Pvt. Ltd.	— do —
Tara Tiles Pvt. Ltd.	— do —
The Ugar Sugar Works Ltd.	— do —
Ugar Power Generation & Consultancy Services Ltd.	— do —

**3. AUDIT COMMITTEE:**

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

The Audit Committee was constituted on 29<sup>th</sup> August, 2002. The Audit Committee of the Board enjoys all the powers as mentioned in Para II(C) of the Clause 49 of the Listing Agreement. The scope of the Audit Committee includes all the works stated in Para II(D) of Clause 49 of the Listing Agreement. The Company has complied with all the requirements of Clause 49(II)(A) of the Listing Agreement relating to composition of the Audit Committee.

During the financial year 2005-2006, (4) four meetings of Audit Committee were held on 20<sup>th</sup> June, 2005, 30<sup>th</sup> July, 2005, 26<sup>th</sup> October, 2005 and 30<sup>th</sup> January, 2006.

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)	3
Mr. Premanand A. Narvekar	Member	NED (I)	4

The Audit Committee meetings were attended by the Chairman & Managing Director/Executive Directors and the Chief Financial Officer. 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 3<sup>rd</sup> 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 2005-2006, 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 to the Executive Directors during the financial year ended 31<sup>st</sup> March, 2006:

(Rs. In Lacs)

Name	Salary Including HRA	Perquisites#	Total
Mr. Dilip D. Dandekar	14.40	5.41	19.81
Mr. Rajiv M. Dandekar	12.96	5.31	18.27
Mr. Shriram S. Dandekar	12.96	5.05	18.01
Mr. Deepak M. Dandekar	12.96	4.93	17.89
Mr. Ashish S. Dandekar	12.96	5.34	18.30

# 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.

All the 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. 1<sup>st</sup> November, 2004, have been separately entered into with each of the Executive Directors.

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 2005-2006 are given below:

Name	Sitting Fees (Rs.)				Total
	Board	Audit Committee	Remuneration Committee	Shareholders/ Investors Grievance Committee	
Mr. Govind G. Desai	36,000	—	—	12,000	48,000
Mr. Shrikrishna E. Godbole	28,000	—	—	9,000	37,000
Mr. Madhukar P. Khedkar	24,000	12,000	—	—	36,000
Mr. Premanand A. Narvekar	36,000	16,000	—	—	52,000
Mr. Shishir S. Shirgaokar	28,000	—	—	9,000	37,000
Mr. Pramod M. Sapre	28,000	—	—	—	28,000
Mr. Dhananjay N. Mungale	32,000	16,000	—	—	48,000
<b>GRAND TOTAL</b>					2,86,000

**Information of Directors Shareholding:**

Name	Shares Held
Mr. Govind G. Desai	100
Mr. Shrikrishna E. Godbole	150
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 23<sup>rd</sup> January, 2003.

During the financial year 2005-2006, (4) four meetings were held on 20<sup>th</sup> June, 2005, 30<sup>th</sup> July, 2005, 26<sup>th</sup> October, 2005 and 30<sup>th</sup> January, 2006.

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)	3
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, one complaint about non-receipt of share certificate was received from a shareholder, which was attended to promptly and resolved to the satisfaction of the concerned Shareholder. There were no pending complaints at the close of the financial year.

**6. GENERAL BODY MEETINGS:**

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

Financial Year	Venue	Date & Time
2004-2005	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai-400 020.	5 <sup>th</sup> September, 2005 at 3.00 p.m.
2003-2004	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai-400 020.	23 <sup>rd</sup> July, 2004 at 3.00 p.m.
2002-2003	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai-400 020.	24 <sup>th</sup> July, 2003 at 3.00 p.m.

Six Special Resolutions were passed at the 58<sup>th</sup> Annual General Meeting and three Special Resolutions were passed at the 57<sup>th</sup> Annual General Meeting.

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

**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 Agreement with the Stock Exchange 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 Audit Committee 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 and the Chief Financial Officer of the Company have furnished the requisite Certificates to the Board of Directors under Clause 49(V) of the listing agreement.

**8. MEANS OF COMMUNICATION:**

- The quarterly and half-yearly results are published in widely circulating national and local dailies 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.com](http://www.sebidifar.com) and the Company's web-site i.e. [www.camlin.com](http://www.camlin.com) within the timeframe prescribed in this regard.



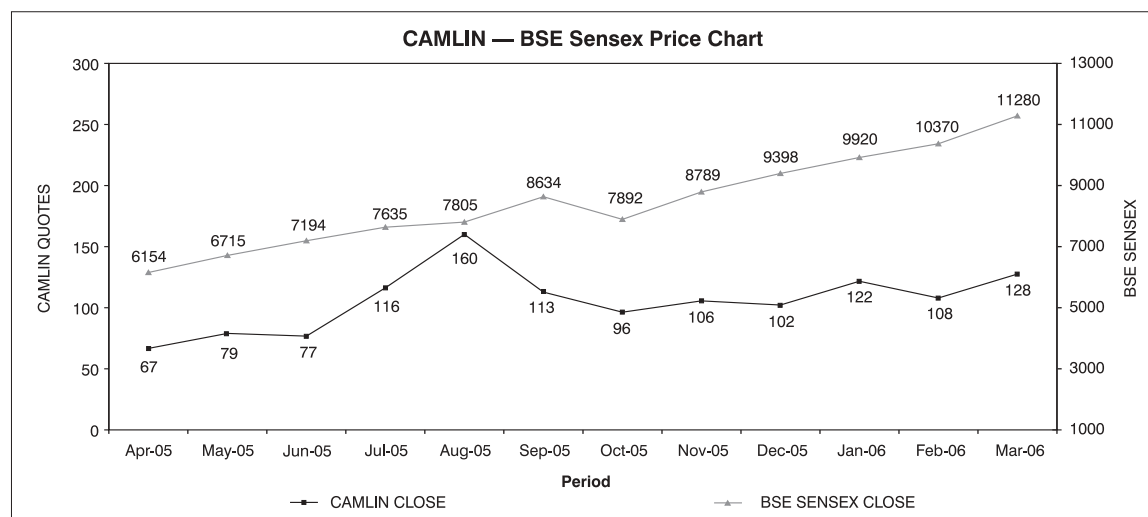
## 9. GENERAL SHAREHOLDER INFORMATION:

- (i) As indicated in the Notice to our Shareholders, the 59<sup>th</sup> Annual General Meeting of the Company will be held on Friday, the 25<sup>th</sup> August, 2006 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchant's Chamber Marg, Churchgate, Mumbai-400 020.
- (ii) **Financial Calendar:**  
 Unaudited Results for the quarter ending 30<sup>th</sup> June, 2006  
 Unaudited Results for the quarter ending 30<sup>th</sup> September, 2006  
 Unaudited Results for the quarter ending 31<sup>st</sup> December, 2006  
 Audited Results for the year ending 31<sup>st</sup> March, 2007
- Financial Reporting for:**  
 – end of July, 2006.  
 – end of October, 2006.  
 – end of January, 2007.  
 – end of June, 2007.
- (iii) **Date of Book Closure:** From 21<sup>st</sup> August, 2006 to 25<sup>th</sup> August, 2006 (both days inclusive).
- (iv) **Date of Dividend Payment:** Not Applicable.
- (v) **Listing of Equity Shares on Stock Exchange:** Bombay Stock Exchange Limited, Mumbai (Stock Code 523207).  
 The Company has paid listing fees till March, 2007.
- (vi) **Demat ISIN in CDSL/NSDL:** INE 760A01011
- (vii) **Share Prices (High & Low) for the year 2005-2006 at BSE:**

Month	High (Rs.)	Low (Rs.)
April, 2005	80.00	66.00
May, 2005	90.00	63.00
June, 2005	88.00	73.05
July, 2005	130.00	75.00
August, 2005	162.00	115.45
September, 2005	163.75	110.20
October, 2005	118.00	95.00
November, 2005	107.20	95.50
December, 2005	118.90	97.00
January, 2006	149.00	101.50
February, 2006	123.00	105.00
March, 2006	142.90	101.00

(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, 3<sup>rd</sup> 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 lodgment, subject to the transfer instrument being valid and complete in all respect.

(xi) Distribution of Shareholding as on 31<sup>st</sup> March, 2006:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 500	6849	92.42	1023982	21.33
501-1000	277	3.73	232554	4.85
1001-2000	113	1.53	180359	3.76
2001-3000	40	0.54	106546	2.22
3001-4000	21	0.28	73703	1.54
4001-5000	16	0.22	78134	1.63
5001-10000	32	0.43	239858	5.00
10001 and above	63	0.85	2864864	59.67
<b>Total</b>	<b>7411</b>	<b>100.00</b>	<b>4800000</b>	<b>100.00</b>

(xii) Categories of Shareholders as on 31<sup>st</sup> March, 2006:

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
Promoters	63	0.85	2313674	48.20
Banks/Financial Institutions	4	0.05	23425	0.49
Private Corporate Bodies	238	3.21	266831	5.56
Indian Public	7078	95.51	2179666	45.41
NRIs/OCBs	28	0.38	16404	0.34
<b>Total</b>	<b>7411</b>	<b>100.00</b>	<b>4800000</b>	<b>100.00</b>

(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 Ltd. (CDSL) under ISIN No. INE 760A01011. As on 31<sup>st</sup> March, 2006, 91.11% 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-400 059.

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

Tel. No. : 022-2836 0302,

Fax No. : 022-2836 6579,

E-mail : corporate@camlin.com

(xvii) Secretarial Department:

The Company's Secretarial Department, headed by the 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:**

**Shareholders rights:**

Financial Results as published in the newspapers are made available to the members on request.

For & On behalf of the Board

**DILIP D. DANDEKAR**

*Chairman & Managing Director*

Place : Mumbai

Dated : 30<sup>th</sup> June, 2006.

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**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 31<sup>st</sup> March, 2006 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 : 30<sup>th</sup> June, 2006.

## AUDITORS' REPORT

TO  
THE MEMBERS OF CAMLIN LIMITED

1. We have audited the attached Balance Sheet of CAMLIN LIMITED as at 31<sup>st</sup> March, 2006 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 paragraphs 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 31<sup>st</sup> March, 2006 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - (f) Without qualifying our opinion, we draw attention to Note No. vii in Schedule 23 to the Accounts regarding Sundry Debtors in respect of which legal proceedings have been instituted and considered by the management to be fully recoverable under due process of law.
  - (g) 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 31<sup>st</sup> March, 2006;
    - (ii) in the case of the Profit and Loss Account, of the Loss 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 : 30<sup>th</sup> June 2006.

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the assets have not been physically verified by the Management during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, during the year, the Company has not disposed of substantial part of fixed assets.
- (ii) (a) Physical verification of inventory was conducted by the Management at reasonable intervals during the year. In respect of materials sent for job work and finished goods with third parties, certificates of closing stock have been obtained from most of 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, in our opinion, the rates of interest and other terms and conditions of loans granted by the Company, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the 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 account 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, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31<sup>st</sup> March 2006 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. 27.20 lacs under the Central Excise Act, 1956 out of which Rs. 26.33 lacs is pending before CESTAT, Rs. 0.87 lacs with Assistant Commissioner, (ii) Sales Tax of Rs. 103.52 lacs out of which Rs. 9.26 lacs is pending before Tribunal, Rs. 26.36 lacs with Deputy Commissioner, Rs. 3.50 lacs with Joint Commissioner and Rs. 59.83 lacs with Assistant Commissioner.
- (x) The Company does not have accumulated losses as at the end of the year. Company has not incurred any cash loss during the financial year covered by our audit but in the immediately preceding financial year, the cash loss was Rs. 273.36 lacs.
- (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 has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (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 been used for long-term investment to the extent of Rs. 2,116 Lacs approx.

- (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 : 30<sup>th</sup> June, 2006.

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2006.**

	Schedules	As at 31.03.2006 (Rs. in Lacs)	As at 31.03.2005 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	1,046.54	1,205.78
		1,526.54	1,685.78
<b>Loan Funds</b>			
Secured Loans	3	5,020.89	3,806.01
Unsecured Loans	4	956.39	1,164.46
		5,977.28	4,970.47
<b>Deferred Tax Liability (Net)</b>		113.67	182.08
<b>TOTAL</b>		7,617.49	6,838.33
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	7,580.83	7,047.59
Less: Depreciation		3,465.17	2,985.34
Net Block		4,115.66	4,062.25
Capital Work In Progress including Advances		787.92	106.26
		4,903.58	4,168.51
<b>Investments</b>	6	113.94	61.49
<b>Current Assets, Loans and Advances</b>			
Inventories	7	3,799.04	3,566.59
Sundry Debtors	8	2,890.42	2,658.05
Cash and Bank Balances	9	186.64	259.15
Other Current Assets	10	8.43	4.87
Loans and Advances	11	1,153.41	809.39
		8,037.94	7,298.05
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	12	5,826.34	4,503.08
Provisions	13	202.20	929.61
		6,028.54	5,432.69
<b>Net Current Assets</b>		2,009.40	1,865.36
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	14	590.57	742.97
<b>TOTAL</b>		7,617.49	6,838.33

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)

**P. G. Godbole**  
*Chief Financial Officer*

Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**R. V. Damle**  
*Company Secretary*

**D. D. Dandekar** *Chairman & Mg. Director*  
**R. M. Dandekar** *Jt. Mg. Director*  
**S. S. Dandekar** *Executive Director*  
**D. M. Dandekar** *Executive Director*  
**A. S. Dandekar** *Executive Director*  
**G. G. Desai** *Director*  
**S. E. Godbole** *Director*  
**M. P. Khedkar** *Director*  
**P. A. Narvekar** *Director*  
**S. S. Shirgaokar** *Director*  
**P. M. Sapre** *Director*



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006.**

	Schedules	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>INCOME</b>			
Net Sales	15	19,213.06	19,764.33
Other Receipts from Operations	16(A)	478.80	88.85
Other Income	16(B)	77.47	86.34
<b>TOTAL INCOME</b>		<b>19,769.33</b>	<b>19,939.52</b>
<b>EXPENDITURE</b>			
Consumption of Materials & Goods traded-in	17	12,717.44	12,022.00
(Increase)/Decrease in Stocks	18	(23.41)	255.06
Payment to Employees	19	1,834.38	2,388.61
Manufacturing & Other Expenses	20	4,073.51	4,945.03
Finance Cost	21	670.13	584.45
Depreciation- Gross		525.43	462.82
Less: Transferred from Revaluation Reserve		6.59	6.59
		518.84	456.23
Amortisation of VRS Cost		152.40	19.05
Provision for Wealth Tax		0.58	0.75
<b>TOTAL EXPENDITURE</b>		<b>19,943.87</b>	<b>20,671.18</b>
<b>Net Profit/(Loss) before Tax</b>		<b>(174.54)</b>	<b>(731.66)</b>
Less : Current Tax		—	—
Less : Fringe Benefit Tax		46.52	—
<b>Profit/(Loss) after Tax</b>		<b>(221.06)</b>	<b>(731.66)</b>
Net Profit/(Loss) before/after Tax			
Profit/(Loss) from continuing operations		175.46	53.75
Less : Current Tax		—	—
Less : Fringe Benefit Tax		46.21	—
		129.25	53.75
Profit/(Loss) from discontinuing operations		(350.00)	(785.41)
Less : Current Tax		—	—
Less : Fringe Benefit Tax		0.31	—
		(350.31)	(785.41)
Taxes - Deferred		(68.41)	(260.14)
- Prior Years (Net)		—	16.98
<b>Profit/(Loss) after Tax</b>		<b>(152.65)</b>	<b>(488.50)</b>
Balance brought forward from last year		675.50	1,164.00
		522.85	675.50
<b>APPROPRIATIONS</b>			
Balance Carried to Balance Sheet		522.85	675.50
		522.85	675.50
Earning Per Share - Basic & Diluted (in Rs.)		(3.18)	(10.18)
Schedule 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)

**P. G. Godbole**  
Chief Financial Officer

Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**R. V. Damle**  
Company Secretary

**D. D. Dandekar** Chairman & Mg. Director  
**R. M. Dandekar** Jt. Mg. Director  
**S. S. Dandekar** Executive Director  
**D. M. Dandekar** Executive Director  
**A. S. Dandekar** Executive Director  
**G. G. Desai** Director  
**S. E. Godbole** Director  
**M. P. Khedkar** Director  
**P. A. Narvekar** Director  
**S. S. Shirgaokar** Director  
**P. M. Sapre** Director

**SCHEDULES TO BALANCE SHEET**

	<b>31.03.2006 (Rs. in Lacs)</b>	<b>31.03.2005 (Rs. in Lacs)</b>
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
48,00,000 Equity Shares of Rs. 10/- each	<u>480.00</u>	<u>480.00</u>
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		
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	<u>25.20</u>	<u>25.20</u>
<b>Revaluation Reserve</b>		
As per last Balance Sheet	237.97	244.56
Less: Transferred to Profit & Loss Account	<u>6.59</u>	<u>6.59</u>
	<u>231.38</u>	<u>237.97</u>
<b>General Reserve</b>		
As per last Balance Sheet	267.11	267.11
Additions during the year	—	—
	<u>267.11</u>	<u>267.11</u>
Profit & Loss Account	<u>522.85</u>	<u>675.50</u>
	<u><b>1,046.54</b></u>	<u><b>1,205.78</b></u>

### SCHEDULES TO BALANCE SHEET (Contd.)

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>3. SECURED LOANS</b>		
(i) Term Loans from Banks & Financial Institutions		
a. Rupee Loan	<b>2,007.78</b>	1,100.81
b. Foreign Currency Loan — Fixed Assets	<b>33.09</b>	229.69
— Working Capital	<b>690.31</b>	901.83
(ii) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)		
— Rupee Loan	<b>2,041.90</b>	151.12
— Foreign Currency Loan	<b>247.81</b>	1,421.78
(iii) Deferred Payments	—	0.81
Less: Unaccrued Interest	—	0.03
	—	0.78
	<b>5,020.89</b>	<b>3,806.01</b>
Includes Rs. 1,404.02 Lacs repayable within one year (2004-2005 Rs. 534.67 Lacs)		
<b>4. UNSECURED LOANS</b>		
(i) Fixed Deposits	<b>556.39</b>	664.46
(ii) Short Term Loan from Bank	<b>400.00</b>	500.00
	<b>956.39</b>	<b>1,164.46</b>
Includes Rs. 674.45 Lacs repayable within one year (2004-2005 Rs. 613.95 Lacs)		

### 5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2006	Upto 31.03.2005	For the year	Disposals/ Adjustments	As at 31.03.2006	As at 31.03.2006	As at 31.03.2005
Freehold Land*	141.21	—	—	<b>141.21</b>	—	—	—	—	<b>141.21</b>	141.21
Leasehold Land	27.06	—	—	<b>27.06</b>	5.27	0.26	—	5.53	<b>21.53</b>	21.79
Site Development	43.47	5.97	—	<b>49.44</b>	2.86	0.79	—	3.65	<b>45.79</b>	40.61
Building & Shed*	1,031.73	192.88	1.38	<b>1,223.23</b>	297.03	32.68	0.49	329.22	<b>894.01</b>	734.70
Plant, Machinery & Equipment	4,910.59	375.85	28.92	<b>5,257.52</b>	2,219.03	415.05	16.83	2,617.25	<b>2,640.27</b>	2,691.56
ERP Hardware/Software Cost	133.43	—	—	<b>133.43</b>	71.58	29.90	—	101.48	<b>31.95</b>	61.85
Furniture & Fittings	310.69	11.74	—	<b>322.43</b>	167.34	19.27	—	186.61	<b>135.82</b>	143.35
Vehicles	309.42	34.69	57.59	<b>286.52</b>	82.24	27.48	28.28	81.44	<b>205.08</b>	227.18
Intellectual Property Rights (IPRs)	139.99	—	—	<b>139.99</b>	139.99	—	—	139.99	—	—
<b>Total</b>	<b>7,047.59</b>	<b>621.13</b>	<b>87.89</b>	<b>7,580.83</b>	<b>2,985.34</b>	<b>525.43</b>	<b>45.60</b>	<b>3,465.17</b>	<b>4,115.66</b>	<b>4,062.25</b>
Previous Year	6,112.24	1,001.90	66.55	7,047.59	2,562.36	462.82	39.84	2,985.34	4,062.25	3,570.93

\* Includes Revaluation of Land & Building at Andheri as on 31.03.1991 at Rs. 132.78 Lacs & Rs. 197.47 Lacs respectively, and depreciation on revaluation of building for the year at Rs. 6.59 Lacs and cumulative at Rs. 98.62 Lacs as of 31.03.2006.

**SCHEDULES TO BALANCE SHEET (Contd.)**

	<b>31.03.2006 (Rs. in Lacs)</b>	<b>31.03.2005 (Rs. in Lacs)</b>
<b>6. INVESTMENTS — LONG TERM</b>		
<b>A. Unquoted (Non Trade)</b>		
(i) Unit Trust of India 21,564 Bonds — 6.75% Tax Free of Rs. 100/- each	<b>21.56</b>	21.56
(ii) Subsidiary Companies		
(a) 5,000 Equity Shares of Rs. 100/- each in Camlin International Ltd.	<b>5.00</b>	5.00
(b) 20,000 Equity Shares of US\$ 1 each in Camlin North America Inc., U.S.A.	<b>9.26</b>	9.26
(iii) Shares (Trade)		
(a) 4,000 Equity Shares of Rs. 100/- each in Triveni Pencils Ltd.	<b>4.00</b>	4.00
(b) 2,500 Equity Shares of Rs. 10/- each in The Saraswat Co-operative Bank Ltd.	<b>0.25</b>	—
(c) 8,928 Equity Shares of Rs. 100/- each in Nilmac Packaging Industries Ltd.	<b>10.42</b>	10.42
(d) 1,000 Shares of Rs. 10/- each in Co-operative Stores, New Delhi	<b>0.10</b>	0.10
(e) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	<b>2.15</b>	2.15
(f) 10,000 Equity Shares of Rs. 10/- each in Sicom Ltd.	<b>8.00</b>	8.00
(g) 10,000 Shares of Rs. 10/- each in North Kanara GSB Co-Op. Bank Ltd.	<b>1.00</b>	1.00
(h) 518000 (Nil) Equity Shares of Rs. 10/- each in ColArt Camlin Canvas Pvt. Ltd. (Refer note no. 23(vi) )	<b>51.80</b>	—
(i) Share Application Money Colart Camlin Canvas Pvt. Ltd.	<b>0.40</b>	—
	<b>113.94</b>	<b>61.49</b>
<b>7. INVENTORIES</b>		
Raw Materials	<b>625.00</b>	470.57
Packing Materials	<b>340.18</b>	284.05
Consumables & Stores	<b>7.18</b>	4.85
Work-in-Process	<b>805.54</b>	575.16
Goods-in-Transit	<b>177.82</b>	117.18
Finished Goods	<b>1,843.32</b>	2,114.78
	<b>3,799.04</b>	<b>3,566.59</b>

**SCHEDULES TO BALANCE SHEET (Contd.)**

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>8. SUNDRY DEBTORS (UNSECURED)</b>		
(i) Outstanding over six months		
(a) Considered Good	584.23	605.44
(b) Considered doubtful	82.43	273.55
(ii) Other Debts Considered good		
(a) From subsidiary companies — Camlin North America Inc., U.S.A.	27.43	12.68
(b) Others [Net of Bill Discounting Rs. 1,015.74 Lacs (2004-05 Rs. 482.27 Lacs)]	2,278.76	2,039.93
	<u>2,972.85</u>	<u>2,931.60</u>
Less: Provision for doubtful debts	82.43	273.55
	<u>2,890.42</u>	<u>2,658.05</u>
<b>9. CASH AND BANK BALANCES</b>		
(i) Cash on Hand	3.41	44.29
(ii) With Scheduled Banks		
(a) In Other Deposit Accounts	95.85	76.21
(b) In Other Current Accounts	46.08	116.08
(c) Staff Security Deposit Account	6.41	6.19
(d) In Current Account for the payment of Dividend & Interest	34.00	16.08
(iii) With Others		
In Current Account with Municipal Co-operative Bank Ltd. [Maximum balance during 2005-06 Rs. 1.65 Lacs (2004-05 Rs. 0.43 Lacs)]	0.89	0.30
	<u>186.64</u>	<u>259.15</u>
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments/Deposits	8.43	4.87
<b>11. LOANS AND ADVANCES</b>		
UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
(a) Considered Good	874.61	656.26
(b) Considered Doubtful	4.58	4.48
(ii) Advances to Subsidiary Company — Camlin International Ltd.	—	1.29
(iii) Loan to Subsidiary Company — Camlin North America Inc., U.S.A.	22.30	22.35
(iv) Staff Advances	12.80	17.25
(v) Deposits	152.57	66.17
(vi) Tax paid Net of Provision	91.13	46.07
	<u>1,157.99</u>	<u>813.87</u>
Less: Provision for doubtful advances	4.58	4.48
	<u>1,153.41</u>	<u>809.39</u>

**SCHEDULES TO BALANCE SHEET (Contd.)**

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>12. LIABILITIES</b>		
(i) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	<b>1,972.65</b>	1,009.67
(b) Others	<b>2,136.57</b>	2,308.20
	<b>4,109.22</b>	3,317.87
(ii) Interest Accrued but not due on loans	<b>27.44</b>	20.59
(iii) Security Deposits	<b>414.30</b>	418.14
(iv) Unclaimed Dividend	<b>9.63</b>	11.20
(v) Other Liabilities [Refer note no. 23 (ix)]	<b>1,265.75</b>	735.28
	<b>5,826.34</b>	4,503.08
<b>13. PROVISIONS</b>		
(i) Provision for Employees Benefits	<b>117.90</b>	129.11
(ii) Excise Duty on bonded warehouse stocks	<b>84.30</b>	38.48
(iii) VRS Payable	—	762.02
	<b>202.20</b>	929.61
<b>14. MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
Voluntary Retirement Scheme (VRS)		
As per last Balance Sheet	<b>742.97</b>	—
Incurred during the year	—	762.02
Less: Written Off during the year	<b>152.40</b>	19.05
	<b>590.57</b>	742.97

## SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>15. SALES</b>		
Gross Sales	20,112.50	20,843.72
Less: Trade Discount	79.08	363.13
Less: Excise Duty*	820.36	716.26
	<b>19,213.06</b>	<b>19,764.33</b>
* Amount represents Duty paid on clearance of goods		
<b>16. OTHER RECEIPTS</b>		
A. From Operations		
Export Benefits	18.90	50.74
Insurance Claim	459.90	34.63
Job Work Income	—	3.03
Formulation Development recovered	—	0.45
	<b>478.80</b>	<b>88.85</b>
B. Other Income		
Interest [including Interest on Govt. Securities — Tax deducted at source Rs. 0.30 Lacs (2004-2005 — Rs. 1.16 Lacs)]	10.47	10.67
Dividend — On Non Trade Investments	—	0.01
— On Trade Investments	4.73	6.25
Profit on Sale of Assets	3.20	14.22
Profit on Sale of Trade Investments	—	3.19
Miscellaneous Receipts	59.07	52.00
	<b>77.47</b>	<b>86.34</b>
	<b>556.27</b>	<b>175.19</b>
<b>17. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN</b>		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	470.57	388.24
Add: Purchases	4,148.55	2,949.83
	<b>4,619.12</b>	<b>3,338.07</b>
Less: Stock of Raw Materials as at year end	625.00	470.57
	<b>3,994.12</b>	<b>2,867.50</b>
(ii) Packing Materials	1,790.85	1,698.71
(iii) Consumable Stores	22.20	96.80
(iv) Purchase of Finished Goods for resale	6,910.27	7,358.99
	<b>12,717.44</b>	<b>12,022.00</b>
<b>18. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS &amp; FINISHED GOODS</b> (Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work in Process	575.16	467.89
Goods in Transit	117.18	97.69
Finished Goods*	2,110.93	2,496.00
	<b>2,803.27</b>	<b>3,062.18</b>
Less: Closing Stock as at year end		
Work in Process	805.54	575.16
Goods in Transit	177.82	117.18
Finished Goods	1,843.32	2,114.78
	<b>2,826.68</b>	<b>2,807.12</b>
	<b>(23.41)</b>	<b>255.06</b>
*(Opening Stock of Trading Goods is after adjusting credit for VAT of Rs. 3.85 Lacs)		

**SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd.)**

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>19. PAYMENT TO EMPLOYEES</b>		
Salaries, Wages and Bonus	1,525.45	2,001.31
Contribution to Provident & Other Funds	240.44	317.43
Staff and Labour Welfare	68.49	69.87
	<b>1,834.38</b>	<b>2,388.61</b>
<b>20. MANUFACTURING &amp; OTHER EXPENSES</b>		
Power and Fuel	358.77	372.60
Job work charges	352.26	284.63
Repairs		
— Building	11.87	31.90
— Machinery	46.06	43.49
— Others	70.60	72.38
Rent	124.78	87.76
Rates and Taxes	32.62	29.39
Excise Duty	—	60.50
Excise duty provided on stocks in bonded warehouse (net)	45.82	(25.16)
Insurance	63.05	57.70
Advertisement and Sale Promotion	557.39	1,047.61
Transport & Forwarding Charges	688.87	726.62
Commission/Discount/Service Charges on Sales	369.49	414.00
Travelling & Conveyance	406.31	721.61
Audit Fees & Other Services	12.38	11.32
Provision for Doubtful Debts	26.50	107.82
Bad Debts Written Off	217.98	2.63
Less: Provision write back	217.62	—
	<b>0.36</b>	2.63
Directors' Meeting Fees	2.86	2.55
Miscellaneous Expenses	882.84	883.01
Loss on Sale of Assets	20.68	12.67
	<b>4,073.51</b>	<b>4,945.03</b>
<b>21. FINANCE COST</b>		
On Term Loans*	243.17	127.29
On Fixed Deposits	54.66	63.11
On Other	372.30	394.05
	<b>670.13</b>	<b>584.45</b>

\*Includes Rs. 24.84 Lacs (2004-05 Rs. 20.48 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), except in case of freehold land and buildings at Andheri, which were revalued on the basis of fair market value as on 31/3/1991. 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 design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- (c) **Impairment of Assets :**  
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 provided on revalued Buildings over the amount computed on the above basis with reference to the original cost thereof is withdrawn from the Revaluation Reserve and transferred to the 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 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 and booking of the invoices in respect thereof.

(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.

**(x) Contingent Liabilities**

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

**(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 operates in three segments: Consumer Products, Pharmaceutical & 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) Previous year’s figures are recast/regrouped wherever necessary.
- (ii) Contingent Liabilities:
  - (a) In respect of Bills of Exchange/cheque discounted with the Bankers Rs. 1,015.74 Lacs (2004 - 2005 – Rs. 482.27 Lacs).
  - (b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 40.60 Lacs (2004 - 2005 – Rs. 78.47 lacs).

### SCHEDULES TO ACCOUNTS (contd.)

(c) Demands against the Company, either disputed or not acknowledged as debts and not provided for:

	<b>2005-2006 (Rs. in Lacs)</b>	<b>2004-2005 (Rs. in Lacs)</b>
Income Tax	23.21	71.00
Sales Tax	108.24	48.53
Excise Duty	162.96	233.93
Modvat Claim	—	0.18
Provident Fund	0.67	0.67
Labour Matters	11.78	2.22
Others	0.63	0.63

(iii) The unhedged exposure of foreign currency transactions as on 31.03.2006 is as follows:

(a) Term Loans/Demand Loans	(USD)	21.77 Lacs
(b) Sundry Debtors	(USD)	26.72 Lacs
(c) Sundry Creditors	(USD)	18.70 Lacs
	(YEN)	4.34 Lacs

(iv) **Commitments:**

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 16.73 Lacs (2004-2005 Rs. 36.91 Lacs)

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

Term Loan from Corporation Bank is guaranteed by the Managing/Wholetime Directors of the Company.

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.

vi) The Company had entered into Shareholders' Agreement executed on 12th August 2005 with ColArt Fine Art and Graphics Ltd., UK to form a joint venture company for the manufacture and export of Canvas products. The said JV Company by the name ColArt Camlin Canvas Pvt. Ltd. was incorporated on 9th September 2005. The Company has invested Rs. 52.20 lacs in the said JV Company towards 40% of the equity capital of the said JV Company. The JV Company has set up a manufacturing unit at Tarapur and has commenced commercial production from April 2006.

(vii) Sundry Debtors includes Rs. 229.48 Lacs in respect of which legal proceedings are instituted and is considered by the management to be fully recoverable under due process of law.

(viii) Loans and Advances

Staff Advances include Loans/Advances due from Officers Rs. Nil (2004-2005 - Rs. Nil) Maximum balance Rs. Nil (2004-2005 - Rs. Nil).

(ix) Other Liabilities include advance received against proposed sale of land of Rs. 690.00 Lacs. (2004-2005 - Nil)

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

	<b>2005-2006 (Rs. in Lacs)</b>	<b>2004-2005 (Rs. in Lacs)</b>
(a) unclaimed dividends	9.63	11.20
(b) unclaimed fixed deposits	6.67	5.43
(c) unclaimed interest on Fixed Deposits	24.25	21.51

**SCHEDULES TO ACCOUNTS (contd.)**

(xi) Salaries and Perquisites paid/provided to Managing/Wholetime Directors;

	<b>2005-2006 (Rs. in Lacs)</b>	<b>2004-2005 (Rs. in Lacs)</b>
Salaries	55.20	61.37
House Rent Allowance	11.04	9.33
Contributions to and provisions for Provident Fund and Family Pension Fund and Superannuation and approved Gratuity Fund.	19.50	15.61
Perquisites	6.54	11.10
	<b>92.28</b>	<b>97.41</b>

(xii) Audit fees and other services includes:

	<b>2005-2006 (Rs. in Lacs)</b>	<b>2004-2005 (Rs. in Lacs)</b>
Audit Fees	5.15	5.15
Tax Audit	1.25	1.25
Certification	4.54	3.70
Consultancy Services	1.00	1.00
Out of Pocket Expenses	0.44	0.22
	<b>12.38</b>	<b>11.32</b>

(xiii) Interest includes interest of Rs. 0.14 Lacs (2004-2005 Rs. 0.14 lacs) on Fixed Deposit of Rs. 1.30 lacs (2004-2005 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 total liability as actuarially determined by LIC aggregates to Rs. 479.04 lacs (2004-2005 Rs. 575.91 lacs) as on 01/12/2005 (being the Annual Renewal Date) against which the funds with the LIC amount to Rs. 365.03 lacs (2004-2005 Rs. 511.35 lacs).

(b) **Foreign Currency Transactions :**

Exchange variation arising on translation of Foreign Currency transactions credited to the Profit & Loss Account is Rs. 47.25 lacs (Net) [2004-2005 debited Rs. 46.16 lacs (Net)].

(c) **Deferred Taxes :**

Major items of Deferred Tax Liabilities and Deferred Tax Assets:

Particulars	Opening Balance as on 01.04.2005	Net Increase/ (Decrease) during the year	Closing Balance as on 31.03.2006
<b>(Rs. in Lacs)</b>			
<b>LIABILITIES</b>			
Depreciation	509.53	(24.56)	<b>484.97</b>
Taxes, Duties and other sums (Net)	8.78	(12.46)	<b>(3.68)</b>
<b>Total A</b>	<b>518.31</b>	<b>(37.02)</b>	<b>481.29</b>
<b>ASSETS</b>			
Provision for doubtful debts/Leave Encashment	115.20	(68.03)	<b>47.17</b>
Unabsorbed Depreciation/Business Loss	208.58	104.82	<b>313.40</b>
Voluntary Retirement Scheme	12.45	(5.40)	<b>7.05</b>
<b>Total B</b>	<b>336.23</b>	<b>31.39</b>	<b>367.62</b>
Net Tax effect of Timing Differences (A - B)	182.08	(68.41)	<b>113.67</b>

## SCHEDULES TO ACCOUNTS (contd.)

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

	2005-2006	2004-2005
Net Profit/(-) Loss (After Tax) as per profit and loss account available for equity shareholders (Rs. in lacs)	(152.65)	(488.50)
Equity Shares for calculation of earnings per shares (Nos.)	4800000	4800000
Earnings per Share – Basic and Diluted (Rs.)	(3.18)	(10.18)

- (e) The Company has now two business Segments i.e. Consumer Products Division and Fine Chemicals Division. In order to achieve focus in the operations, the Board of Directors of the Company in its Meeting held on 19<sup>th</sup> April, 2006, has approved the proposal to demerge the Fine Chemicals business of the Company into a separate Company namely Camlin Fine Chemicals Limited. Under the scheme, Shareholders of the Company shall get one share of Camlin Fine Chemicals Limited for every share held in Camlin Limited. The Company has already received ‘‘No Objection’’ from the Bombay Stock Exchange Limited, to file an application to the Hon’ble High Court at Mumbai seeking its permission for the said Demerger.

(f) **AS 24 Discontinued Operations**

The Board of Directors, on 7th March’ 05, announced that the Company will substantially restrict the operations of its Pharmaceutical Division, which is a separate business segment under AS17 on Segment Reporting. Subsequently the Company has totally discontinued the said operations from 1-1-06. As per agreement entered into between Liva Healthcare Ltd. (LIVA) and the Company, employees of the Pharmaceutical Division of the Company have been taken over by LIVA with continuity in service. Net Assets & Liabilities on discontinuance of Pharmaceuticals operations as on 31-12-05 are transferred to LIVA. The amount receivable from LIVA on account of the said discontinued operation as on 31-12-05 was Rs. 130.67 lacs. Of this LIVA, has paid Rs. 36.47 lacs by 31-03-06, leaving a balance of Rs. 94.20 lacs as on that date. As per agreement LIVA has to pay the above amount before 31-12-06 and till such payment the Company is charging interest on receivable from LIVA.

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

	Discontinued Operations	
	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
Turnover	6.83	2,407.94
Operating Expenses	356.83	3,193.35
Pre-Tax Profit/(Loss)	(350.00)	(785.41)
Profit/(Loss) before Tax	(350.00)	(785.41)
Income Tax Expense – FBT	0.31	—
Profit/(Loss) after tax	(350.31)	(785.41)

Deferred Tax Liability is not capable of being ascertained separately for Pharmaceutical Division.

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

	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
Operating Activity	224.42	(265.88)
Investing Activity	(0.56)	(11.84)
Financing Activity	(224.26)	277.57
Net Increase/(Decrease) in Cash and Cash Equivalent	(0.40)	(0.15)

**SCHEDULES TO ACCOUNTS (contd.)**

(g) **SEGMENT INFORMATION FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2006 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS**

(Rs. in Lacs)

Sr. No.	F. Y. 2005-2006				F. Y. 2004-2005			
	Consumer Product	*Pharma	Fine Chemicals	Total	Consumer Product	Pharma	Fine Chemicals	Total
<b>A. REVENUE</b>								
Net Sales (Net of Trade Discount & Excise)/Income from operations	15,297.74	55.24	4,320.26	19,673.24	13,727.46	2,407.94	3,717.78	19,853.18
Intersegment Sales	—	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>15,297.74</b>	<b>55.24</b>	<b>4,320.26</b>	<b>19,673.24</b>	<b>13,727.46</b>	<b>2,407.94</b>	<b>3,717.78</b>	<b>19,853.18</b>
<b>B. RESULT</b>								
Segment Result	780.13	(302.16)	746.59	1,224.56	597.86	(538.11)	711.29	771.04
Unallocated Corporate expenses net of unallocable income				728.97				1,057.51
<b>Operating Profit/(Loss)</b>				<b>495.59</b>				<b>(286.47)</b>
Interest Expense				670.13				454.92
Interest Income				—				(9.73)
Income Tax:								
— Current				46.52				—
— Deferred				(68.41)				(260.14)
Total Income Tax				(21.89)				(260.14)
Earlier year adjustment				—				16.98
Profit/(Loss) from Operating Activities				(152.65)				(488.50)
Extraordinary loss				—				—
<b>NET PROFIT/(LOSS)</b>				<b>(152.65)</b>				<b>(488.50)</b>
<b>C. OTHER INFORMATION</b>								
Segment Assets	7,842.79	—	4,379.79	12,222.58	7,033.81	1,255.54	3,456.62	11,745.97
Unallocated Corporate Assets				1,423.44				930.67
<b>1. TOTAL ASSETS</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,646.02</b>				<b>12,676.64</b>
Segment Liabilities	4,593.65	—	(428.02)	4,165.63	3,542.35	500.12	535.21	4,577.68
Unallocated Corporate Liabilities				9,480.39				8,098.96
<b>2. TOTAL LIABILITIES</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,646.02</b>				<b>12,676.64</b>
<b>3. Capital Expenditure</b>								
Segment Related	327.33	—	941.09	1,268.42	342.33	4.58	691.20	1,038.11
Corporate Related				34.35				70.05
<b>4. Depreciation</b>								
Segment Related	245.92	—	203.32	449.23	208.84	7.06	169.19	385.08
Corporate Related				69.60				71.15
<b>5. Non-cash expenses other than Depreciation</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

NOTES:

1. The Segments cover the following activities:
    - (a) Consumer Products – Art Material, Scholastic Products, Writing Instruments, Office Stationary, Glues and Several Hobby Products.
    - (b) Pharmaceutical – Health Care Products.
    - (c) 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.
- \* Discontinued Operation.

## 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. CAFCO Consultants Ltd.	Associate Company
2. Camart Agencies Ltd.	Associate Company
3. Camellia Management Services Pvt. Ltd.	Associate Company
4. Camellia Infotech Ltd.	Associate Company
5. Camlidhan Investments Pvt. Ltd.	Associate Company
6. Camlink Agencies Ltd.	Associate Company
7. Camlink Consultants Pvt. Ltd.	Associate Company
8. Caravan Packaging Ltd.	Associate Company
9. Dandekar Developers Pvt. Ltd.	Associate Company
10. Dandekar Investments & Consultants Pvt. Ltd.	Associate Company
11. Dandekar Print Pack Pvt.Ltd.	Associate Company
12. DDI Consultants Pvt.Ltd.	Associate Company
13. Excella Pencils Ltd.	Associate Company
14. Camlidhan Products Ltd.	Associate Company
15. Liva Healthcare Ltd.	Associate Company
16. Nilmac Packaging Industries Ltd.	Associate Company
17. Ramada Business Services Ltd.	Associate Company
18. Triveni Pencils Ltd.	Associate Company
19. Vibha Agencies Pvt. Ltd.	Associate Company
20. Camlin North America Inc., U.S.A.	Subsidiary Company
21. Camlin International Ltd.	Subsidiary Company
22. ColArt Camlin Canvas Pvt. Ltd.	Joint Venture Company

#### (ii) Key Management Personnel

Name of Person	Nature of Relationship
Mr. D. D. Dandekar	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

#### (iii) Transactions with Associate Companies

Particulars	Associate Companies	Rs. in Lacs
		2005-2006
Purchase of goods	Excella Pencils Ltd.	609.41
	Nilmac Packaging Industries Ltd.	553.06
	Triveni Pencils Ltd.	528.19
	Liva Healthcare Ltd.	(242.10)
	Others	32.23
	Total	1,480.79
		(2,234.97)
Sale of goods	Liva Healthcare Ltd.	163.10
	Excella Pencils Ltd	66.36
	Triveni Pencils Ltd	57.29
	Nilmac Packaging Industries Ltd.	50.81
	Total	337.56
		(212.41)

**SCHEDULES TO ACCOUNTS (contd.)**

		Rs. in Lacs
<b>Particulars</b>	<b>Associate Companies</b>	<b>2004-2005</b>
Purchase of Fixed Assets	Camellia Infotech Ltd	3.99
	Camlidhan Products Ltd.	3.45
	Total	7.44
		(7.84)
Sale of Fixed Assets	Liva Healthcare Ltd.	6.51
	Total	6.51
		(7.23)
Receiving Services	Camart Agencies Ltd.	74.10
	Nilmac Packaging Industries Ltd.	60.71
	Camlink Agencies Ltd	44.77
	Triveni Pencils Ltd.	22.31
	Others	15.78
	Total	217.67
		(258.57)
Rendering Services	Liva Healthcare Ltd.	10.43
	Others	0.96
	Total	11.39
		(6.02)
Net Amount Payable	Nilmac Packaging Industries Ltd.	162.99
	Excella Pencils Ltd.	148.35
	Others	15.83
	Total	327.17
		(384.60)
Net Amount Receivable	Triveni Pencil Ltd.	264.33
	Liva Healthcare Ltd.	126.27
	Others	4.54
	Total	395.14
		(120.16)
	Dividend paid	—
	Total	—
		(9.54)
Dividend Receivable	Excella Pencils Ltd.	0.54
	Total	0.54
		—
		Rs. in Lacs
<b>Particulars</b>	<b>Subsidiary Companies</b>	<b>2005-2006</b>
Sale of goods	Camlin North America Inc., U.S.A.	23.59
	Total	23.59
		(10.59)
Net Amount Receivable	Camlin North America Inc., U.S.A.	27.43
	Total	27.43
		(39.91)



**SCHEDULES TO ACCOUNTS (contd.)**

<b>Particulars</b>	<b>Subsidiary Companies</b>	<b>Rs. in Lacs</b>
		<b>2005-2006</b>
Receiving Services	Camlin International Ltd	0.07
	Total	0.07
		(0.01)
Investment made		—
	Total	—
		(4.60)
Interest Free Loans Given	Camlin North America Inc., U.S.A.	22.30
	Total	22.30
		(19.98)
Dividend Receivable	Camlin International Ltd.	4.00
	Total	4.00
		(4.00)

\*Previous year figures are indicated in brackets.

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

<b>Particulars</b>	<b>2005-2006</b>	<b>Rs. in Lacs</b> <b>2004-2005</b>
Remuneration	<b>92.28</b>	97.41
Dividend Paid	—	10.46

(xv) The names of Small Scale Industrial undertakings to whom the Company owes a sum exceeding Rs. 1.00 Lac which is outstanding for more than 30 days included in Sundry Creditors in Schedule No. 12 of the Balance Sheet are as follows:

<b>Name of the party</b>	<b>Name of the party</b>
Anuroop Packaging	National Bakelite Co
Asian Pen & Plastic Industries	P. P. Industries
Beekay Industries	Prakash Chemical & Fertilizers
Bharat Pen & Plastic Industries	Pratibha Pens Pvt. Ltd.
Bombay Plastic Works	Roshan Packaging Industries
Bombay Tin Printers	RLK Shriram Plastics Pvt. Ltd.
Citizen Pen & Plastic Industries	Sagar Enterprises
Century Caps Industry	Shree Mangeerish Printing Press
D. S. V. Chemicals Pvt. Ltd.	Sethia Printers
Dandekar Inks & Adhesives Ltd.	Shreeji Industries
Excella Pencils Ltd.	Sushart Art Products
Galaxy Industrial Corporation	Supercoats Industries
Global Plastics	Sahara Plastic Industries
Harihar Organics (Pvt.) Ltd.	Uday Manufacturing Co.
Manish Printers	Uday Multi Print
Mayur Colours Ltd.	

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.



**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.

Class of Goods++	Unit of Measure	# Licenced Capacity	* Installed Capacity	OPENING STOCK		PRODUCTION/ PURCHASE		SALES		(Rs./Units in Lacs) CLOSING STOCK	
				(QTY.)	Value (Rs.)	(QTY.)	Value (Rs.)	(QTY.)	Value (Rs.)	(QTY.)	Value (Rs.)
<b>(A) MANUFACTURED ITEMS</b>											
1	Chemical & Chemical Products***	Ltrs./Kgs.	65.22 (65.22)	60.98 (60.98)	2.67 (3.41)	673.19 (826.99)	31.67 (27.52)\$	30.26 (28.26)	8,363.48 (7,824.91)	4.08 (2.67)	750.24 (673.19)
2	Stationery Items (A)	Ltrs.	45.20 (45.20)	6.36 (6.36)	0.46 (0.38)	35.39 (27.93)	8.77 (4.99)	7.99 (4.91)	658.98 (554.85)	1.24 (0.46)	50.88 (35.39)
	Stationery Items (B)	Nos./Pks.	1,474.20 (1,474.20)	2,074.06 (2,074.06)	803.15 (345.46)	209.49 (216.51)	264.20+++> (503.98)\$	662.61 (6,815.27)	1,875.98 (1,884.76)	404.74 (803.15)	236.53 (209.49)
3	Bulk Drugs***	Kgs.	0.70 (0.70)	3.37 (3.37)	0.04 (0.03)	54.35 (50.49)	0.26 (0.29)	0.27 (0.28)	638.17 (775.89)	0.03 (0.04)	44.83 (54.35)
<b>(B) TRADING ITEMS</b>											
1	Chemical & Chemical Products	Nos./Pks.			17.15 (10.38)	95.60 (79.95)	215.90 (161.85)\$	213.65 (155.08)	1,688.34 (881.26)	19.40 (17.15)	222.03 (95.60)
2	Stationery Items	Nos./Pks.			309.91 (385.40)	758.00 (987.42)	1,986.63 (1,805.67)\$	1,979.11 (1,881.16)	6,875.96 (6,249.74)	317.43 (309.91)	716.63 (758.00)
3	Bulk Drugs	Kgs.					(0.01)	(0.01)	(4.66)		
4	Pharmaceutical Products	Nos./Pks.			27.21 (17.29)	405.94 (405.00)		27.21 (113.89)	11.59 (2,667.65)		
						2,231.96 (2,594.29)	7,451.23 (7,358.99)		20,112.50 (20,843.72)		2,021.14 (2,231.96)

# 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 captive consumption - 26370 Ltrs. & 21002 Kgs. (2004 - 2005 - 78626 Ltrs. & 34428 Kgs.)

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

\$\$\$ Includes Qty. nil (2004-2005 - nil) manufactured in the premises of third party

\$ Includes goods damaged / destroyed in flood.

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 ACCOUNTS (contd.)

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

#### (ii) Raw Materials Consumed

(Rs./Units in Lacs)

	Unit of Measure	2005-2006		2004-2005	
		Quantity	*Value Rs.	Quantity	*Value Rs.
Colours/Pigments	Kgs/Ltrs	4.84	508.67	4.46	358.19
Chemicals	Kgs/Ltrs	47.88	3,202.62	32.40	1,977.86
Slats/Leads	Nos/Kgs	0.12	5.65	0.43	17.53
Other Raw Materials			277.17		513.92
			<u>3,994.11</u>		<u>2,867.50</u>
* Includes Resale of Material					
<b>(iii) Earnings in Foreign Exchange</b>					
Exports at F.O.B. Value (Excluding Nepal)			3,977.83		3,658.31
			<u>3,977.83</u>		<u>3,658.31</u>
<b>(iv) Expenditure in Foreign Currency</b>					
Travelling			53.39		88.62
Others			59.34		73.06
			<u>112.73</u>		<u>161.68</u>
<b>(v) Value of Imports on C.I.F. Basis</b>					
(a) Raw Materials			1,868.78		1,289.69
(b) Components and Spare Parts			166.43		113.86
(c) Capital Goods			31.13		43.91
(d) Purchases of Traded Products			47.93		52.14
			<u>2,114.27</u>		<u>1,499.60</u>
<b>(vi) Value of Consumption of Raw Materials and Stores</b>					
(a) Indigenous			3,506.90		1,479.64
(b) Imported (Landed Cost) – Raw Material			355.85		1,202.05
Imported (Landed Cost) – Components & Spare Parts			131.36		185.81
			<u>3,994.11</u>		<u>2,867.50</u>
<b>(vii) Percentage of Consumption of Raw Materials &amp; Stores</b>					
(a) Indigenous			87.80		51.60
(b) Imported (Landed Cost) – Raw Material			8.91		41.92
(c) Imported (Landed Cost) – Components & Spare Parts			3.29		6.48
			<u>100.00</u>		<u>100.00</u>

**SCHEDULES TO ACCOUNTS (contd.)**

**25. CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006**

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before non-recurring items	(174.54)	(731.66)
<b>Adjustments for:</b>		
Depreciation	518.84	456.23
Provision for Doubtful Debts	26.50	107.82
Foreign Exchange (Unrealised)	(0.33)	8.47
(Profit)/Loss on Sale of Fixed Assets	17.48	(1.55)
(Profit)/Loss on Sale of Investments	—	(3.03)
Interest Expenses	670.13	584.45
Interest/Dividend Received	(15.20)	(16.93)
Amortisation of Expenses	152.40	19.05
Provision for Gratuity	—	3.14
Reversal of Provision for Doubtful Debts	(217.62)	—
Provision for leave encashment	(11.21)	27.36
Provision for Wealth Tax	0.58	0.75
<b>Operating Profit before Working Capital changes</b>	<b>967.03</b>	<b>454.10</b>
<b>Adjustments for:</b>		
Trade and other Receivables	(340.21)	(52.66)
Inventories	(232.45)	87.65
Trade Payables	791.35	527.81
Other Payables	572.45	119.46
<b>Cash generated from Operations</b>	<b>1,758.17</b>	<b>1,136.36</b>
Direct taxes paid	(92.16)	(47.27)
Extraordinary items - VRS Payment	(762.02)	—
<b>Net cash from operating activities</b>	<b>903.99</b>	<b>1,089.09</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,302.79)	(1,098.12)
Sale of Fixed Assets	24.81	28.26
(Purchase)/Sale of Investments	(52.45)	0.45
Profit/(Loss) on Sale of Investments	—	3.19
Interest received	6.91	36.16
Dividend received	4.73	6.26
<b>Net cash used in Investing Activities</b>	<b>(1,318.79)</b>	<b>(1,023.80)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowing/debentures (Net of repayments)	1,006.81	663.92
Interest Paid	(663.28)	(599.35)
Dividend Paid	(1.57)	(80.77)
<b>Net cash used in Financing Activities</b>	<b>341.96</b>	<b>(16.20)</b>
<b>D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents</b>	<b>0.33</b>	<b>(8.47)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(72.51)</b>	<b>40.62</b>
Cash and Cash Equivalents (Opening Balance)	259.15	218.53
Cash and Cash Equivalents (Closing Balance)	186.64	259.15

\* Refer note 23(xiv)(f)(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)

**P. G. Godbole**  
Chief Financial Officer

Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**R. V. Damle**  
Company Secretary

**D. D. Dandekar** Chairman & Mg. Director  
**R. M. Dandekar** Jt. Mg. Director  
**S. S. Dandekar** Executive Director  
**D. M. Dandekar** Executive Director  
**A. S. Dandekar** Executive Director  
**G. G. Desai** Director  
**S. E. Godbole** Director  
**M. P. Khedkar** Director  
**P. A. Narvekar** Director  
**S. S. Shirgaokar** Director  
**P. M. Sapre** Director

## BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

### I. Registration Details:

Registration No.	:	5434	State Code	:	11
Balance Sheet Date	:	31.03.2006			

### 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	:	13,646.03	Total Assets	:	13,646.03
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#### Sources of Funds:

Paid-up-Capital	:	480.00	Reserves & Surplus	:	1,046.54
Secured Loans	:	5,020.89	Unsecured Loans	:	956.39
			Deferred Tax Liability	:	113.67

#### Application of Funds:

Net Fixed Assets	:	4,903.58	Investments:	:	113.94
Net Current Assets	:	2,009.40	Miscellaneous Expenditure	:	590.57
Accumulated Losses	:	NIL			

### IV. Performance of the Company: (Amount in Rs. Lacs)

Turnover (including other Income)	:	19,769.33	Total Expenditure	:	19,943.87
Profit/(Loss) Before Tax	:	(174.54)	Profit/(Loss) After Tax	:	(152.65)
Earning Per Share in Rs.	:	(3.18)	Dividend Rate %	:	—

### V. Generic Name of Principal Products of the Company: (As per monetary terms)

<u>Item Code No. (ITC Code)</u>	<u>Product Description</u>
32.13	Artist Colours
96.09	Wooden Pencils
96.08	Writing instruments

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

(Rs. in Lacs)

1. Name of the Subsidiary	:	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA, INC., U.S.A.
2. Financial Year of the Subsidiary Company ends on	:	31 <sup>st</sup> March, 2006	31 <sup>st</sup> March, 2006
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	:	0.18	(13.34)
(ii) For the previous Financial Years of the Subsidiary since it became the Holding Company's Subsidiary	:	0.19	(14.19)
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

		<p><b>D. D. Dandekar</b> <i>Chairman &amp; Mg. Director</i>  <b>R. M. Dandekar</b> <i>Jt. Mg. Director</i>  <b>S. S. Dandekar</b> <i>Executive Director</i>  <b>D. M. Dandekar</b> <i>Executive Director</i>  <b>A. S. Dandekar</b> <i>Executive Director</i>  <b>G. G. Desai</b> <i>Director</i>  <b>S. E. Godbole</b> <i>Director</i>  <b>M. P. Khedkar</b> <i>Director</i>  <b>P. A. Narvekar</b> <i>Director</i>  <b>S. S. Shirgaokar</b> <i>Director</i>  <b>P. M. Sapre</b> <i>Director</i></p>
<p>Mumbai Dated : 30<sup>th</sup> June, 2006.</p>	<p><b>P. G. Godbole</b> <i>Chief Financial Officer</i></p> <p><b>R. V. Damle</b> <i>Company Secretary</i></p>	

## AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF CAMLIN LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CAMLIN LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE.

### THE BOARD OF DIRECTORS' CAMLIN LIMITED

1. We have examined the attached Consolidated Balance Sheet of CAMLIN LIMITED, its subsidiaries and joint venture as at 31<sup>st</sup> March 2006, the Consolidated Profit & Loss Account for the year then ended and Cash Flow Statement for the year ended at that date.
2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary company Camlin International Limited for the year ended 31<sup>st</sup> March 2006 whose financial statements reflect total assets of Rs. 16.45 Lacs as at 31<sup>st</sup> March 2006 and total revenues of Rs. 4.38 Lacs and net cash inflows amounting to Rs. 1.37 lacs for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. As described in note (i) of schedule 22 to the Consolidated Financial Statements, the financial statements of Camlin North America Inc., USA as at 31<sup>st</sup> March 2006 have been prepared by their management for the purpose of consolidation. We are informed that these accounts are not required to be audited as per the local laws of California, USA. These Financial Statements reflect total assets of Rs. 26.46 Lacs as at 31<sup>st</sup> March, 2006 and total revenues of Rs. 22.25 Lacs and net cash outflows amounting to Rs. 4.48 Lacs for the year ended on that date.
5. The financial statements of Colart Camlin Canvas Pvt. Ltd., being a 40% joint venture have been consolidated

on a proportionate basis. The financial statements are in the process of being audited, and hence the financial statements prepared for management information for the period ended 31<sup>st</sup> March, 2006 has been used for consolidation. These financial statements reflect total assets of Rs. 250.67 Lacs as at 31<sup>st</sup> March 2006.

6. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Venture, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of CAMLIN LIMITED, its subsidiaries other than Camlin North America Inc, USA and its joint venture Colart Camlin Canvas Pvt. Ltd., where the unaudited financial statements have been considered and included in the Consolidated Financial Statements.
7. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of CAMLIN LIMITED, its aforesaid subsidiaries other than Camlin North America Inc, USA, and its joint venture Colart Camlin Canvas Pvt. Ltd., we are of the opinion that:
  - (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of CAMLIN LIMITED, its subsidiaries and joint venture as at 31<sup>st</sup> March 2006;
  - (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of CAMLIN LIMITED, its subsidiaries and joint venture for the year then ended.and
  - (c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated Cash Flow of CAMLIN LIMITED, its subsidiaries and joint venture for the year ended on that date.

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

**SUNIL BHANDARI**  
*Partner*  
(M. No. 37388)

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2006**

	Schedules	As at 31.03.2006 (Rs. in Lacs)	As at 31.03.2005 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	480.00	480.00
Reserves and Surplus	2	1,010.63	1,188.27
		<u>1,490.63</u>	<u>1,668.27</u>
<b>Loan Funds</b>			
Secured Loans	3	5,055.30	3,806.01
Unsecured Loans	4	956.39	1,164.46
		<u>6,011.69</u>	<u>4,970.47</u>
<b>Deferred Tax Liability (Net)</b>		<u>113.67</u>	<u>182.08</u>
<b>TOTAL</b>		<u><u>7,615.99</u></u>	<u><u>6,820.82</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	7,580.83	7,047.59
Less: Depreciation		3,465.17	2,985.34
Net Block		<u>4,115.66</u>	<u>4,062.25</u>
Capital Work-in-progress including Advances		839.09	106.26
		<u>4,954.75</u>	<u>4,168.51</u>
<b>Investments</b>	6	61.63	56.81
<b>Current Assets, Loans and Advances</b>			
Inventories	7	3,829.07	3,577.13
Sundry Debtors	8	2,866.58	2,654.83
Cash and Bank Balances	9	208.30	270.10
Other Current Assets	10	8.43	4.87
Loans and Advances	11	1,168.26	782.66
		<u>8,080.64</u>	<u>7,289.59</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	12	5,868.84	4,506.93
Provisions	13	202.76	930.13
		<u>6,071.60</u>	<u>5,437.06</u>
<b>Net Current Assets</b>		<u>2,009.04</u>	<u>1,852.53</u>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	14	590.57	742.97
<b>TOTAL</b>		<u><u>7,615.99</u></u>	<u><u>6,820.82</u></u>

Schedules 1 to 24 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)

**P. G. Godbole**  
Chief Financial Officer

Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**R. V. Damle**  
Company Secretary

<b>D. D. Dandekar</b>	<i>Chairman &amp; Mg. Director</i>
<b>R. M. Dandekar</b>	<i>Jt. Mg. Director</i>
<b>S. S. Dandekar</b>	<i>Executive Director</i>
<b>D. M. Dandekar</b>	<i>Executive Director</i>
<b>A. S. Dandekar</b>	<i>Executive Director</i>
<b>G. G. Desai</b>	<i>Director</i>
<b>S. E. Godbole</b>	<i>Director</i>
<b>M. P. Khedkar</b>	<i>Director</i>
<b>P. A. Narvekar</b>	<i>Director</i>
<b>S. S. Shirgaokar</b>	<i>Director</i>
<b>P. M. Sapre</b>	<i>Director</i>



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006.**

	Schedules	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>INCOME</b>			
Net Sales	15	19,216.08	19,811.94
Other Receipts from Operations	16(A)	483.37	90.11
Other Income	16(B)	77.51	86.76
<b>TOTAL INCOME</b>		<b>19,776.96</b>	<b>19,988.81</b>
<b>EXPENDITURE</b>			
Consumption of Materials & Goods traded-in	17	12,718.75	12,064.95
(Increase)/Decrease in Stocks	18	(23.24)	251.63
Payments to Employees	19	1,834.38	2,388.61
Manufacturing & Other Expenses	20	4,092.75	4,967.58
Finance Cost	21	670.39	585.12
Depreciation – Gross		525.43	462.82
Less: Transferred from Revaluation Reserve		6.59	6.59
		518.84	456.23
Amortisation of VRS Cost		152.40	19.05
Provision for Wealth Tax		0.58	0.75
<b>TOTAL EXPENDITURE</b>		<b>19,964.85</b>	<b>20,733.92</b>
Net Profit/(Loss) before Tax		(187.89)	(745.11)
Less — Current Tax		0.80	0.48
— Fringe Benefit Tax		46.21	—
Taxes — Deferred		(68.41)	(260.14)
— Prior Year (Net)		—	16.98
Profit/(Loss) after Tax		(166.49)	(502.43)
Balance brought forward from last year		640.58	1,148.18
		474.09	645.75
Add: Opening exchange revaluation reserve transfer		—	0.60
		474.09	646.35
<b>APPROPRIATIONS</b>			
Proposed Dividend		4.00	4.00
Corporate Dividend Tax		0.56	0.52
General Reserve		0.60	1.25
Balance Carried to Balance Sheet		468.93	640.58
		474.09	646.35
Earning per Share - Basic & Diluted (in Rs.)		(3.47)	(10.47)

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

**Sunil Bhandari**  
Partner  
(M. No. 37388)

**P. G. Godbole**  
Chief Financial Officer

Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**R. V. Damle**  
Company Secretary

**D. D. Dandekar** Chairman & Mg. Director  
**R. M. Dandekar** Jt. Mg. Director  
**S. S. Dandekar** Executive Director  
**D. M. Dandekar** Executive Director  
**A. S. Dandekar** Executive Director  
**G. G. Desai** Director  
**S. E. Godbole** Director  
**M. P. Khedkar** Director  
**P. A. Narvekar** Director  
**S. S. Shirgaokar** Director  
**P. M. Sapre** Director

**SCHEDULES TO CONSOLIDATED BALANCE SHEET**

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
50,00,000 Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
48,00,000 Equity Shares of Rs. 10/- each	<u>480.00</u>	<u>480.00</u>
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.		
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	<u>25.20</u>	<u>25.20</u>
<b>Revaluation Reserve</b>		
As per last Balance Sheet	<b>237.97</b>	244.56
Less: Transferred to Profit & Loss Account	<u>6.59</u>	<u>6.59</u>
	<u>231.38</u>	<u>237.97</u>
<b>General Reserve</b>		
As per last Balance Sheet	<b>284.52</b>	284.96
Additions during the year	<b>0.60</b>	1.25
Less: Dividend paid for 2003-04 (Camlin International Ltd.)	<u>—</u>	<u>1.69</u>
	<u>285.12</u>	<u>284.52</u>
<b>Exchange Revaluation Reserve</b>		
As per last Balance Sheet	<u>—</u>	0.60
Additions during the year	<u>—</u>	<u>—</u>
Less: Transfer to Profit & Loss Account	<u>—</u>	<u>0.60</u>
	<u>—</u>	<u>—</u>
Profit & Loss Account	<b>468.93</b>	640.58
	<u><b>1,010.63</b></u>	<u>1,188.27</u>

### SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>3. SECURED LOANS</b>		
(i) Term Loans from Banks & Financial Institutions		
(a) Rupee Loan	<b>2,042.19</b>	1,100.81
(b) Foreign Currency Loan – Fixed Assets	<b>33.09</b>	229.69
– Working Capital	<b>690.31</b>	901.83
(ii) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)		
(a) Rupee Loan	<b>2,041.90</b>	151.12
(b) Foreign Currency Loan	<b>247.81</b>	1,421.78
(iii) Deferred Payments	—	0.81
Less: Unaccrued Interest	—	0.03
	—	0.78
	<b>5,055.30</b>	<b>3,806.01</b>
Includes Rs. 1,404.02 Lacs is repayable within one year (2004-2005 Rs. 534.67 Lacs)		
<b>4. UNSECURED LOANS</b>		
(i) Fixed Deposits	<b>556.39</b>	664.46
(ii) Short Term Loan from Bank	<b>400.00</b>	500.00
	<b>956.39</b>	<b>1,164.46</b>
Includes Rs. 674.45 Lacs repayable within one year (2004-2005 Rs. 613.95 Lacs).		

### 5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjust-ments	As at 31.03.2006	Upto 31.03.2005	For the year	Disposals/ Adjust-ments	As at 31.03.2006	As at 31.03.2006	As at 31.03.2005
Freehold Land*	141.21	—	—	<b>141.21</b>	—	—	—	—	<b>141.21</b>	141.21
Leasehold Land	27.06	—	—	<b>27.06</b>	5.27	0.26	—	5.53	<b>21.53</b>	21.79
Site Development	43.47	5.97	—	<b>49.44</b>	2.86	0.79	—	3.65	<b>45.79</b>	40.61
Building & Shed*	1,031.73	192.88	1.38	<b>1,223.23</b>	297.03	32.68	0.49	329.22	<b>894.01</b>	734.70
Plant, Machinery & Equipment	4,910.59	375.85	28.92	<b>5,257.52</b>	2,219.03	415.05	16.83	2,617.25	<b>2,640.27</b>	2,691.56
ERP Hardware/Software cost	133.43	—	—	<b>133.43</b>	71.58	29.90	—	101.48	<b>31.95</b>	61.85
Furniture & Fittings	310.69	11.74	—	<b>322.43</b>	167.34	19.27	—	186.61	<b>135.82</b>	143.35
Vehicles	309.42	34.69	57.59	<b>286.52</b>	82.24	27.48	28.28	81.44	<b>205.08</b>	227.18
Intellectual Property Rights (IPRs)	139.99	—	—	<b>139.99</b>	139.99	—	—	139.99	—	—
<b>Total</b>	<b>7,047.59</b>	<b>621.13</b>	<b>87.89</b>	<b>7,580.83</b>	<b>2,985.34</b>	<b>525.43</b>	<b>45.60</b>	<b>3,465.17</b>	<b>4,115.66</b>	<b>4,062.25</b>
Previous Year	6,112.24	1,001.90	66.55	7,047.59	2,562.36	462.82	39.84	2,985.34	4,062.25	3,570.93

\* Includes Revaluation of Land and Building at Andheri as on 31.03.1991 at Rs. 132.78 Lacs and Rs. 197.47 Lacs respectively, and depreciation on revaluation of building for the year at Rs. 6.59 Lacs and cumulative at Rs. 98.62 Lacs as of 31.03.2006.

**SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)**

	<b>31.03.2006 (Rs. in Lacs)</b>	<b>31.03.2005 (Rs. in Lacs)</b>
<b>6. INVESTMENTS — LONG TERM</b>		
<b>Unquoted (Non Trade)</b>		
(i) Unit Trust of India 21,564 Bonds – 6.75% Tax Free of Rs. 100/- each	<b>21.56</b>	21.56
(ii) Associates		
(a) 4,000 Equity Shares of Rs. 100/- each in Triveni Pencils Ltd.	§ —	—
(b) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	<b>2.15</b>	2.15
	<b>2.15</b>	2.15
Add: Accumulated Income	<b>18.15</b>	13.58
	<b>20.30</b>	15.73
(iii) Shares (Trade)		
(a) 2,500 Equity Shares of Rs. 10/- each in The Saraswat Co-operative Bank Ltd.	<b>0.25</b>	—
(b) 8,928 Equity Shares of Rs. 100/- each in Nilmac Packaging Industries Ltd.	<b>10.42</b>	10.42
(c) 1,000 Shares of Rs. 10/- each in Co-operative Stores, New Delhi	<b>0.10</b>	0.10
(d) 10,000 Equity Shares of Rs. 10/- each in Sicom Ltd.	<b>8.00</b>	8.00
(e) 10,000 Shares of Rs. 10/- each in The North Kanara GSB Co-Op. Bank Ltd.	<b>1.00</b>	1.00
	<b>61.63</b>	56.81

§ Valued at Rs. Nil as accumulated losses as on 31<sup>st</sup> March, 2006 exceeds the Share Capital of the Company.

**SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)**

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>7. INVENTORIES</b>		
Raw Materials	625.00	470.57
Packing Materials	359.84	284.05
Consumables & Stores	7.18	4.85
Work-in-Process	805.54	575.16
Goods-in-Transit	177.82	117.18
Finished Goods	<u>1,853.69</u>	<u>2,125.32</u>
	<u><b>3,829.07</b></u>	<u><b>3,577.13</b></u>
<b>8. SUNDRY DEBTORS (UNSECURED)</b>		
(i) Outstanding over six months		
(a) Considered Good	584.23	608.11
(b) Considered Doubtful	82.43	273.55
(ii) Other Debts Considered Good [net of Bill Discounting Rs. 1,015.74 Lacs (2004-05 Rs. 482.27 Lacs)]	<u>2,282.35</u>	<u>2,046.72</u>
	<u><b>2,949.01</b></u>	<u><b>2,928.38</b></u>
Less: Provision for doubtful debts	<u>82.43</u>	<u>273.55</u>
	<u><b>2,866.58</b></u>	<u><b>2,654.83</b></u>
<b>9. CASH AND BANK BALANCES</b>		
(i) Cash on Hand	3.62	48.90
(ii) With Scheduled Banks		
(a) In other Deposit Accounts	96.31	76.21
(b) In other Current Account	67.07	122.42
(c) Staff Security Deposit Account	6.41	6.19
(d) In Current Account for the payment of dividend & interest	34.00	16.08
(iii) With Others In Current Account with Municipal Co-operative Bank Ltd. [Maximum balance during 2005-06 Rs. 1.65 Lacs (2004-05 Rs. 0.43 Lac)]	<u>0.89</u>	<u>0.30</u>
	<u><b>208.30</b></u>	<u><b>270.10</b></u>
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments/Deposits	<u>8.43</u>	<u>4.87</u>
<b>11. LOANS AND ADVANCES</b>		
UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
(a) Considered Good	910.81	651.86
(b) Considered Doubtful	4.58	4.48
(ii) Staff Advances	12.80	17.25
(iii) Deposits	152.57	66.17
(iv) Tax paid net of Provision	<u>92.08</u>	<u>47.38</u>
	<u><b>1,172.84</b></u>	<u><b>787.14</b></u>
Less: Provision for doubtful advances	<u>4.58</u>	<u>4.48</u>
	<u><b>1,168.26</b></u>	<u><b>782.66</b></u>

**SCHEDULES TO CONSOLIDATED BALANCE SHEET (Contd.)**

	<b>31.03.2006</b> <b>(Rs. in Lacs)</b>	<b>31.03.2005</b> <b>(Rs. in Lacs)</b>
<b>12. LIABILITIES</b>		
(i) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	<b>1,972.65</b>	1,009.67
(b) Others	<b>2,169.14</b>	<b>2,312.01</b>
	<b>4,141.79</b>	<b>3,321.68</b>
(ii) Interest Accrued but not due on loans	<b>27.44</b>	20.59
(iii) Security Deposits	<b>414.30</b>	418.14
(iv) Unclaimed Dividend	<b>9.63</b>	11.20
(v) Other Liabilities	<b>1,275.68</b>	<b>735.32</b>
	<b>5,868.84</b>	<b>4,506.93</b>
<b>13. PROVISIONS</b>		
(i) Provision for Employees Benefits	<b>117.90</b>	129.11
(ii) Excise Duty on bonded warehouse stocks	<b>84.30</b>	38.48
(iii) Corporate Dividend Tax	<b>0.56</b>	0.52
(iv) VRS Payable	<b>—</b>	<b>762.02</b>
	<b>202.76</b>	<b>930.13</b>
<b>14. MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
Voluntary Retirement Scheme (VRS)		
As per last Balance Sheet	<b>742.97</b>	—
Incurred during the year	<b>—</b>	<b>762.02</b>
Less: Written off during the year	<b>152.40</b>	<b>19.05</b>
	<b>590.57</b>	<b>742.97</b>

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>15. SALES</b>		
Gross Sales	20,115.52	20,891.33
Less: Trade Discount	79.08	363.13
Less: Excise Duty*	820.36	716.26
	<b>19,216.08</b>	<b>19,811.94</b>
* Amount represents Duty paid on clearance of goods		
<b>16. OTHER RECEIPTS</b>		
<b>A. From Operations</b>		
Income/(Loss) from Associates	4.57	1.26
Export Benefits	18.90	50.74
Insurance Claim	459.90	34.63
Job Work Income	—	3.03
Formulation Development recovered	—	0.45
	<b>483.37</b>	<b>90.11</b>
<b>B. Other Income</b>		
Interest [including interest on Govt. Securities – Tax deducted at source Rs. 0.30 Lac (2004-2005 Rs. 1.16 Lacs)]	10.47	10.67
Dividend — On Non Trade Investments	—	0.01
— On Trade Investments	4.73	6.25
Profit on Sale of Assets	3.20	14.22
Profit on Sale of Trade Investments	—	3.19
Profit on Exchange difference at the time of conversion	—	0.16
Miscellaneous Receipts	59.11	52.26
	<b>77.51</b>	<b>86.76</b>
	<b>560.88</b>	<b>176.87</b>
<b>17. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN</b>		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	470.57	388.24
Add: Purchases	4,148.55	2,949.83
	<b>4,619.12</b>	<b>3,338.07</b>
Less: Stock of Raw Materials as at year end	625.00	470.57
	<b>3,994.12</b>	<b>2,867.50</b>
(ii) Packing Materials	1,790.85	1,698.71
(iii) Consumable Stores	23.51	96.80
(iv) Purchase of Finished Goods for resale	6,910.27	7,401.94
	<b>12,718.75</b>	<b>12,064.95</b>
<b>18. (INCREASE)/DECREASE IN STOCK OF WORK-IN-PROCESS &amp; FINISHED GOODS</b> (Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work-in-Process	575.16	467.89
Goods-in-Transit	117.18	97.69
Finished Goods*	2,121.47	2,503.71
	<b>2,813.81</b>	<b>3,069.29</b>
Less: Closing Stock as at year end		
Work-in-Process	805.54	575.16
Goods-in-Transit	177.82	117.18
Finished Goods	1,853.69	2,125.32
	<b>2,837.05</b>	<b>2,817.66</b>
	<b>(23.24)</b>	<b>251.63</b>

\* (Opening stock of Trading Goods is after adjusting credit for VAT of Rs. 3.85 lacs)

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)**

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>19. PAYMENT TO EMPLOYEES</b>		
Salaries, Wages and Bonus	1,530.40	2,001.31
Contribution to Provident & Other Funds	235.49	317.43
Staff and Labour Welfare	68.49	69.87
	<b>1,834.38</b>	<b>2,388.61</b>
<b>20. MANUFACTURING &amp; OTHER EXPENSES</b>		
Power and Fuel	358.77	372.60
Job Work Charges	352.26	284.63
Repairs		
— Building	11.87	31.90
— Machinery	46.06	43.49
— Others	70.60	72.38
Rent	129.57	93.16
Rates and Taxes	32.86	29.45
Excise Duty	—	60.50
Excise duty provided on stocks in bonded warehouse (net)	45.82	(25.16)
Insurance	63.61	57.70
Advertisement and Sales Promotion	562.77	1,049.27
Transport & Forwarding Charges	689.85	729.19
Commission/Discount/Service Charges on Sales	369.49	414.00
Travelling & Conveyance	406.85	724.65
Audit Fees & Other Services	12.42	11.36
Provision for Doubtful Debts	26.50	107.82
Bad Debts Written Off	217.98	2.63
Less: Provision write back	217.62	—
	<b>0.36</b>	2.63
Directors' Meeting Fees	2.86	2.55
Miscellaneous Expenses	888.98	892.79
Loss on exchange difference at the time of conversion	0.57	—
Loss on Sale of Assets	20.68	12.67
	<b>4,092.75</b>	<b>4,967.58</b>
<b>21. FINANCE COST</b>		
On Term Loans*	243.17	127.29
On Fixed Deposits	54.66	63.11
On Other	372.56	394.72
	<b>670.39</b>	<b>585.12</b>

\* Includes Rs. 24.84 Lacs (2004-2005 Rs. 20.48 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) Principles of consolidation

- (a) The consolidated financial statements relate to Camlin Limited (the company), its subsidiary companies and joint ventures. The consolidated financial statements have been prepared on the following basis.

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

- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's individual financial statements.
- The excess/ lower of costs to the company and its subsidiaries of their investments in their subsidiaries/fellow subsidiaries is recognised in the financial statements as goodwill/capital reserve, except for Integral Foreign subsidiaries wherein it is debited/credited to Profit & Loss A/c.

- (b) The subsidiary companies/Joint Ventures considered in the consolidated financial statements are:

Name of the company	Country of Incorporation	% of voting power held on 31 <sup>st</sup> March 2006
Camlin International Ltd.	India	100%
Camlin North America Inc. U.S.A.	U.S.A.	100%
ColArt Camlin Canvas Pvt. Ltd.	India	40%

#### (ii) 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), except in case of freehold land and buildings at Andheri, which were revalued on the basis of fair market value as on 31/3/1991. 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 design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- (c) Impairment of Assets :
- 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.

#### (iii) Depreciation

- (a) Depreciation on all assets of the Company except leasehold land, is provided on Straight Line basis as applicable under the Companies Act, 1956.
- (b) The excess of depreciation provided on revalued Buildings over the amount computed on the above basis with reference to the original cost thereof is withdrawn from the Revaluation Reserve and transferred to the 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 are amortised over the estimated useful economic life not exceeding five years.

**SCHEDULES TO ACCOUNTS (Contd.)**

**(iv) Investments**

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

**(v) Valuation of Inventories**

(a)	Raw Material, Packing Material, 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

**(vi) Excise Duty**

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

**(vii) Foreign Currency Transactions**

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise, 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.

**(viii) Research and Development**

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

**(ix) 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.

**(x) Revenue/Expense Recognition**

- (a) Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales return.
- (b) Revenue in respect of overdue interest, insurance claim, 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.

**(xi) Contingent Liabilities**

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

## SCHEDULES TO ACCOUNTS (Contd.)

(xii) **Accounting for Taxes on Income**

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

(xiii) **Earning per Share**

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.

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

The Company operates in three segments: Consumer Products, Pharmaceutical & 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”.

(xv) **Voluntary Retirement Scheme**

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

### 23. NOTES TO ACCOUNTS

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

(ii) Contingent Liabilities:

(a) In respect of Bills of Exchange/Cheque discounted with the Bankers Rs. 1015.74 Lacs (2004 - 2005 – Rs. 482.27 Lacs).

(b) In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 40.60 Lacs (2004-2005 – Rs. 78.47 Lacs).

(c) Demands against the Company, either disputed or not acknowledged as debts and not provided for:

	<b>2005-2006</b> <b>(Rs. in Lacs)</b>	<b>2004-2005</b> <b>(Rs. in Lacs)</b>
Income Tax	23.21	71.00
Sales Tax	108.24	48.53
Excise Duty	162.96	233.93
Modvat Claim	—	0.18
Provident Fund	0.67	0.67
Labour Matters	11.78	2.22
Others	0.63	0.63

(iii) The unhedged exposure of foreign currency transactions as on 31.03.2006 is as follows:

(a) Term Loans/Demand Loans	(USD) 21.77 Lacs
(b) Sundry Debtors	(USD) 26.72 Lacs
(c) Sundry Creditors	(USD) 18.70 Lacs (YEN) 4.34 Lacs

**SCHEDULES TO ACCOUNTS (Contd.)**

(iv) Commitments:

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 16.73 Lacs (2004-2005 Rs. 36.91 Lacs).

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

Term Loan from Corporation Bank is guaranteed by the Managing/Wholetime Directors of the Company.

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.

(vi) The Company had entered into Shareholders' Agreement executed on 12th August '05 with ColArt Fine Art and Graphics Ltd., UK to form a joint venture company for the manufacture and export of Canvas products. The said JV Company by the name ColArt Camlin Canvas Pvt. Ltd. was incorporated on 9th September '05. The Company has invested Rs. 52.20 lacs in the said JV Company towards 40% of the equity capital of the said JV Company. The JV Company has set up a manufacturing unit at Tarapur and has commenced commercial production from April '06.

(vii) Sundry Debtors includes Rs. 229.48 Lacs in respect of which legal proceedings are instituted and is considered by the management to be fully recoverable under due process of law.

(viii) 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 total liability as actuarially determined by LIC aggregates to Rs. 479.04 lacs (2004-2005 Rs. 575.91 lacs) as on 01/12/2005 (being the Annual Renewal Date) against which the funds with the LIC amount to Rs. 365.03 lacs (2004-2005 Rs. 511.35 lacs).

(b) Earnings Per Share (Basic and Diluted)

Net Profit/(-) Loss (After Tax) as per profit and loss account available for equity shareholders (Rs. in Lacs)

Equity Shares for calculation of earnings per share (Nos.)

Earnings per Share - Basic and Diluted (Rs.)

2005-2006	2004-2005
<b>(166.49)</b>	(502.43)
<b>4800000</b>	4800000
<b>(3.47)</b>	(10.47)

(c) The following are the details of the Investments in Associates made by the Company.

(Rs. in Lacs)

Name of the Associates	Country of Incorporation	Principal Activities	Ownership Interest & voting power	Original cost of investments	Amount of Goodwill/ (Capital Reserve) included in original cost	Accumulated profits/(loss) at the year-end	Carrying amount of investments at the year-end
Triveni Pencils Ltd.	India	Manufacturing of writing/drawing instruments	24.43%	4.00	(15.52)	(10.52)	NIL
Excella Pencils Ltd.	India	Manufacturing of writing/drawing instruments	14.33%	2.15	—	18.15	15.73

## SCHEDULES TO ACCOUNTS (Contd.)

**(d) AS 24 Discontinued Operations**

The Board of Directors, on 7th March '05, announced that the Company will substantially restrict the operations of its Pharmaceutical Division, which is a separate business segment under AS17 on Segment Reporting. Subsequently the Company has totally discontinued the said operations from 1-1-06. As per agreement entered into between Liva Healthcare Ltd. (LIVA) and the Company, employees of the Pharmaceutical Division of the Company have been taken over by LIVA with continuity in service. Net Assets & Liabilities on discontinuance of Pharmaceuticals operations as on 31-12-05 are transferred to LIVA. The amount receivable from LIVA on account of the said discontinued operation as on 31-12-05 was Rs. 130.67 lacs. Of this LIVA, has paid Rs. 36.47 lacs by 31-03-06, leaving a balance of Rs. 94.20 lacs as on that date. As per agreement LIVA has to pay the above amount before 31-12-06 and till such payment the Company is charging interest on receivable from LIVA.

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

	Discontinued Operations	
	2005-06 Rs. in Lacs	2004-05 Rs. in Lacs
Turnover	6.83	2,407.94
Operating Expenses	<b>356.83</b>	3,193.35
Pre-Tax Profit /(Loss)	<b>(350.00)</b>	(785.41)
Profit/(Loss) before Tax	<b>(350.00)</b>	(785.41)
Income Tax Expense (FBT)	<b>0.31</b>	—
Profit/(Loss) after tax	<b>(350.31)</b>	(785.41)

Deferred Tax Liability is not capable of being ascertained separately for Pharmaceutical Division.

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

	(Rs. in Lacs)	
	2005-06 Rs. in Lacs	2004-05 Rs. in Lacs
Operating Activity	<b>224.42</b>	(265.88)
Investing Activity	<b>(0.56)</b>	(11.84)
Financing Activity	<b>(224.26)</b>	277.57
<b>Net Increase/(Decrease) in Cash and Cash Equivalent</b>	<b>(0.40)</b>	( 0.15)

**SCHEDULES TO ACCOUNTS (Contd.)**

(e) CONSOLIDATED SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2006 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

(Rs. in Lacs)

Sr. No.		FY. 2005-2006				FY. 2004-2005			
		Consumer Products	*Pharma	Fine Chemicals	Total	Consumer Products	Pharma	Fine Chemicals	Total
<b>A.</b>	<b>REVENUE</b>								
	Net Sales (Net of Trade Discount & Excise)/								
	Income from operations	15,300.76	55.24	4,320.26	19,676.26	13,776.32	2,407.94	3,717.79	19,902.05
	Intersegment Sales	—	—	—	—	—	—	—	—
	<b>Total Revenue</b>	<b>15,300.76</b>	<b>55.24</b>	<b>4,320.26</b>	<b>19,676.26</b>	<b>13,776.32</b>	<b>2,407.94</b>	<b>3,717.79</b>	<b>19,902.05</b>
<b>B.</b>	<b>RESULT</b>								
	Segment Result	762.44	(302.16)	746.59	1,206.87	603.40	(538.11)	711.29	776.58
	Unallocated Corporate expenses net of unallocable income				724.63				1,076.50
	<b>Operating Profit/(Loss)</b>				<b>482.24</b>				<b>(299.92)</b>
	Interest Expense				670.13				454.92
	Interest Income				—				(9.73)
	Income Tax								
	– Current				47.01				0.48
	– Deferred				(68.41)				(260.14)
	Total Income Tax				(21.40)				(259.66)
Earlier year adjustment				—				16.98	
Profit/(Loss) from Operating Activities				(166.49)				(502.43)	
Extraordinary loss				—				—	
	<b>NET PROFIT/(LOSS)</b>				<b>(166.49)</b>				<b>(502.43)</b>
<b>C.</b>	<b>OTHER INFORMATION</b>								
	Segment Assets	7,884.36	—	4,379.79	12,264.15	7,018.68	1,255.54	3,456.62	11,730.84
	Unallocated Corporate Assets				1,423.44				936.94
	<b>1. TOTAL ASSETS</b>				<b>13,687.59</b>				<b>12,667.78</b>
	Segment Liabilities	4,635.22	—	(428.02)	4,207.20	3,546.20	500.12	535.21	4581.53
	Unallocated Corporate Liabilities				9,480.39				8,086.25
	<b>2. TOTAL LIABILITIES</b>				<b>13,687.59</b>				<b>12,667.78</b>
	<b>3. Capital Expenditure</b>								
	Segment Related	327.33	—	941.09	1,268.42	342.33	4.58	691.20	1,038.11
	Corporate Related				34.35				70.05
<b>4. Depreciation</b>									
Segment Related	245.92	—	203.32	449.24	208.84	7.06	169.19	385.09	
Corporate Related				69.60				71.15	
<b>5. Non-cash expenses other than Depreciation</b>									
	—	—	—	—	—	—	—	—	

NOTES:

1. The Segments cover the following activities:
    - (a) Consumer Products – Art Materials, Scholastic Products, Writing Instruments, Office Stationery, Glues and several Hobby Products.
    - (b) Pharmaceuticals – Health Care Products.
    - (c) Fine Chemicals – Bulk Drugs, Bulk Drug Intermediaries and Fine Chemicals.
  2. The secondary segment can be taken to be the Fine Chemicals segment which caters mainly to the Overseas market.
- \* Discontinued operations.

## SCHEDULES TO ACCOUNTS (Contd.)

(f) **Related Parties Disclosures: (as Certified by the Management)**

(i) **Associate Companies**

Name of the Related Party	Nature of Relationship
(1) CAFCO Consultants Ltd.	Associate Company
(2) Camart Agencies Ltd.	Associate Company
(3) Camellia Management Services Pvt. Ltd.	Associate Company
(4) Camellia Infotech Ltd.	Associate Company
(5) Camlidhan Investments Pvt. Ltd.	Associate Company
(6) Camlink Agencies Ltd.	Associate Company
(7) Camlink Consultants Pvt. Ltd.	Associate Company
(8) Caravan Packaging Ltd.	Associate Company
(9) Dandekar Developers Pvt. Ltd.	Associate Company
(10) Dandekar Investments & Consultants Pvt. Ltd.	Associate Company
(11) Dandekar Print Pack Pvt. Ltd.	Associate Company
(12) DDI Consultants Pvt. Ltd.	Associate Company
(13) Excella Pencils Ltd.	Associate Company
(14) Camlidhan Products Ltd.	Associate Company
(15) Liva Healthcare Ltd.	Associate Company
(16) Nilmac Packaging Industries Ltd.	Associate Company
(17) Ramada Business Services Ltd.	Associate Company
(18) Triveni Pencils Ltd.	Associate Company
(19) Vibha Agencies Pvt. Ltd.	Associate Company

(ii) **Key Management Personnel**

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	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

(iii) **Transactions with Associate Companies**

Particulars	(Rs. in Lacs)	
	Associate Companies	2005-2006
Purchase of goods	Excella Pencils Ltd.	609.41
	Nilmac Packaging Industries Ltd.	553.06
	Triveni Pencils Ltd.	528.19
	Liva Healthcare Ltd.	(242.10)
	Others	32.23
	Total	1,480.79
		(2,234.97)
Sale of goods	Liva Healthcare Ltd.	163.10
	Excella Pencils Ltd.	66.36
	Triveni Pencils Ltd.	57.29
	Nilmac Packaging Industries Ltd.	50.81
	Total	337.56
		(212.41)

**SCHEDULES TO ACCOUNTS (Contd.)**

<b>Particulars</b>	<b>Associate Companies</b>	<b>(Rs. in Lacs)</b>
Purchase of Fixed Assets	Camellia Infotech Ltd	3.99
	Camlidhan Products Ltd.	3.45
	Total	7.44
		(7.84)
Sale of Fixed Assets	Liva Healthcare Ltd.	6.51
	Total	6.51
		(7.23)
Receiving Services	Camart Agencies Ltd.	74.10
	Nilmac Packaging Industries Ltd.	60.71
	Camlink Agencies Ltd	44.77
	Triveni Pencils Ltd.	22.31
	Others	15.78
	Total	217.67
		(258.57)
Rendering Services	Liva Healthcare Ltd.	10.43
	Others	0.96
	Total	11.39
		(6.02)
Net Amount Payable	Nilmac Packaging Industries Ltd.	162.99
	Excella Pencils Ltd.	148.35
	Others	15.83
	Total	327.17
		(384.60)
Net Amount Receivable	Triveni Pencil Ltd.	264.33
	Liva Healthcare Ltd.	126.27
	Others	4.54
	Total	395.14
		(120.16)
Dividend paid		—
	Total	—
		(9.54)
Dividend Receivable	Excella Pencils Ltd.	0.54
	Total	0.54
		(—)

Previous years figures are indicated in brackets.

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

<b>Particulars</b>	<b>2005-2006</b>	<b>2004-2005</b>
Remuneration	<b>99.28</b>	97.41
Dividend Paid	—	10.46



**SCHEDULES TO ACCOUNTS (Contd.)**

**25. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before non-recurring items	(187.89)	(745.11)
<b>Adjustments for:</b>		
Depreciation	518.84	456.23
Provision for Doubtful Debts	26.50	107.82
Provision for Gratuity	—	3.14
Foreign Exchange (Unrealised)	(0.33)	8.47
(Profit)/Loss on Sale of Fixed Assets	17.48	(1.55)
(Profit)/Loss on Sale of Investments	—	(3.03)
Provision for diminution of Investments	—	—
Interest Expenses	670.39	585.12
Interest/Dividend Received	(11.20)	(16.93)
Amortisation of Expenses	152.40	19.05
Reversal of Provision for Doubtful Debts	(217.62)	—
Share of profits of Associates for the current year	(4.57)	(1.26)
Provision for leave encashment	(11.21)	27.36
Provision for Wealth Tax	0.58	0.75
<b>Operating Profit before Working Capital changes</b>	<b>953.37</b>	<b>440.06</b>
<b>Adjustments for:</b>		
Trade and other Receivables	(361.53)	(30.58)
Inventories	(251.94)	84.22
Trade Payables	820.11	531.30
Other Payables	582.34	119.11
<b>Cash generated from Operations</b>	<b>1,742.35</b>	<b>1,144.11</b>
Direct taxes paid	(92.29)	(49.19)
Extraordinary items - VRS Payment	(762.02)	—
<b>Net cash from operating activities</b>	<b>888.04</b>	<b>1,094.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1,353.96)	(1,098.12)
Sale of Fixed Assets	24.81	28.26
(Purchase)/Sale of Investments	(0.25)	5.05
Profit/(Loss) on Sale of Investments	—	3.19
Interest received	6.91	36.16
Dividend received	0.73	2.26
<b>Net cash used in Investing Activities</b>	<b>(1,321.76)</b>	<b>(1,023.20)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowing/debentures (Net of repayments)	1,041.22	663.92
Interest Paid	(663.54)	(600.02)
Dividend Paid	(6.09)	(82.27)
<b>Net cash used in Financing Activities</b>	<b>371.59</b>	<b>(18.37)</b>
<b>D. Unrealised Foreign Exchange Fluctuation on Cash Equivalents</b>	<b>0.33</b>	<b>(8.47)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS*</b>	<b>(61.80)</b>	<b>44.88</b>
Cash and Cash Equivalents (Opening Balance)	270.10	225.22
Cash and Cash Equivalents (Closing Balance)	208.30	270.10

\*Refer note 23(viii)(d)(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)

**P. G. Godbole**  
Chief Financial Officer

Mumbai  
Dated : 30<sup>th</sup> June, 2006.

**R. V. DAMLE**  
Company Secretary

**D. D. Dandekar** Chairman & Mg. Director  
**R. M. Dandekar** Jt. Mg. Director  
**S. S. Dandekar** Executive Director  
**D. M. Dandekar** Executive Director  
**A. S. Dandekar** Executive Director  
**G. G. Desai** Director  
**S. E. Godbole** Director  
**M. P. Khedkar** Director  
**P. A. Narvekar** Director  
**S. S. Shirgaokar** Director  
**P. M. Sapre** Director

**DETAILS OF SUBSIDIARY COMPANIES 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., U.S.A. *
1. Capital	:	5.00	9.26
2. Reserves	:	2.68	(36.96)
3. Total Assets	:	16.45	26.46
4. Total Liabilities	:	16.45	26.46
5. Details of Investments	:	NIL	NIL
6. Turnover	:	4.38	22.25
7. Profit/(Loss) Before Taxation	:	0.31	(12.98)
8. Provision For Taxation	:	0.13	0.36
9. Profit/(Loss) After Taxation	:	0.18	(13.34)
10. Proposed Dividend	:	80%	NIL

\* Average Exchange Rate as on 31<sup>st</sup> March, 2006. – 1 US\$ = Rs. 44.30.

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

YEAR ENDING 31ST MARCH	2006	2005	2004	2003	2002	2001	2000	1999
<b>A. Assets Employed</b>								
1. Net Fixed Assets	4903.58	4168.51	3563.16	3607.37	2870.78	2630.17	2403.42	2229.17
2. Net Current Assets	2009.40	1865.36	3300.73	2244.76	2060.52	2398.88	2303.43	2564.26
3. Others	704.51	804.46	62.10	47.70	362.56	446.83	617.03	227.81
<b>TOTAL</b>	<b>7617.49</b>	<b>6838.33</b>	<b>6925.99</b>	<b>5899.83</b>	<b>5293.86</b>	<b>5475.88</b>	<b>5323.88</b>	<b>5021.24</b>
<b>B. Financed By</b>								
1. Equity Share Capital	480.00	480.00	480.00	480.00	240.00	240.00	240.00	240.00
2. Reserves & Surplus	1046.54	1205.78	1700.87	1599.14	1509.76	1704.84	1570.28	1452.79
3. Shareholder's Funds	1526.54	1685.78	2180.87	2079.14	1749.76	1944.84	1810.28	1692.79
4. Loan Funds	5977.28	4970.47	4302.90	3411.04	3027.90	3531.04	3513.60	3328.45
5. Deferred Tax Liability (Net)	113.67	182.08	442.22	409.65	516.20	—	—	—
<b>TOTAL</b>	<b>7617.49</b>	<b>6838.33</b>	<b>6925.99</b>	<b>5899.83</b>	<b>5293.86</b>	<b>5475.88</b>	<b>5323.88</b>	<b>5021.24</b>
<b>C. Net Sales (Net of Trade Discount &amp; Excise)</b>								
	<b>19213.06</b>	<b>19764.33</b>	<b>18268.50</b>	<b>17517.43</b>	<b>16707.08</b>	<b>15140.34</b>	<b>14114.03</b>	<b>12907.14</b>
<b>D. Profit and Appropriations</b>								
1. Operating Profit (PBIDT) (Before Extra Ordinary Item)	1166.83	328.07	1118.58	1628.57	1214.77	1127.54	1034.26	938.87
2. Interest	670.13	584.45	372.17	320.85	388.32	536.21	553.93	476.68
3. Profit/(Loss) Before Depreciation, Tax & Extra Ordinary Item	496.70	(256.38)	746.41	1307.72	826.45	591.33	480.33	462.19
4. Depreciation	518.84	456.23	437.01	371.58	305.54	266.68	222.23	199.71
5. Profit/(Loss) Before Tax & Extra Ordinary Item	(22.14)	(712.61)	309.40	936.14	520.91	324.65	258.10	262.48
6. Extra Ordinary Item	152.40	19.05	—	321.17	108.33	99.77	43.87	—
7. Profit/(Loss) Before Tax	(174.54)	(731.66)	309.40	614.97	412.58	224.88	214.23	262.48
8. Tax — Current	46.52	—	72.00	275.00	30.00	18.00	25.00	28.00
— Deferred	(68.41)	(260.14)	32.57	(106.55)	79.10	—	—	—
9. Profit/(Loss) After Tax	(152.65)	(471.52)	204.83	446.52	303.48	206.88	189.23	234.48
10. Earlier Year's Adjustments	—	16.98	(15.28)	(2.25)	5.13	0.39	8.05	(1.61)
11. Net Profit/(Loss) After Tax	(152.65)	(488.50)	189.55	444.27	308.61	207.27	197.28	232.87
12. Dividend & Tax On Dividend	—	—	81.23	108.30	60.00	66.12	73.20	66.60
13. Retained Earnings	—	—	108.32	335.97	248.61	141.15	124.08	166.27
<b>E. Per Share Information</b>								
1. Earning Per Share	(3.18)	(10.18)	3.95	**9.26	12.86	8.64	8.22	9.70
2. Book Value Per Share (Rs.)	14.68	14.68	40.34	*38.08	*48.98	53.95	40.79	51.66
3. Dividend Per Share (Rs.) (Excluding Tax on Dividend)	—	—	1.50	2.00	2.50	2.50	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.