

SYNERGY STRENGTH SUCCESS



KOKUYO CAMLIN LIMITED
65th ANNUAL REPORT 2011-12





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Japan and India

Two historical lands

Two ancient civilisations

Two oldest cultures



KOKUYO and CAMLIN

Two heritage companies

Two pioneering businesses

Two enterprising groups

come together to write a unique story of

Synergy. Strength. Success.

and become Honour of Asia

Japan and India go back a long way together. In fact, they go back more than 1500 years to the 7th century when Buddhist monks travelled to Japan to spread the message of the Buddha.



The bond between the two countries has strengthened into a lasting friendship that has endured and overcome all major upheavals of history. As India gained its independence and as Japan began its momentous re-building efforts post the second world war, this relationship extended into fruitful business alliances between business houses of both countries.

Japan and India are similar in more ways than one. Both countries have one of the oldest written scripts in history. Both countries lay an exceptional importance on education and schooling, on the art of reading and writing. Both countries have produced exceptional poets, writers, artists and architects in every age. Both countries revere art, respect innovation and relish enterprise.

KOKUYO Group

KOKUYO Group is over century old Japanese business house, founded in 1905 in Osaka, Japan. Starting as book-cover makers for wacho (traditional Japanese account books), KOKUYO today is a US\$ 3.2 billion group with business spread all over Asia and Europe, and offices in China, Hong Kong, Thailand, Singapore, Malaysia and Vietnam. Its main product lines include office stationery, especially notebooks, office supplies and office furniture. The company was officially listed on Osaka and Tokyo stock exchanges. The company's flagship brand is KOKUYO. KOKUYO is a household name in office stationery products and furniture.

CAMLIN

Like the KOKUYO Group, CAMLIN has been in existence for more than 80 years and has a rich legacy and proud history, starting its operations way back in 1931. It started manufacture of Horse brand ink powders and tablets, followed by Camel Inks, which eventually led to creation of its flagship brand – CAMLIN in 1946. Over the years, CAMLIN has expanded into art materials, scholastic materials, hobby materials, office stationery products and corporate gifts. CAMLIN is today one of the most trusted and renowned brands in India, with over 2100 products and a reach of over 55 million households.

Synergy. Strength. Success.

KOKUYO CAMLIN LIMITED

In May 2011, KOKUYO and CAMLIN came together to create KOKUYO CAMLIN LIMITED. KOKUYO S&T Co., Ltd. a wholly owned subsidiary of KOKUYO Co. Ltd., acquired a controlling stake in CAMLIN Ltd. from the promoters. The name of the company has been changed to KOKUYO CAMLIN LIMITED to reflect this new synergy and strength.

With a focus to the future and a clear goal to leverage existing strengths and presence, KOKUYO CAMLIN LTD. is all set to begin a new chapter in the stationery business. The expertise, reach and brand-equity of CAMLIN will be supplemented with KOKUYO's innovative new office stationery products, world-class R&D and strong presence in Asian geographies.

Going forward, as the two legacy groups and leaders come together, their SYNERGY will lead to more STRENGTH...and MORE SUCCESS.

WELCOME TO KOKUYO CAMLIN LIMITED!

Asia No Homare — Honour of Asia.



With a focus to the future and a clear goal to leverage existing strengths and presence, KOKUYO CAMLIN LTD. is all set to begin a new chapter in the stationery business.



Corporate Philosophy

Customer First

Committed to respond by delivering superior quality to meet the diverse demands of the customers across the globe.

Human Resource

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

Business Partners

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

Corporate Governance

Take leadership in nurturing corporate culture and implementing policies that promote ethical behaviour.

Transparency

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

Corporate Social responsibility

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

From L to R :

Yasuhiro Kuroda
Executive Vice-President & Representative Director
KOKUYO Co., Ltd.)

Akihiro Kuroda
(President, CEO & Representative Director
KOKUYO Co., Ltd.)

Dilip Dandekar
(Chairman & Managing Director,
KOKUYO CAMLIN LTD.)

Shirram Dandekar
(Joint Managing Director,
KOKUYO CAMLIN LTD.)



Board of Directors



Sitting (L to R) – Mr. Ravindra Chandra Bhargava, Mr. Takuya Morikawa, Mr. Dilip Dandekar and Mr. Hisamaro Garugu

Standing (L to R) – Mr. Ramanathan Sriram, Mr. Nobuchika Doi, Mr. Takeo Iguchi, Mr. Hirofumi Iwatsu, Mr. Shriram Dandekar, Mr. Shishir Desai, Mr. Hiroaki Takayama and Mr. Devendra Kumar Arora

Corporate Social Responsibility Activities

Camel Art Foundation

- Founded in 1998
- Only one of its kind platform for budding artists, art college students, amateur and professional artists
- Encourages talent at grass-root level by showcasing regional talent
- Provides an opportunity to artists to display their work
- Helps artists get recognition and popularity in the Indian Art Market through wider exposure
- Promoted by KOKUYO GAMLIN LTD, pioneers of Fine Art material in India.

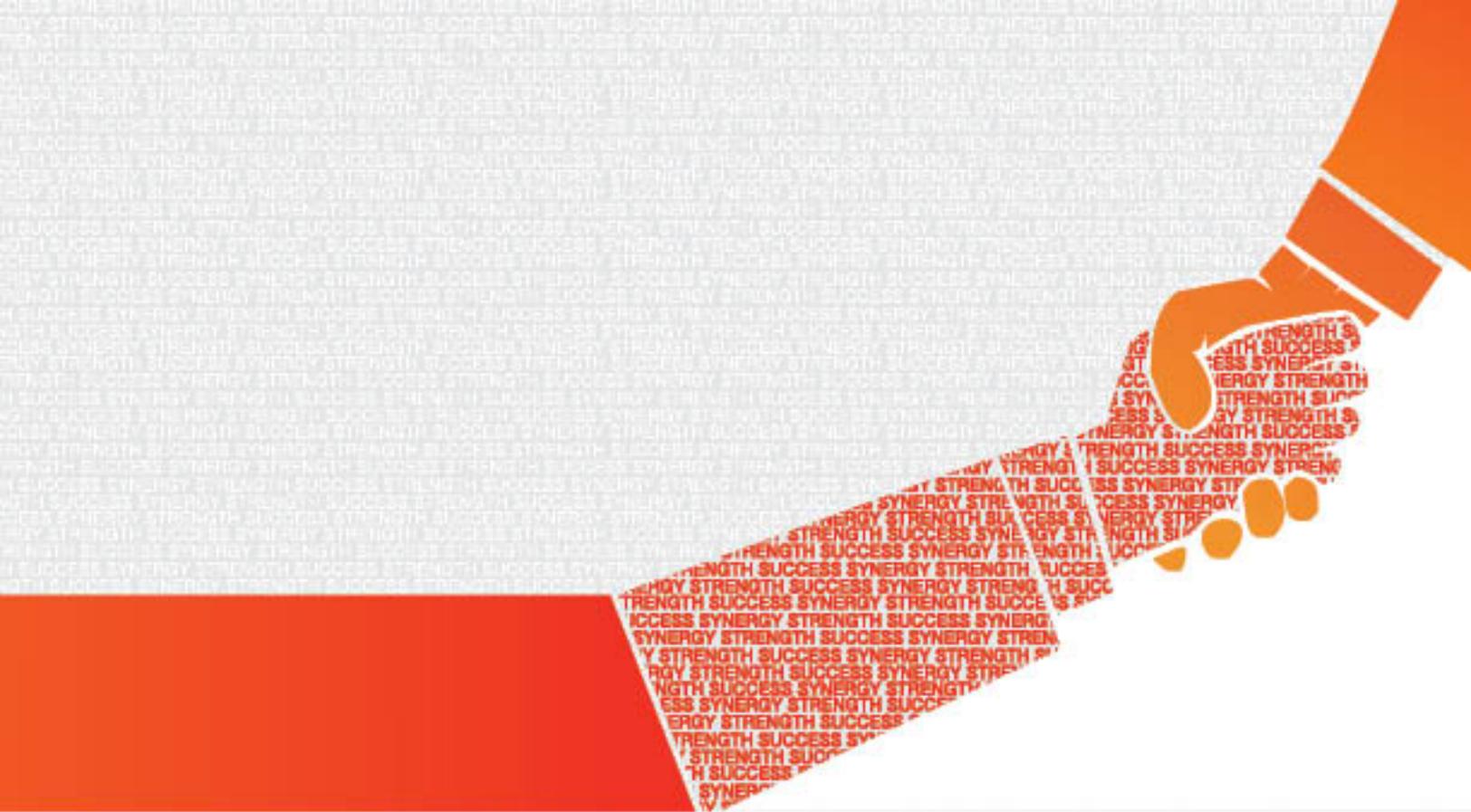


Classroom Training Under Ideal School Project



Company carried out CSR activity in Government School in Rajouri District, about 130 kilometres away from Jammu City and distributed our products to boost their confidence and salute their spirit of education. The area is considered to be a militant area.





Ideal School Project

Uplift the standards of schools. Aim is to improve the capability of the students and teachers by providing them training. This year 24 Government schools are participating.

Self Employment To Rescue Foundation

Giving self employment by way of Job work to the ladies of rescue foundation.

Distributing Drawing Materials

We provide Art Material - almost 20000 sets per year to deaf, dumb and mentally retarded students.

Blood Donation Camps

Arranging blood donation camps every year on Annual day and collecting on an average 150 bottles of blood for the last 30 years.

Adivasi Utthan Programme (Tribal Areas)

Providing colours to adivasi people for varli painting on earthen pots and wall papers which they sell for their livelihood.

5's Training at Home and Hospitals

Arrange presentation on improving and arranging housekeeping practices at hospitals and also impart training to wives and children of employees to improve housekeeping practices.

Corporate Information



Chairman Emeritus

Mr. Subhash Dandekar

Board of Directors

Mr. Dilip Dandekar (*Chairman & Managing Director*)

Mr. Takuya Morikawa (*Vice Chairman*)

Mr. Shriram Dandekar (*Joint Managing Director*)

Mr. Nobuchika Doi (*Executive Director*)

Mr. Hirofumi Iwatsu (*Executive Director*)

Mr. Takeo Iguchi (*Executive Director*)

Mr. Hiroaki Takayama

Mr. Ravindra Chandra Bhargava

Mr. Hisamaro Garugu

Mr. Devendra Kumar Arora

Mr. Shishir Desai

Mr. Ramanathan Sriram

Chief Financial Officer

Mr. Chetan Badal

Vice President (Corporate) & Company Secretary

Mr. Ravindra Damle

Registered Office

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

Works

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

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

Jammu : Industrial Growth Center,
Samba Phase I, Jammu, J&K State.

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

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

Auditors

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

Bankers

Bank of Maharashtra
IDBI Bank Ltd.

Registrars & Transfer Agents

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



NOTICE is hereby given that the 65th Annual General Meeting of the Members of KOKUYO CAMLIN LIMITED, will be held on Thursday the 26th July, 2012 at 3.00 p.m. at Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2012 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. Ramanathan Sriram, who retires by rotation and being eligible offer himself for re-appointment.
3. 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:

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

"RESOLVED THAT Mr. Takuya Morikawa, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:

"RESOLVED THAT Mr. Nobuchika Doi, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in

- writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director."
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:

"RESOLVED THAT Mr. Hirofumi Iwatsu, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director, whose appointment shall be liable to retirement by rotation."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:

"RESOLVED THAT Mr. Takeo Iguchi, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director, whose appointment shall be liable to retirement by rotation."
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:

"RESOLVED THAT Mr. Hiroaki Takayama, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the

Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation."

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

"RESOLVED THAT Mr. Hisamaro Garugu, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation."

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

"RESOLVED THAT Mr. Ravindra Chandra Bhargava, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19th October, 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation."

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

"RESOLVED THAT Mr. Devendra kumar Keshoram Arora, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 17th January, 2012 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his

candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from ₹ 1,000,00,000/- (Rupees Ten Crores) to ₹ 2,000,00,000/- (Rupees Twenty Crores) and that the existing Clause V of the Memorandum of Association of the Company be substituted as follows :

The Authorised Share Capital of the Company is ₹ 2,000,00,000 (Rupees Twenty Crores) divided into 2,000,00,000 (Twenty Crores) Equity Shares of Re.1/- (Rupee One) each with power for the Company to increase or reduce the said Capital and to issue any part of the Capital, original or increased with or without any preference priority or special privilege or subject to any postponement of rights to any conditions or restrictions."

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

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the existing Article 5 of Articles of Association of the Company be substituted as follows:

The Authorised Share Capital of the Company is ₹ 2,000,00,000 (Rupees Twenty Crores) divided into 2,000,00,000 (Twenty Crores) Equity Shares of ₹ 1/- (Rupee One) each."

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

By Order of the Board

RAVINDRA DAMLE
Vice President
(Corporate) &
Company Secretary

Dated: 15th June, 2012.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the business referred to under Item Nos. 4 to 13 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 19th July, 2012 to 26th July, 2012 (both days inclusive).
4. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding Shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participant of the members.

Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.
5. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 all dividends which remained unpaid or unclaimed upto the financial year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Concerned members are requested to claim the amount from the Office of the Registrar of Companies, Maharashtra, C.G.O Complex, 2nd Floor, A Wing, CBD – Belapur, Navi Mumbai- 400 614.
6. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 2004, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claims in respect of their un-encashed dividend with regard to the above dividend.
7. Members who have not encashed their dividend warrants for the financial year ended 31st March 2007 and thereafter, may immediately approach the R&T Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the "Investors Education and Protection Fund" as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
8. The Company, in compliance with Clause 5 All of the Listing Agreement, will send reminders to the members in respect of shares which are lying unclaimed with the Company. The same shall be transferred to Unclaimed Suspense Account in case no response is received after sending three reminders at the address given and shall be dematerialized.
9. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company atleast seven working days prior to the meeting, so that the required information can be made available at the meeting.
10. Members, who hold Shares in dematerialised form, are requested to bring their Client ID and DP ID. Nos. for easy identification of attendance at the meeting.

ANNEXURE FORMING PART OF THE NOTICE EXPLANATORY STATEMENT

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

SPECIAL BUSINESS:

ITEM NOS.: 4 to 11

Mr. Takuya Morikawa, Mr. Nobuchika Doi, Mr. Hirofumi Iwatsu, Mr. Takeo Iguchi, Mr. Hiroaki Takayama, Mr. Hisamaro Garugu, and Mr. Ravindra Chandra Bhargava were appointed as an Additional Directors of the Company on 19th October, 2011. Mr. Devendra Kumar Arora was appointed as an Additional Director on 17th January, 2012. As per the provisions of section 260 of the Companies Act, 1956 ("Act"), all the above Directors hold Office only upto the date of forthcoming Annual General Meeting of the Company and eligible for appointment. The Company has received notices under section 257 of the Act, in respect of each of the candidates, proposing their appointment as Directors of the Company, alongwith the requisites deposit.

Mr. Nobuchika Doi, Mr. Hirofumi Iwatsu and Mr. Takeo Iguchi has been appointed as Executive Directors with effect from 1st November, 2011 by passing Ordinary Resolution through Postal Ballot on 11th January, 2012.

Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Corporate Governance Report for the information of the Members. Keeping in view the experience and expertise of these persons, their appointment as Directors of the Company is recommended.

As per the terms of appointment except Mr. Takuya Morikawa and Mr. Nobuchika Doi, others Directors are liable to retirement by rotation.

None of the Directors except the appointees are concerned or interested in these resolutions.

The Directors recommend the Ordinary Resolutions for your approval.

ITEM NOS. 12 and 13

The present Authorised Share Capital of the Company is ₹ 1,000,00,000/- (Rupees Ten Crores) divided into 1,000,00,000 (Ten Crores) Equity Shares of ₹ 1/- each. With a view to facilitate further issue of Equity Capital in future for funding Company's growth plans, it is necessary to increase Authorised Share Capital from ₹ 1,000,00,000/- (Rupees Ten Crores) to ₹ 2,000,00,000/- (Rupees Twenty Crores) divided into 2,000,00,000 (Twenty Crores) Equity Shares of ₹ 1/- (Rupee One) each.

None of the Directors of the Company are in any way concerned or interested in the resolutions.

Directors recommend the resolutions, for your approval .

A copy of Memorandum and Articles of Association of the Company incorporating the proposed amendment will be available for inspection of the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of Annual General Meeting of the Company.

Regd. Office:

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

By Order of the Board

RAVINDRA DAMLE
Vice President
(Corporate) &
Company Secretary

Dated: 15th June, 2012.



Your Directors have pleasure in presenting herewith the 65th Annual Report and Audited Statements of Account for the Financial Year ended 31st March 2012.

FINANCIAL RESULTS: (₹ in Lacs)

	2011-12	2010-11
Profit Before Tax	158.18	1205.71
Less: Provision for Tax Current	100.00	325.00
- Deferred	(59.44)	16.20
- Prior Year (Net)	(16.19)	5.83
Profit After Tax	133.81	858.68
Balance bought forward from last year	2214.65	1634.82
Less-prior year appropriation (Dividend and Tax thereon)	-	0.25
Balance Carried forward	2348.46	2493.25
Transferred to:		
Proposed Dividend	-	152.66
Corporate Tax on Dividend	-	25.94
General Reserve	30.00	100.00
Balance Carried Forward	2318.46	2214.65
	2348.46	2493.25

OPERATING PERFORMANCE:

During the year the Company reported income from operations of ₹ 38390.35 Lacs as compared to ₹ 35825.33 Lacs for the last year representing marginal growth over the previous year. Profit before tax for the year ended 31st March, 2012 was ₹ 158.18 lacs against ₹ 1205.71 lacs of the previous year. The main reason for decline in profitability was on account of increase in manpower cost, Sales and Marketing spend and other operating expenses.

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

With a view to conserve the resources of the Company, the Board of Directors has not recommended dividend on Equity Shares.

ACQUISITION OF MAJORITY STAKE IN THE COMPANY BY KOKUYO S&T CO., LTD. JAPAN

During the year the Company had executed Share Subscription and Joint Venture Agreement between the Company, its Promoters and KOKUYO S&T Co., Ltd. Japan (KOKUYO).

In terms of the said Agreement, KOKUYO has acquired 3,48,36,220 Equity shares of ₹ 1/- each representing 50.27% Equity stake and voting rights in the Company as per the SEBI (Substantial Acquisition and Takeover) Regulations 1997. The details are given below:

Date of acquisition	Particulars	No. of Shares	% of share-holding*
8th July, 2011	Allotment of shares on Preferential basis at ₹ 85/- per share	69,34,000	10%
13th October, 2011	Acquisition of shares under open offer pursuant to regulation 10 & 12 of the SEBI (substantial Acquisition of shares and takeover) Regulation, 1997 at ₹ 110/- per share	1,38,57,370	20%
13th October, 2011	Acquisition of Shares from some of the promoters of the Company at ₹ 110/- per share	1,40,44,850	20.27%
Total		348,36,220	50.27%

*on fully diluted basis

Accordingly the Company became a subsidiary of KOKUYO S&T Co., Ltd. effective from 13th October 2011. Further KOKUYO S&T Co., Ltd. Japan became promoter of the company effective from 13th October 2011.

KOKUYO S&T Co., Ltd. is a 100% subsidiary of KOKUYO Co., Ltd. which was founded over 100 years ago in Osaka, Japan. It is a leading Company that manufactures and markets office stationery and supplies, furniture for offices, public spaces. Both these are under the brand name KOKUYO. It also has a retail mail-order business under the KAUNET brand. KOKUYO S&T Co., Ltd. is leader in office stationery products with particular strength in notebooks and office supplies. Its KOKUYO brand is well known both in office stationery and office furniture segments.

CHANGES IN CAPITAL STRUCTURE

Allotment of Equity Shares on Preferential Basis:

In terms of the approval received from the members at the Extra-ordinary General Meeting held on 29th June 2011, 69,34,000 Equity Shares of ₹ 1/- each at a price of ₹ 85/- per share were allotted on preferential basis to KOKUYO S&T Co., Ltd. Japan on 8th July 2011 subject to lock in period of one year from the date of allotment in accordance with SEBI (ICDR Regulations 2009).

Out of the proceeds received by way of Preferential Allotment of ₹ 5893.90 lacs, the Company utilized ₹ 644.94 lacs towards Capital Expenditure, ₹ 490.00 lacs towards repayment of Long term loans, ₹ 1025.00 lacs is maintained as Time Deposits with Banks and balance amount of ₹ 3733.96 lacs in Working Capital.

Allotment of shares on exercise of Employee Stock Options:

In accordance with the Employee Stock Option (ESOP) Scheme final vesting i.e. 30% of the total options granted under ESOP scheme vested to the Employees of the Company on 21st July, 2011.

During the year under review, the Company allotted 9,03,038 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme.

In view of the Preferential allotment and Shares allotted under ESOP, the Paid up Share Capital of the Company stands increased from ₹ 610.65 lacs to ₹ 689.02 lacs.

The applicable disclosure as stipulated under the SEBI Guidelines as at 31st March, 2012 is given in annexure A to this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

ECONOMY OVERVIEW:

The global economy has seen slowing growth and rising risks in the year gone by. Events like the Eurozone crisis, particularly the debt-repayment situation in Greece dominated the headlines. In April last year, S&P downgraded US debt outlook from stable to negative.

In Asian economies, two factors that prove slow down in growth are rising commodity prices and large budget deficits. India has pledged to reduce its budget deficit by capping subsidies, raising taxes and recreating the fiscal policy and the economic reforms.

The Indian economy grew by 6.9% in 2011-12 after having grown at 8.4% in each of the two preceding years, according to latest report by the RBI. In spite of this aberration in growth this year, India remains among the front-runners by any cross-country comparison. Inflation, as measured by the WPI, remained high during most of the current fiscal year (2011-12 average inflation rate was 9.1%) though it slowed down by the year-end. To curb inflation, RBI hiked the repo rate 13 times between March 2010 and January 2012 cumulatively by 375 bps. However, thereafter RBI has maintained the existing rates for the past few months. The slowdown in inflation reflects the lagged impact of actions taken by RBI and Government.

The Indian economy has tripled in size over the last decade. Its GDP growth, savings and investment rates have reached historic highs, and now far exceed the average rates for emerging markets. One of the main contributors to the economic rise in India is the improved education system. India is considered to be the world's largest market in terms of growth in the young population with a significant population under the age of 25 years. This is a clear indication of the huge potential in the Indian education sector. The education space is expected to cross US\$50 billion mark by 2015. The education sector has grown at an accelerated rate over the last few years. Also, the expenditure on education as a proportion of GDP has increased from 2.72% in 2006-07 to 3.11% in 2011-12. Budgetary allocation for education has also been increased by 21% to ₹ 74,000 crores in 2012-13, which is expected to drive the demand for the stationery market. The Government has initiated several schemes such as Sarva Siksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Model Schools Scheme and Saakshar Bharat (SB)/Adult Education as part of its focus on education sector.

INDUSTRY STRUCTURE, BUSINESS OVERVIEW AND DEVELOPMENTS:

Your Company offers a wide range of products such as Artistic Materials, Hobby Colours, Scholastic

Colours, Scholastic stationery products, Office stationery products and writing Instruments. One of the biggest market segments for the Company's products is school students segment.

The Indian art materials market can be further segmented on the basis of products and users. According to the products, the market is segmented into Paints, Mediums and Accessories. From a user classification, the market can be further classified as Serious users at the top, dominated by professional artists who use high-quality materials. Below this is the Hobby users segment which has a wide range of products aimed at a wider user base irrespective of ages and genders. This is followed by the School and Students segment with a wide range of scholastic products like crayons and pastels, which are economically priced patronized by huge population of schools and students.

The Indian art materials market has witnessed an all round growth over the last few years. The growth in the serious user segment has been accentuated with increased recognition of Indian art in the world markets, which is in turn inspiring and encouraging Indian artists to create works that are at par with the best in the world. The Scholastic and School user segment is also fast growing in line with growth in the number of primary schools. The Government has marked education as a focus area and is increasing its spend on education. More schools are being opened which is directly growing this critical sub-segment.

The stationery market can be broadly classified into – Office Stationery, School Stationery, Paper Products and Computer Stationery. The size of stationery market in India is approximately about ₹ 11,000 crores (US\$2.2 billion), out of which India's notebook market is valued at about approximately ₹ 5,000 crores. The Indian stationery market is growing annually above 10%. The book and stationery market is a highly commodity driven market and is fragmented with high number of unorganised players. The growth of this market is driven by increased spend on educational sector by Government. Office supplies segment is growing rapidly with opening of new commercial offices having multi locational presence.

Your Company has been in this industry for last 80 years and has established itself as a well-known brand in India having strong distribution network all throughout the country. It has been selling over 2000 products which include high quality products, such

as pencils, inks, pens, math sets and pastel colours and has the top level market share in these products. It has a pan-India distribution network through which its products are available at 3 lac retail outlets and reaches an estimated 55 million households every year. Apart from being pioneers in Artist and scholastic colours, your Company are pioneers in manufacturing range of newage products such as markers, Highlighters used in Industries, Corporate sector and Educational Institutes. We were the first Company in India to start manufacturing of glue sticks.

Your Company allied with KOKUYO S&T Co., Ltd. in May 2011 with an objective to expand its geographic reach to other Asian countries, as well as increase strength in the office stationery segment by introducing new and innovative products.

KOKUYO S&T Co., Ltd. acquired your Company last year to accelerate its business expansion in the rapidly growing Indian stationery market like notebooks, organisers, office stationery and supplies like pens and pencils leveraging Company's strong distribution network throughout the country. KOKUYO and CAMLIN will jointly augment new product development and design capability through this acquisition. Products like scholastics colours, artist colours, school stationery and technical instruments have been a forte with Company. These products will now be exported to many other geographies where KOKUYO S&T Co., Ltd. has a strong presence.

The strengths and synergies of both business houses will result in a win-win situation. Key strengths of Company include a strong and established brand name in India – CAMLIN, backed with a pan-India reach serviced through over 3 lac touch-points. Company has been a leader in scholastic colours, artist colours and selected school stationery like math-sets and mechanical pencils. Similarly, KOKUYO S&T Co., Ltd. is leader in office stationery products with particular strength in notebooks and office supplies. Its KOKUYO brand is a well known both in office stationery and office furniture segments. KOKUYO group follows an 'axial' model whereby product development, manufacture, marketing and distribution are all integrated to maximise customer value.

The synergies will result in numerous benefits that include lowering of costs, expansion of product-portfolio, expansion to new geographic markets (especially in Asian countries), faster rollouts of new products developed through joint design and R&D.

OUTLOOK, OPPORTUNITIES AND THREATS, RISKS & CONCERNS:

In spite of a challenging year, the operational performance of your Company was very satisfactory. All segments and product categories witnessed a growth over last year. There was no disruption of production at any of its manufacturing facilities. The Company was able to build on the performance of the previous with significant improvements of volumes as compared to the previous year.

Your Company is revamping its sales and distribution network to double its direct reach in next two years. Your Company has a clear focus to emerge as a stronger player not only in metro cities but also in Tier I, Tier II and Tier III cities which are emerging as fast-growth markets in India. It is strengthening its direct sales team as this is crucial in reaching and expanding retail presence. A recruitment process is under way and is expected to be completed in the current year. Upon completion, the direct sales force team will increase to about 900, which is presently over 600. This will have a positive impact on profitability in the long run, as new relationships will directly add to the top-line.

Promotion plays an important role and schools constitute one of the core customer base for Company's products. All India Camel Colour Contest (AICCC) is your Company's flagship promotional event. A School Promotional Team has been created specially for this to spread AICCC to more schools in the country.

In line with the increases in sales-force, the supply chain and fulfillment processes are also substantially improved by creating additional warehouses and hubs to enhance customer service. The Company is now managing its inventory across India by adding four regional hubs i.e. at Mumbai, Delhi, Kolkata and Bangalore for effective movement and management of finished goods.

Your Company is aligning itself with the larger philosophy of KOKUYO group - to produce world-class products and ensure complete customer satisfaction. In line with this, the Company is planning to significantly increase its investment in Quality Control and R&D in FY 2012-13. The Company is planning to sizably increase its employee strength in these teams across all manufacturing locations. The Company intends to replicate the stringent QC

processes practised by KOKUYO in its other factories across the globe. This is also expected to result in fast rollout of new products.

The last 12 months have been extremely eventful at Company. The focus is now on expanding our geographic reach in India as well as gain market-share in key product categories in the next 5-6 years, and cross a top line of ₹ 1,000 crores.

With the Government focusing on education in a big way together with the overall growth in economy, there are promising opportunities for the industry. The Government has also come out with attractive packages, especially to the SME with a view to further encourage the sector.

The industry has been facing rising input costs over the last few years. The increase has been both in the cost of raw materials as well as in financing and marketing costs. Further, due to competitive pressures, particularly from Chinese imports, these increases cannot be passed on to the consumers.

Another challenge that is facing the industry has been in the introduction of new and innovative products. The nature of the industry is such that consumers demand 'something new' every day, and as such, the industry needs to meet consumer needs. It will our endeavor to keep introducing innovative products developed jointly with KOKUYO in the Indian market-place, and thus drive further growth. KOKUYO is one of the leaders in the office stationery space in the world, and has a pioneering R&D and Innovation team that regularly develops new products for world markets.

FINANCIAL OVERVIEW:

The income from operation stood at ₹ 38390.35 Lacs for the year ended 31st March, 2012 as compared to ₹ 35825.33 Lacs for the corresponding period of the previous year.

The company achieved an EBITDA of ₹ 1459.57 Lacs for the year ended 31st March, 2012 as compared to ₹ 2691.30 Lacs for the corresponding period of the previous year.

The PAT of the company stood at ₹ 133.81 Lacs for the year ended 31st March, 2012 as compared to ₹ 858.68 Lacs for the corresponding period of the previous year.

INTERNAL CONTROL:

In any industry, the processes and internal control systems play a critical role in the health of the Company. Company's well-defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. Internal Auditors independently evaluate the adequacy of internal control systems. Their observations and recommendations are discussed by the Audit Committee to ensure effective corrective action. The internal control system is supplemented by extensive internal audits, regular reviews by management and adherence to standard policies and guidelines to ensure reliability of financial and other records. The management information system provides timely and accurate information for effective control. Rigorous business planning as well as expense, capital and manpower budgeting processes ensure that progress is monitored against targets, and control is exercised on all major expenses.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Human Resources (HR) are an integral and important part of any organisation. The Company has put in place sound policies for the growth and progress of its employees. Individual performance management systems are being implemented to encourage merit and innovative thinking. Roles and responsibilities are clearly defined at all levels. It has a well-drawn recruitment policy and a performance-based compensation policy to enable the employees to develop a sense of ownership with the organisation. Company recognises the importance of providing training and development opportunities to its people to enhance their skills and experience, which in turn enables the Company to achieve its business objectives. As on March 31, 2012, the Company had 1226 employees on its payrolls.

During the year, Agreements effecting revision in wage and service conditions in respect of Tarapur and Teloja establishments were executed. Relations with employees at all levels remained cordial during the year. The Board of Directors would like to express their sincere appreciation to all the employees,

for the passion and dedication they bring to the Company.

AWARDS:

The All Indian Camel Colour Contest (AICCC) is your Company's flagship promotional event. Last year, it attracted over 49 lac entries from across 6600 schools in India. This is a world record and finds mention in the Guinness Book of World Records.

CAUTIONARY STATEMENT:

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

CONSOLIDATED FINANCIAL STATEMENTS:

In line with the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate affairs, the Board of Directors of your Company had passed a Resolution for giving its consent for not attaching the financial statements of the Subsidiary Companies to the Balance Sheet of the Company for the year ended 31st March, 2012.

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

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

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

DEPOSITS:

The Company has not accepted any fixed deposits during the year. There are no overdue deposits except unclaimed deposits amounting to ₹ 1.19 Lacs as at 31st March, 2012.

DIRECTORS:

The Company has appointed Mr. Takuya Morikawa, Mr. Ravindra Chandra Bhargava, Mr. Hisamaro Garugu and Mr. Hiroaki Takayama on 19th October, 2011 and Mr. Devendra Kumar Arora on 17th January, 2012 as an Additional Directors. Except Mr. Takuya Morikawa, others Directors are Independent Directors.

The Company had also appointed Mr. Nobuchika Doi, Mr. Hirofumi Iwatsu and Mr. Takeo Iguchi as an Additional Directors. The said Directors are in Whole-time employment of the Company designated 'Executive Directors' with effect from 1st November, 2011 by passing the Ordinary Resolutions by way of Postal Ballot on 11th January, 2012.

As per the Provision of Section 260 of the Companies Act, 1956, these Directors hold office only up to the date of forthcoming Annual General Meeting of the Company. The Directors recommend their appointments.

During the year, the Board re-designated Mr. Shriram S. Dandekar as Jt. Managing Director with effect from 19th October, 2011.

With effect from 19th October, 2011 Mr. Rajiv M. Dandekar, Mr. Deepak M. Dandekar, Mr. Ashish S. Dandekar, Mr. Shishir S. Shirgaokar, Mr. Anil C. Singhvi Mr. Vijay N. Paranjpe and Mr. Deepak K. Ghaisas relinquished their Office. Mr. Dhananjay N. Mungale relinquished his office with effect from 17th January, 2012. Your Director feel privileged to have had long Association with the said Directors and express their appreciation for the valuable services rendered by them during their tenure.

Mr. Ramanathan Sriram retire by rotation and being eligible offer himself for re-appointment. Directors recommended his appointment.

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

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

INCREASE IN AUTHORISED SHARE CAPITAL:

To facilitate further issue of Equity Capital in future for funding Company's growth plans, your Company has proposed to increase Authorised Share Capital from ₹ 10.00 Crores to ₹ 20.00 Crores. At the 65th Annual General Meeting ordinary and special resolutions in respect of alteration in Capital Clause of Memorandum and Articles of Association are commended for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2012 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2012 and of the profit of the Company for the year under review;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2012 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

RECONCILIATION OF SHARE CAPITAL AUDIT:

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

CORPORATE GOVERNANCE:

Your Company has always endeavored to adhere to high standards of Corporate Governance and ensured its compliance both in spirit and law. As per the requirements of the Listing Agreements entered into with the Bombay Stock Exchange Limited and The

National Stock Exchange of India Limited a detailed Report on Corporate Governance is given as a part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance. The Management Discussion and Analysis Report also form part of this report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred a sum of ₹ 1.76 Lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents unclaimed dividend, Principal Amount of Fixed Deposit and interest on fixed deposits which remained unclaimed with the Company for a period of 7 years from their respective due dates of payment.

CHANGE IN NAME OF THE COMPANY:

To reflect the name of the holding Company, your Company had changed its name from CAMLIN LIMITED to KOKUYO CAMLIN LIMITED and the necessary Certificate to that effect has been received from Registrar of Companies, Maharashtra, Mumbai on 25th January, 2012.

SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY:

With effect from 19th October, 2011, the Registered Office of the Company has been shifted from 9-B, Nanddeep Industrial Estate, J. B. Nagar, Andheri (E), Mumbai - 400 059 to 48/2, Hilton House, Central Road, MIDC, Andheri (East), Mumbai - 400 093.

AUDITORS:

The retiring Auditors, B. K. KHARE and Co., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2012-2013.

Information pursuant to Section 217 (2A) of the Companies Act, 1956:

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and the

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

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company believes it has a duty and responsibility to give back to the country and the society that have enabled the Company to scale great heights. The Company is involved in various CSR initiatives on several fronts. The Company spreads awareness on the importance of cleanliness and hygiene amongst school children and hospitals for the last 3 years.

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

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

ACKNOWLEDGEMENT:

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

For & on behalf of the Board

**DILIP DANDEKAR
CHAIRMAN & MANAGING DIRECTOR**

Place: Mumbai

Dated: 15th June, 2012.

Annexure A to Directors' Report

IN TERMS OF CLAUSE 12.1 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES 1999 ("THE SEBI GUIDELINES") THE PARTICULARS OF OPTIONS AS ON 31ST MARCH, 2012 ARE AS UNDER:

Sr. No.	Description	Details
a.	Options granted	25,72,500
b.	The pricing formula	Average of daily closing price during 7 days preceding the date of grant.
c.	Options vested	23,55,700
d.	Options exercised	19,67,575
e.	Total number of shares arising as result of exercise of options	19,67,575
f.	Options lapsed	2,49,800
g.	Variation of terms of Options	Nil
h.	Money realized by exercise of options	₹ 144.49 lacs
i.	Total number of options in force	3,55,125
	Employee-wise details of options granted to:	
	i. Senior Managerial Personnel	Mr. R. Y. Gotey, C.O.O.- Production (Col. Grp.) - 72,000 Mr. Simon Inchody, C.O.O. - Technical & Production (Sty.Grp.) - 72,000 Mr. N. V. Pitale, President - Projects (New Business Development) - 45,000 Mr. C. R. Badal, C.F.O. - 45,000 Mr. R. V. Damle, V.P. (Corporate) & Company Secretary - 36,000
	ii. Any other Employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	N.A.
	iii. Identified Employees who were granted option, during any one year, equal to or exceeding 1% of the issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	N.A.
k.	Diluted earning per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning per Shares	Basic ₹ 0.20 Diluted ₹ 0.20

Sr. No.	Description	Details
l.	The difference between the employee compensation costs computed under intrinsic value method and the Employee compensation cost that shall have been recognized if the Company had used the fair value methods and its impact on profits and on EPS of the Company.	Adjusted EPS Basic ₹ 0.20 Diluted ₹ 0.20
m.	Weighted average exercise prices and weighted average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Exercise price equal to Market Price - N.A. Weighted average fair value is greater than Market Price - ₹ 6.62 Exercise is less than Market Price - N.A.
n.	Description of the method and significant assumptions used during the year to estimate the fair values of Options.	The Company has opted intrinsic value method for accounting of compensation cost arising out of ESOP. However, for disclosure in Para I, the following assumption have been used.
	i. Risk-free interest rate	7.31%
	ii. Expected life	2.5 years
	iii. Expected volatility	70.73%
	iv. Expected dividend	1.14%
	v. The price of the underlying share in the Market at the time of option granted	₹ 150.80

For & on behalf of the board

DILIP DANDEKAR
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai

Dated: 15th June, 2012

Annexure B to Directors' Report

PARTICULARS PURSUANT TO SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

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

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

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

(c) Impact of the above matters:

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

(B) TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

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

(₹ in Lacs)

4. Expenditure on R&D	2011-12	2010-11
(a) Capital	-	-
(b) Recurring	49.98	46.35
(c) Total	49.98	46.35
(d) Total R&D Expenditure as a Percentage of total turnover	0.12	0.13

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Major countries of export are Dubai, Iran, Iraq and SAARC countries and CIS Regions. The Company is aggressively

focusing in OEM business in CIS countries and branded business in Middle East Countries for Hobby and Fine Art products. The Company continued its participation in international exhibitions held in Europe.

(b) Total Foreign Exchange used and earned:

	(₹ in Lacs)	
	2011-12	2010-11
Foreign exchange used	2792.06	3170.38
Foreign exchange earned	911.18	1025.99

For & on behalf of the board

**DILIP DANDEKAR
CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai

Dated : 15th June, 2012.

Report on Corporate Governance

Your Directors present the Company's Report on Corporate Governance as per Clause 49 of the Listing Agreement for the year ended 31st March, 2012.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

2. BOARD OF DIRECTORS:

Composition:

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

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

Composition, nature of Directorship, number of meetings attended and the Directorship in other Companies of the Board of Directors as on 31st March, 2012 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	5	8	Yes	Nil	1
Mr. Rajiv M. Dandekar, Jt. Managing Director (**)	ED	2	Nil	Yes	Nil	Nil
Mr. Shriram S. Dandekar, Jt. Managing Director (+)	ED	5	1	Yes	Nil	Nil
Mr. Deepak M. Dandekar, Executive Director (**)	ED	4	2	Yes	Nil	Nil
Mr. Ashish S. Dandekar (**)	NED	3	8	No	Nil	1
Mr. Anil C. Singhvi (**)	NED	3	6	Yes	2	2
Mr. Dhananjay N. Mungale (#)	NED (I)	3	10	Yes	3	6
Mr. Shishir S. Shirgaokar (**)	NED (I)	4	3	Yes	Nil	Nil
Mr. Deepak K. Ghaisas (**)	NED (I)	4	3	Yes	3	-
Mr. Vijay N. Paranjpe (**)	NED (I)	4	Nil	Yes	Nil	Nil
Mr. Shishir B. Desai	NED (I)	5	1	Yes	Nil	Nil
Mr. Ramanathan Sriram	NED (I)	4	Nil	Yes	Nil	Nil
Mr. Takuya Morikawa (***)	NED	2	Nil	No	Nil	Nil
Mr. Nobuchika Doi (***)	ED	2	Nil	No	Nil	Nil
Mr. Hirofumi Iwatsu (***)	ED	2	Nil	No	Nil	Nil
Mr. Takeo Iguchi (***)	ED	2	Nil	No	Nil	Nil
Mr. Ravindra Chandra Bhargava (***)	NED (I)	2	10	No	5	9
Mr. Hisamaro Garugu (***)	NED (I)	1	Nil	No	Nil	Nil
Mr. Hiroaki Takayama (***)	NED (I)	2	1	No	Nil	Nil
Mr. Devendra Kumar Arora (##)	NED (I)	1	Nil	No	Nil	Nil

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

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

** Ceased to be a Director w.e.f. 19th October, 2011.

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

*** Appointed as an Additional Director w.e.f. 19th October, 2011.

Appointed as an Additional Director w.e.f. 17th January, 2012.

+ Re-designated as Jt. Managing Director w.e.f. 19th October, 2011.

As on 31st March 2012, none of the Directors are related inter-se.

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

Number of Board Meetings:

During the year, Five (5) Board Meeting were held and the details are given below:

Sr. No.	Date	Board Strength	No. of Directors Present
1	25 th May, 2011	12	9
2	30 th May, 2011	12	12
3	15 th July, 2011	12	11
4	19 th October, 2011	12	11
5	17 th January, 2012	12	10

Code of Conduct:

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

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

Profile of members of the board of directors being appointed/re-appointed:**Mr. Takuya Morikawa**

Mr. Takuya Morikawa, Bachelor in Economics, has 30 years experience in projects, research and development and corporate strategy. Presently he is Senior Corporate Officer of KOKUYO Co., Ltd. and President & CEO of KOKUYO S&T Co., Ltd.

Other Directorships — NIL

Mr. Nobuchika Doi

Mr. Nobuchika Doi, Bachelor in Economics, has 22 years experience in the field of business strategy and marketing, planning, research and development, production technology and distribution management of stationery products.

Other Directorships — NIL

Mr. Hirofumi Iwatsu

Mr. Hirofumi Iwatsu, Master of Fine Arts, has 22 years experience in the field of product development,

product marketing, research & development and business development of stationery business.

Other Directorships — NIL

Mr. Takeo Iguchi

Mr. Takeo Iguchi, Bachelor of Arts, has 20 years experience in production planning & control and project management.

Other Directorships — NIL

Mr. Hiroaki Takayama

Mr. Hiroaki Takayama, Bachelor of Law and has 24 years experience in the field of corporate banking. He is presently Joint General Manager of Mizuho Corporate Bank Ltd. - Mumbai Branch.

Other Directorships —

Name of the Company	Position
Sharp India Limited	Director

Mr. Hisamaro Garugu

Mr. Hisamaro Garugu, M.Sc., PHD from Banaras Hindu University and has wide research experience of 10 years. Dr. Garugu has held numerous positions with International Operations at Eisai over the last 30 years, including Head of Marketing, Head of Regulatory Affairs, and Director of Exports. He has been actively involved in Eisai's globalization activities. Since his retirement in 2004, he has continued to serve as a Senior Advisor to establish Eisai's operations in India. He was then awarded a post-doctoral fellowship by the Japan Society for the Promotion of Science (JSPS) to conduct further research at Tokyo University and Waseda University.

Other Directorships — NIL

Mr. Ravindra Chandra Bhargava

Mr. Ravindra Chandra Bhargava, M.A., M.Sc. and IAS (Retired), has distinguished career in Civil services. He has held senior positions with the Government of India including the Jt. Secretary in the Ministry of Energy and in the Cabinet Secretariat. He has held various positions in Maruti Udyog Ltd. and retired in 1997 as its CEO. At present he is Chairman of Maruti Suzuki India Ltd. and serves as the President and CEO of RCB Consulting Pvt. Ltd.

Other Directorships —

Name of the Company	Position
IL&FS Ltd.	Director
Polaris Financial Technology Ltd.	Director
Taj Asia Ltd.	Director
Grasim Industries Ltd.	Director
Optimus Global Services Ltd.	Director
Maruti Suzuki India Ltd.	Director
Thomson Press Ltd.	Director
Ultra Tech Cement Company Ltd.	Director
Dabur India Ltd.	Director
Idea Cellular Ltd.	Director

Mr. Devendra Kumar Arora

Mr. Devendra Kumar Arora, is a Japan based entrepreneur and author who has rich experience working with General Electric Co. Ltd. (GE) He has over 31 years of Senior Management experience working with GE, Medtronic & The Stanley Works. He has particular expertise in addressing the cultural issues of working with Asia -Pacific. He launched ICONASIA Ltd. in 2003 for bridging European companies with Asian Economies through international sourcing, business development and consultancy.

Other Directorships — NIL

Mr. Ramanathan Sriram

Mr. Ramanathan Sriram is entrepreneur, mentor, consultant and a Book Evangelist. He is a co-founder of Crossword and President of TIE Mumbai. He is on the advisory board of Pratham Books and visiting faculty of IIMA & IIML. He has long and varied experience in the field of Marketing and advices and mentors individuals firms and particularly involved in customer based innovation business strategy, incubation and entrepreneurship.

Other Directorships — NIL

Committees of The Board:

The Board of Directors has constituted three Committees i.e. Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration and Compensation Committee. The roles and responsibilities assigned to these Committee are covered under the terms of reference approved

by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration and Compensation Committee are placed before the Board for their information and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these Committees are given below :

3. AUDIT COMMITTEE: Composition, meetings and attendance during the year.

The Audit Committee of the company has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing Agreement with the Stock Exchanges.

During the financial year, Four (4) meetings of the Audit Committee were held on 25th May, 2011, 15th July, 2011, 19th October, 2011 and 17th January, 2012.

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

Name	Designation	Category	No. of Meetings attended
Mr. Deepak K. Ghaisas*	Chairman	NED (I)	3
Mr. Shishir S. Shirgaokar*	Member	NED (I)	3
Mr. Anil C. Singhvi*	Member	NED	2
Mr. Vijay N. Paranjpe*	Member	NED (I)	3
Mr. Hiroaki Takayama**	Chairman	NED (I)	1
Mr. Ravindra C. Bhargava**	Member	NED (I)	1
Mr. R. Sriram**	Member	NED (I)	-
Mr. Takuya Morikawa**	Member	NED	1

* Ceased to be a Member w.e.f. 19th October, 2011.

** Appointed as a Member w.e.f. 19th October, 2011.

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

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

The Chairman of the Audit committee was present at the Annual General Meeting Held on 7th July 2012.

Terms of reference:

The Terms of reference to this committee, interalia covers all the matters specified under clause 49 of the Listing Agreement with the stock exchanges as well as in Section 292(A) of the Companies Act 1956. Besides, other terms as may be referred by the Board of Directors, from time to time. The Audit Committee has also powers interalia to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

4. REMUNERATION AND COMPENSATION COMMITTEE:

Composition, Meetings and the Attendance during the year.

During the financial year, one meeting of Remuneration and Compensation Committee was held on 24th May, 2011.

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

Name	Designation	Category	No. of Meetings attended
Mr. Dhananjay N. Mungale*	Chairman	NED (I)	1
Mr. Ramanathan Sriram*	Member	NED (I)	1
Mr. Shishir B. Desai	Chairman	NED (I)	1

Name	Designation	Category	No. of Meetings attended
Mr. Dilip D. Dandekar	Member	ED	1
Mr. Hiroaki Takayama**	Member	NED (I)	-
Mr. Hisamaro Garugu**	Member	NED (I)	-

* Ceased to be a Member w.e.f. 19th October, 2011

** Appointed as a Member w.e.f. 19th October, 2011

Terms of reference:

The main term of reference of the Committee is

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

Remuneration to Directors:

A. Executive Directors:

Following is the Remuneration paid to the Executive Directors for the financial year ended 31st March, 2012:

(₹ in Lacs)

Name	Salary Including HRA	Perquisites#	Total
Mr. Dilip D. Dandekar	52.16	3.12	55.28
Mr. Rajiv M. Dandekar++	33.33*	1.57	34.90
Mr. Shriram S. Dandekar	43.88	0.84	44.72
Mr. Deepak M. Dandekar++	33.33	2.57	35.90
Mr. Nobuchika Doi +	10.59	7.39	17.98
Mr. Hirofumi Iwatsu +	17.10	11.93	29.03
Mr. Takeo Iguchi +	17.10	11.93	29.03

* Salary including HRA includes Leave encashment of Salary.

+ Remuneration paid with effect from issuance of work permit.

++ Remuneration paid till 19th October, 2011.

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

All Executive Directors are also entitled to Company's contribution to provident fund, superannuation, gratuity and encashment of leave as per the rules of the Company. The newly appointed Wholtime Directors are not entitled for superannuation as per the Agreement executed with them.

Agreement for the period of three (3) years have been executed with Mr. Dilip D. Dandekar and Mr. Shriram S. Dandekar w.e.f. 1st April, 2010 and with Mr. Nobuchika Doi, Mr. Hirofumi Iwatsu and Mr. Takeo Iguchi w.e.f. 1st November, 2011.

B. Non-Executive Directors:

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

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

The details of Sitting Fees paid to Non-Executive Directors for the year ended 31st March, 2012 are given below:

(₹ in Lacs)

Name	Sitting Fees
Mr. Shishir S. Shirgaokar	0.85
Mr. Dhananjay N. Mungale	0.35
Mr. Anil C. Singhvi	0.50
Mr. Ashish S. Dandekar	0.30
Mr. Deepak K. Ghaisas	0.70
Mr. Vijay N. Paranjpe	0.70
Mr. Shishir B. Desai	0.75
Mr. Ramanathan Sriram	0.45
Mr. Hisamaro Garugu	0.10
Mr. Ravindra Chandra Bhargava	0.30
Mr. Devenra Kumar Arora	0.10
GRAND TOTAL	5.10

The Company has paid legal fees of ₹ 2.02 Lacs for the financial year 2011-12 to M/s. Desai & Chinoy, a firm of solicitors & Advocates in which Mr. Shishir B. Desai is a partner. The services provided by his firm are purely of professional nature. The aforesaid professional fees paid to M/s. Desai & Chinoy are not considered material enough to affect the independence of Mr. Shishir B. Desai.

The details of Shareholding of Non-Executive/Independent Directors as on 31st March, 2012:

The Non-Executive/Independent Directors are not holding any shares in the Company as on 31st March, 2012.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted for redressing of Shareholders and Investors complaints concerning transfer of shares, non-receipt of Annual Report, non-receipt of Dividend etc.

During the financial year, four (4) meetings were held on 25th May, 2011, 15th July, 2011, 19th October, 2011 and 17th January, 2012.

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

Name	Designation	Category	No. of Meetings attended
Mr. Shishir S. Shirgaokar*	Chairman	NED (I)	3
Mr. Shishir B. Desai	Member	NED(I)	4
Mr. Rajiv M. Dandekar*	Member	ED	1
Mr. Ramanathan Sriram**	Chairman	NED (I)	-
Mr. Shriram S. Dandekar**	Member	NED (I)	1

* Ceased to be a Member w.e.f. 19th October, 2011.

** Appointed as a Member w.e.f. 19th October, 2011

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

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

During the year, Sixteen Complaints about non-receipt of Dividend and Share Certificates were received from shareholders, which were attended to promptly and resolved to the satisfaction of the concerned Shareholders. There were four complaints pending at the close of last quarter which has since been resolved.

6. GENERAL BODY MEETINGS:

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

Financial Year Ended	Venue	Date & Time	Special Resolutions Passed
31 st March, 2011	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020	7 th July, 2011 at 3.00 p.m.	1. Approval of payment of minimum remuneration to the Wholetime Directors in term of section 198(4) of the Companies Act 1956.
31 st March, 2010	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020	29 th June, 2010 at 3.00 p.m	1. Appointment of Relative in place of profit in terms of Section 314(1-B) of the Companies Act 1956..
31 st March, 2009	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020	26 th June, 2009 at 3.00 p.m.	1. Payment of remuneration by way of Commission to all Non-Executive Directors of the Company in term of Section 198, 309(4), 310 of the Companies Act 1956. 2. Appointment of Mr. Subhash D. Dandekar as "Sr. Corporate Advisor" in terms of Section 314(1) of the Company Act 1956.

EXTRA ORDINARY GENERAL MEETING:

Details of location, date and time of Extra Ordinary General Meeting held during the year:

Date & Time of the Meeting	Venue	Special Resolutions Passed
Wednesday the 29 th June, 2011, at 11.00 a.m.	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020	1. Preferential allotment of 6934000 Equity Shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of Share Premium of ₹ 84/- per share) to KOKUYO S&T Co., Ltd. Japan in terms of Section 81(1A) of the Company Act 1956.
		2. Alteration in Articles of Association in terms of Section 31 of the Company Act 1956..
		3. Appointment of Mr. Rahul D. Dandekar as Asst. Product Manager in terms of Section 314(1) of the Company Act 1956.
		4. Appointment Mr. Nikhil S. Dandekar as a Management Trainee in terms of Section 314(1) of the Companies Act, 1956.

7. POSTAL BALLOT:

The Company successfully completed the process of obtaining the approval of its members by way of Ordinary resolutions in respect of appointment of Wholetime Directors namely Mr. Nobuchika Doi, Mr. Hirofumi Iwatsu and Mr. Takeo Iguchi and by way of Special Resolution in respect of change of the name of the Company from CAMLIN LIMITED to KOKUYO CAMLIN LIMITED.

M/s. J. H. Ranade & Associates, Practicing Company Secretary who was appointed as the Scrutinizer to carryout the postal ballot process in a fair and transparent manner. The results were announced on 11th January, 2012.

Mr. Dilip D. Dandekar, Chairman & Managing Director had announced the Postal Ballot results as per the Scrutinizer report on

11th January, 2012 and the said results were published in the news papers Financial Express and Loksatta on 12th January, 2012. Details of the Resolutions passed under the Postal Ballot are as under:

Ordinary Resolution No. 1

- **Description**

Appointment of Mr. Nobuchika Doi as a Director in Wholetime employment designated as 'Executive Director'.

- **Voting Pattern**

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	43687834	99.95
Votes not in favour	8553	0.02
Invalid Votes	11174	0.03
Total	43707561	100.00

Ordinary Resolution No. 2

- **Description**

Appointment of Mr. Hirofumi Iwatsu as a Director in Wholetime employment designated as 'Executive Director'.

- **Voting Pattern**

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	43687657	99.95
Votes not in favour	8730	0.02
Invalid Votes	11174	0.03
Total	43707561	100.00

Ordinary Resolution No. 3

- **Description**

Appointment of Mr. Takeo Iguchi as a Director in Wholetime employment designated as 'Executive Director'.

- **Voting Pattern**

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	43687560	99.95
Votes not in favour	8827	0.02
Invalid Votes	11174	0.03
Total	43707561	100.00

Special Resolution No. 4

- **Description**

Change in name of the Company from Camlin Limited to Kokuyo Camlin Limited.

- **Voting Pattern**

Voting	Number of Votes	Percentage of Total Votes
Votes in favour	43677877	99.94
Votes not in favour	18510	0.04
Invalid Votes	11174	0.02
Total	43707561	100.00

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

PROCEDURE FOR POSTAL BALLOT:

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

8. DISCLOSURES:

Related Party Transactions

The Company did not enter into any materially significant related party transactions, which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with the related parties are disclosed under Schedule No. 26(v) to the financial statements in the Annual Report.

Compliance with Regulations

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

Accounting Standards

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

Risk Management

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

CEO/CFO Certification

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

9. MEANS OF COMMUNICATION:

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

As per requirements of Clause 51 of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc. is provided on the Company's web-site www.kokuyocamlin.com within the timeframe prescribed in this regard.

10. GENERAL SHAREHOLDER INFORMATION:

- As indicated in the Notice to our Shareholders, the 65th Annual General Meeting of the

Company will be held on Thursday, the 26th July, 2012 at 3.00 p.m. at Walchand Hirachand Hall, IMC Building, Indian Merchants' Chamber Marg, Churchgate, Mumbai 400 020.

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

Financial Calendar : Financial Reporting by:

Unaudited Results for : Mid of August, 2012.
the quarter ending
30th June, 2012.

Unaudited Results for : Mid of November, 2012.
the quarter ending
30th September,
2012.

Unaudited Results for : Mid of February, 2012.
the quarter ending
31st December, 2012.

Audited Results for : End of May, 2013.
the year ending
31st March, 2013.

- Date of Book Closure : From 19th July, 2012 to 26th July, 2012 (both days inclusive).

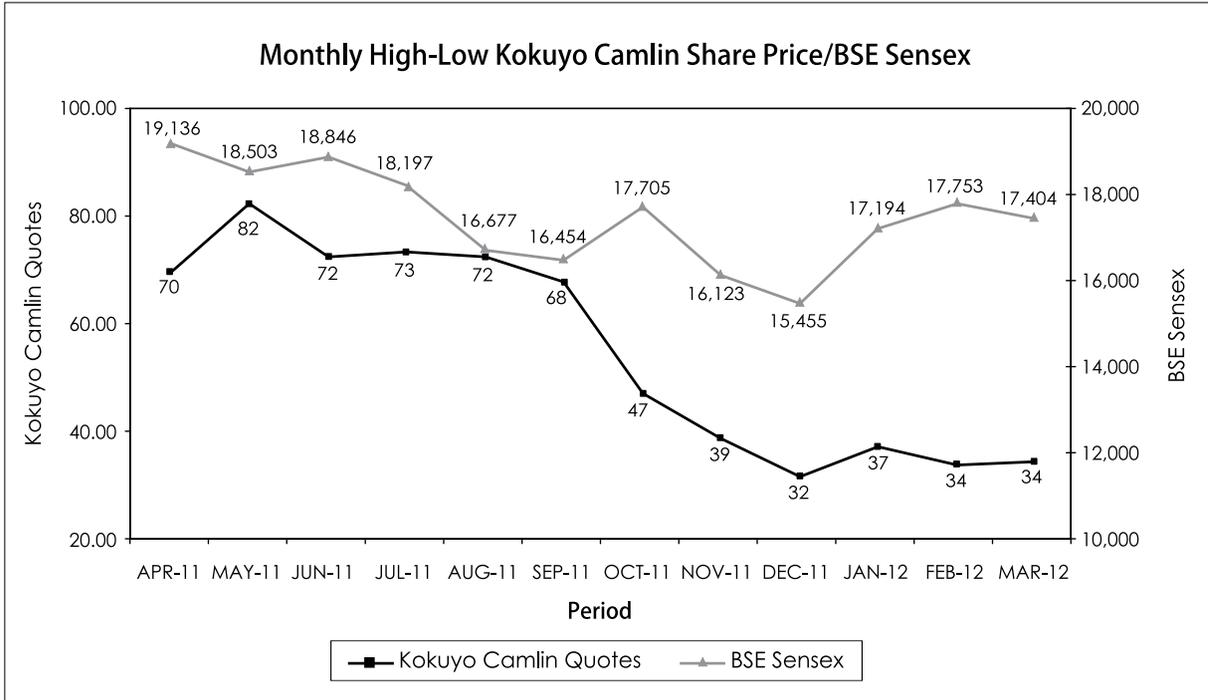
Listing of Equity Shares on Stock exchange: Bombay Stock Exchange Limited. (Stock Code 523207), National Stock Exchange of India Limited (Stock Code KOKUYOCAMLN). The Company has paid Listing Fees till March 2013.

- Demat ISIN in CDSL/NSDL :- INE 760A01029
- Corporate Identity Number (CIN) :- L24223MH1946PLC005434
- Share Prices (High/Low) for the year at BSE and NSE :-

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2011	78.30	51.15	78.35	51.05
May, 2011	85.90	61.70	85.90	61.20
June, 2011	85.00	71.00	82.80	70.55
July, 2011	76.90	71.60	76.90	71.30
August, 2011	73.65	68.50	73.65	68.05
September, 2011	75.50	64.50	81.50	66.15
October, 2011	67.00	43.25	67.50	43.20
November, 2011	48.50	31.80	48.65	32.05
December, 2011	41.25	29.95	40.90	29.90
January, 2012	41.85	31.70	42.05	31.20
February, 2012	40.80	33.50	40.25	33.80
March, 2012	37.40	32.80	37.40	32.75

vii. Stock performance:

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



viii. Registrars and Share Transfer Agents for Shares:

M/s. Sharepro Services India Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri kurla Road, Sakinaka, Andheri (E), Mumbai 400 072 are acting as Registrar & Transfer agents(RTA) for handling the shares related matters both in Physical & Dematerialized mode. Shareholders are advised to send all correspondence to the RTA. However for the convenience of the shareholders documents relating to shares received by the company are forwarded to the RTA for necessary action thereon.

ix. Share Transfer System:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agents and approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are

returned within a period of 20 to 25 days from the date of lodgement, subject to the transfer instrument being valid and complete in all respects.

x. Secreterial Audit:

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

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

xi. Distribution of Shareholding as on 31st March, 2012:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 5000	18300	97.96	9742548	14.14
5001-10000	191	1.02	1420432	2.06
10001-20000	86	0.46	1228566	1.79
20001-30000	32	0.17	788545	1.15
30001-40000	8	0.04	284400	0.41
40001-50000	11	0.06	517058	0.75
50001-100000	12	0.07	983348	1.42
100001 and above	41	0.22	53936678	78.28
Total	18681	100.00	68901575	100.00

xii. Shareholding Pattern as on 31st March, 2012:

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	Total share-holding as a percentage of total no. of shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
a	Individuals/Hindu Undivided Family	16	3758320	5.45
b	Central Government/State Government(s)	-	-	-
c	Bodies Corporate	4	3902460	5.66
d	Financial Institutions/Banks	-	-	-
e	Any Other (specify)	-	-	-
	Sub - Total (A)(1)	20	7660780	11.12
(2)	Foreign			
a	Individuals (Non-Resident Individuals/Foreign Individuals)	4	1579050	2.29
b	Bodies Corporate	1	34836220	50.56
c	Institutions	-	-	-
d	Any Other (Specify)	-	-	-
	Sub - Total (A)(2)	5	36415270	52.85
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + A(2)	25	44076050	63.97
(B)	Public Shareholding			
(1)	Institutions			
a	Mutual Funds/UTI	-	-	-
b	Financial Institutions/Banks	3	4300	0.01
c	Central Government/State Government(s)	-	-	-
d	Venture Capital Funds	-	-	-
e	Insurance Companies	-	-	-
f	Foreign Institutional Investors	3	3605064	5.23
g	Foreign Venture Capital Investors	-	-	-
h	Any other (specify)	-	-	-
	Sub - Total (B)(1)	6	3609364	5.24

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	Total share-holding as a percentage of total no. of shares
(2)	Non Institutional			
a	Bodies Corporate	518	4586785	6.66
b	Individuals	17918	12703759	18.44
	Individual shareholders holding nominal share capital upto ₹ 1 lakh			
	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15	3625031	5.26
c	Non - Resident (Non-Rep.)	39	64134	0.09
	Non - Resident (Rep.)	159	226452	0.33
	Trust	1	10000	0.01
	Sub - Total (B) (2)	18650	21216161	30.79
	Total Public Shareholding (B)(1) + (B)(2)	18656	24825525	36.03
	Total (B) = (A) + (B)	18681	68901575	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	—	—	—
	Grand Total	18681	68901575	100.00

xiii. Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01029. As on 31st March, 2012, 96.05% of the total shares of the Company have been dematerialised.

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

xiv. Outstanding GDR/ADR/Warrants/Options

As of date, the Company has not issued GDRs /ADRs/Warrants or any other convertible instruments. The Company has granted 2572500 stock options under Employees Stock Option Scheme, 2008 to the eligible employees of the Company on 21st July, 2008. Each option entitles to the holder thereof to apply for and be allotted one Equity share of ₹ 1/- each upon payment

of the exercise price during the exercise period. The vesting period commences after one year from date of grant of option and expires at the end of five years from the date of such grant.

During the year, the Company has allotted 903038 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme. The Company has also issued 6934000 Equity Shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of Share Premium of ₹ 84/- per share) on preferential basis to KOKUYO S&T Co., Ltd. Japan.

xv. Subsidiary Company:

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

xvi. Plant Locations:

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

xvii. Address for correspondence:

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

xviii. Secretarial Department:

The Company's Secretarial Department, headed by the Vice President (Corporate) & Company Secretary, is situated at the Registered Office mentioned above.

Shareholders/Investors may contact the Company Secretary for any assistance they may need.

11. NON MANDATORY REQUIREMENTS:**Non-Executive Chairman's Office:**

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

Shareholders Rights:

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

Audit Qualifications:

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

For & on behalf of the Board

Dilip Dandekar
Chairman & Managing Director

Place : Mumbai

Dated : 10th May, 2012.

Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of KOKUYO CAMLIN LIMITED

We have examined the compliance of conditions of Corporate Governance by Kokuyo Camlin Limited for the year ended on 31st March, 2012 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 & Co.**
Chartered Accountants
Firm Registration No. 105102W

DILIP BAPAT
Partner
(M. No. 30388)

Place : Mumbai
Date : 10th May, 2012.

Auditors' Report

- TO
THE MEMBERS OF KOKUYO CAMLIN LIMITED
1. We have audited the attached Balance Sheet of **KOKUYO CAMLIN LIMITED** as at 31st March, 2012 and the statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
- (c) The Balance Sheet, the statement of Profit and Loss 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, the statement of Profit Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in the case of the statement of Profit and Loss, of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **B. K. KHARE & COMPANY**
Chartered Accountants
Firm Registration No 105102W

DILIP BAPAT
Partner
(M. No. 30388)

Place : Mumbai
Dated : 10th May, 2012

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

(i) Fixed Assets:

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

(ii) Inventories:

- (a) Physical verification of inventory was conducted by the Management at reasonable intervals during the year. In respect of materials sent for job work and finished goods with third parties, certificates of closing stock have been obtained from third parties in respect of substantial portion of the stocks held.
- (b) In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.

(iii) Loans and Advances granted /taken from certain entities:

Loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties are covered in the Register maintained under Section 301 of the Companies Act, 1956:

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

(iv) Internal Control System:

In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.

(v) Contracts or arrangement referred to in this Section 301 of the Companies Act, 1956:

- (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.

(vi) Public Deposits:

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

(vii) Internal Audit System:

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

(viii) Cost records:

We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.

(ix) Statutory Dues:

- (a) Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, VAT, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) No undisputed amounts payable in respect of Income Tax, VAT, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31st March 2012 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income Tax, Wealth Tax, Service Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except

in respect of (i) excise duty of ₹ 41.10 lacs under the Central Excise Act, 1956 out of which dispute in respect of ₹ 20.63 lacs is pending before Bombay High Court, ₹ 18.14 lacs is pending before the Central Excise and Service Tax Tribunal and ₹ 2.33 lacs with Commissioner (Appeal), (ii) dispute in respect of Service Tax of ₹ 1.89 lacs under the Finance Act, 1994 which is pending before the Assistant Commissioner, (iii) dispute in respect of Income Tax of ₹ 112.61 lacs under the Income Tax Act, 1961 pending before the Commissioner of Income Tax (Appeals), (iv) dispute in respect of Sales Tax of ₹ 105.38 lacs under the State Sales Tax Laws and ₹ 37.03 lacs under the Central Sales Tax Act, of which the dues involved in the proceedings pending before the Dy. Commissioner (Appeals) are ₹ 142.18 lacs and those before the Central Sales Tax Tribunal are ₹ 0.23 lacs .

(x) Accumulated Losses:

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

(xi) Dues to Financial Institutions, Banks and Debenture holders:

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

(xii) Security for Loans & Advances Granted:

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

(xiii) Special Statute:

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

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

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

(xv) Guarantees given:

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

(xvi) Term Loans:

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

(xvii) Utilisation of Funds:

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

(xviii) Preferential Allotment of Shares:

During the year, the Company has not made any preferential allotment of shares to the

parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) Security for Debentures Issued:

The Company has not issued any Debentures.

(xx) Public Issue of Equity Shares:

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

(xxi) Frauds Noticed:

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B. K. KHARE & COMPANY**
Chartered Accountants
Firm Registration No 105102W

DILIP BAPAT
Partner
(M. No. 30388)

Place : Mumbai
Dated : 10th May, 2012

Balance Sheet as at 31st March, 2012

	Notes	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
EQUITY AND LIABILITIES			
Shareholder's Fund	2.a	689.02	610.65
Reserves and Surplus	2.b	12,499.18	6,464.85
Shareholders' Funds	2	13,188.19	7,075.50
Share Application money pending Allotment	3	0.23	—
NON-CURRENT LIABILITIES			
Long-term borrowings	4.a	17.59	312.53
Deferred tax liabilities (Net)	4.b	119.47	178.91
Other long-term liabilities	4.c	809.80	775.64
Non-Current Liabilities	4	946.86	1,267.08
CURRENT LIABILITIES			
Short-term borrowings	5.a	4,127.23	3,737.62
Trade payables	5.b	6,241.87	6,142.02
Other current liabilities	5.c	901.62	993.83
Short-term provisions	5.d	218.68	390.45
Current Liabilities	5	11,489.41	11,263.92
TOTAL		25,624.69	19,606.50
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	6.a		
Tangible Assets	6.a.i	6,551.98	6,479.04
Intangible Assets	6.a.ii	28.71	57.59
Capital Work-in-progress	6.a.iii	38.31	8.01
Non-Current investments	6.b	220.88	228.88
Long-term loans and advances	6.c	1,046.71	712.08
Non-Current Assets	6	7,886.58	7,485.60
CURRENT ASSETS			
Inventories	7.a/1.E	9,251.94	6,056.81
Trade receivables	7.b	6,229.80	5,421.23
Cash and cash equivalents	7.c	1,448.38	133.68
Short-term loans and advances	7.d	768.87	509.13
Other current assets	7.e	39.11	0.05
Current Assets	7	17,738.11	12,120.90
TOTAL		25,624.69	19,606.50
Significant Accounting Policies	1		

As per our report of even date annexed	Dilip Dandekar	<i>Chairman & Mg. Director</i>
For B.K. Khare & Co.	Shriram Dandekar	<i>Jt. Managing Director</i>
<i>Chartered Accountants</i>	Chetan Badal	
	<i>Chief Financial Officer</i>	Nobuchika Doi
		<i>Executive Director</i>
		Hirofumi Iwatsu
		<i>Executive Director</i>
		Takeo Iguchi
		<i>Executive Director</i>
Dilip Bapat	Ravindra Damle	Hiroaki Takayama
<i>Partner</i>	<i>V.P. (Corporate) &</i>	<i>Director</i>
(M. No. 30388)	<i>Company Secretary</i>	
(Firm Registration No. 105102W)		
Mumbai		
Dated: 10 th May, 2012		

	Notes	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
INCOME			
Revenue from Operations	8	39,730.64	36,689.98
Less: Excise duty		1,340.29	864.65
		38,390.35	35,825.33
Other Income	9	68.12	8.45
TOTAL INCOME		38,458.47	35,833.78
EXPENDITURE			
Cost of materials	10	14,169.12	12,619.63
Purchases of Stock-in-Trade	11	13,205.31	10,469.29
Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	12	(2,868.67)	102.13
Employee Benefit Expenses	13	4,182.73	3,524.18
Finance Costs	14	663.39	731.14
Depreciation	6.a	692.48	647.78
Other Expenses	15	8,310.40	6,427.25
TOTAL EXPENDITURE		38,354.77	34,521.40
Net Profit before Exceptional Items			
		103.70	1,312.38
Exceptional Items	16	54.47	(106.67)
Net profit before tax		158.18	1,205.71
Less : Current Tax		100.00	325.00
: Prior Years (Net)		(16.19)	5.83
: Deferred Tax		(59.44)	16.20
Profit after Tax for the period		133.81	858.68
Earning Per Share - Basic (in ₹)			
		0.20	1.42
Earning Per Share - Diluted (in ₹)			
		0.20	1.39
Significant Accounting Policies	1		

As per our report of even date annexed

For B.K. Khare & Co.

Chartered Accountants

Dilip Bapat

Partner

(M. No. 30388)

(Firm Registration No. 105102W)

Mumbai

Dated: 10th May, 2012

Chetan Badal

Chief Financial Officer

Ravindra Damle

V.P. (Corporate) &
Company Secretary

Dilip Dandekar

Shriram Dandekar

Nobuchika Doi

Hirofumi Iwatsu

Takeo Iguchi

Hiroaki Takayama

Chairman & Mg. Director

Jt. Managing Director

Executive Director

Executive Director

Executive Director

Director

Cash Flow Statement for the year ended 31st March, 2012

	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	158.18	1,205.71
Adjustments for:		
Depreciation	692.48	647.78
Foreign Exchange (Unrealised)	31.89	4.86
(Profit)/Loss on disposal of Fixed Assets	23.10	5.90
(Profit)/Loss on Sale of Investments	(4.00)	—
Provisions/Reversals thereof	(54.47)	106.67
Finance Costs	663.39	731.14
Interest/Dividend Accrued	(63.09)	(8.02)
Operating Profit before Working Capital changes	1,447.48	2,694.04
Adjustments for:		
Inventories	(3,195.13)	(195.71)
Trade Receivables	(808.57)	(591.57)
Loans and Advances	(266.31)	89.64
Trade Payables	99.85	951.21
Other Current Liabilities	254.94	(196.13)
Changes in Working Capital	(3,915.22)	57.44
Cash generated from Operations	(2,467.74)	2,751.48
Direct taxes paid	(266.86)	(369.86)
Net cash from operating activities	(2,734.60)	2,381.62
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including advances)	(926.94)	(1,540.38)
Sale of Fixed Assets	4.91	9.97
(Purchase)/Sale of Investments	12.00	(154.73)
Interest received	22.33	6.27
Dividend received	1.70	1.70
Net cash used in Investing Activities	(886.00)	(1,677.17)

	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	(193.40)	88.15
Preferential Issue of Share Capital	5,893.93	—
Issue of Shares under 'Camlin Employees Stock Option Scheme 2008' (ESOP 2008)	85.19	129.76
Capital Subsidy Received	—	27.50
Finance Costs paid	(666.18)	(716.19)
Dividend Paid	(152.34)	(297.94)
Net cash used in Financing Activities	4,967.20	(768.72)
D. UNREALISED FOREIGN EXCHANGE FLUCTUATION	(31.89)	(4.86)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,314.71	(69.13)
Cash and Cash Equivalents (Opening Balance)	133.68	202.81
Cash and Cash Equivalents (Closing Balance)*	1,448.38	133.68

* Includes ₹ 510.00 Lacs pledged with Banks

As per our report of even date annexed	Dilip Dandekar	<i>Chairman & Mg. Director</i>
For B.K. Khare & Co.	Shriram Dandekar	<i>Jt. Managing Director</i>
<i>Chartered Accountants</i>	Chetan Badal	
	<i>Chief Financial Officer</i>	Nobuchika Doi
		<i>Executive Director</i>
		Hirofumi Iwatsu
		<i>Executive Director</i>
		Takeo Iguchi
		<i>Executive Director</i>
Dilip Bapat	Ravindra Damle	Hiroaki Takayama
<i>Partner</i>	<i>V. P. (Corporate) &</i>	<i>Director</i>
(M. No. 30388)	<i>Company Secretary</i>	
(Firm Registration No. 105102W)		
Mumbai		
Dated: 10 th May, 2012		

Notes forming part of the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A. Basis of Preparation of Financial Statements:

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

B. Use of Estimates:

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

C. Fixed Assets:

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

D. Investments:

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

E. Valuation of Inventories:

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

F. Excise Duty:

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

G. Foreign Currency Transactions:

- i. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.
- ii. In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract.
- iii. Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

**H. Research and Development:**

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

I. Employee Benefits:

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

J. Revenue/Expense Recognition:

- i. Revenue from sale of goods is accounted for on the basis of despatch of goods. Sales are inclusive of excise duty and net of sales returns/Trade Discount.
- ii. Revenue in respect of overdue interest, insurance claim, etc is recognised to the extent the Company is reasonably certain of its ultimate realisation.
- iii. Remission from Excise Duty paid in respect of the clearances from Jammu Plant is recognised as revenue based on legal advice obtained by the Company [Refer Note No. 18].
- iv. Expenses are accounted for on accrual basis.
- v. Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.
- vi. Lease Rentals in respect of assets taken on "operation of lease" are charged to Profit & Loss Account on straight line basis over the lease term.

K. Government Grants:

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

L. Borrowing Cost:

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

M. Contingent Liabilities:

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

N. Accounting for Taxes on Income:

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

O. Earning per Share:

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

P. Segment Reporting - Basis of Information:

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

Notes forming part of the Financial Statements

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
10,00,00,000 Equity Shares of ₹ 1/- each	1,000.00	1,000.00
(a) Issued, Subscribed & Paid-up		
6,89,01,575 Equity Shares of ₹ 1/- each (6,10,64,537 Equity Shares of ₹ 1/- each)	689.02	610.65

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

	31.03.2012		31.03.2011	
	No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
At the beginning of the year	6,10,64,537	610.65	6,02,53,525	602.54
Issued during the year-ESOP	9,03,038	9.03	8,11,012	8.11
Issued during the year-Preferential Allotment of Equity Shares	69,34,000	69.34	—	—
Outstanding at the end of the year	6,89,01,575	689.02	6,10,64,537	610.65

(i) Terms/rights attached to equity shares

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

- (ii) The Company has issued 69,34,000 equity shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of share premium of ₹ 84/- per share) on preferential basis to KOKUYO S&T Co., Ltd. a Company incorporated under laws of Japan. The said shares have lock in period of one year from the date of allotment i.e. from 8th July, 2011.

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

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

	No. of shares	
	31.03.2012	31.03.2011
KOKUYO S&T Co., Ltd. Japan	3,48,36,220	—

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

Name of the share holders	No. of shares
As on March 31, 2012	
KOKUYO S&T Co., Ltd. Japan	3,48,36,220
As on March 31, 2011	
Golden Oak (Mauritius) Limited	60,50,000
Anagha Advisors LLP	60,00,000

(v) Shares reserves for issue under ESOP options

3,55,125 ESOPs, entitled to issue of one equity share for one ESOP at issue price of ₹ 16/- per share, are awaiting exercise of the option as on March 31, 2012.

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
2. (b) RESERVES AND SURPLUS		
(i) Capital Reserve		
As per last Balance Sheet	52.70	25.20
Additions during the year	—	27.50
	52.70	52.70
(ii) Share Premium Account		
As per last Balance Sheet	2,139.68	2,018.03
Received during the year	5,900.52	121.65
	8,040.20	2,139.68
(iii) General Reserve		
As per last Balance Sheet	2,057.82	1,957.82
Additions during the year	30.00	100.00
	2,087.82	2,057.82
(iv) Surplus in the statement of Profit and Loss		
Balance as per last Financial Statement	2,214.65	1,634.82
Add: Profit for the year	133.81	858.68
Less: Proposed Dividend	—	152.66
: Corporate Dividend Tax	—	25.94
: Transfer to General Reserve	30.00	100.00
: Dividend paid for previous year	—	0.21
: Corporate tax thereon	—	0.04
Net surplus in the statement of Profit and Loss	2,318.46	2,214.65
3. SHARE APPLICATION MONEY PENDING ALLOTMENT	0.23	—
	0.23	—
4. NON-CURRENT LIABILITIES		
(a) Long-term borrowings		
(i) Loan from - Banks (Secured)	14.31	310.61
(ii) - Others (Secured)	3.28	1.92
	17.59	312.53
(b) Deferred tax liability (net) [Ref. Note No. 25 (ii)]	119.47	178.91
(c) Other long-term liabilities		
Security Deposits	809.80	775.64
	809.80	775.64

(i)a. Loan from Banks

Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future. Vehicle Loans are secured by hypothecation of related vehicles. These loans are repayable in 60 equated monthly installments.

(i)b. Loan from Financial Institutions

Vehicle Loans are secured by hypothecation of related vehicles. These loans are repayable in 60 equated monthly installments.

Notes forming part of the Financial Statements

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
5. CURRENT LIABILITIES		
(a) Short-term borrowings		
(i) Bank Overdrafts (Secured)	3,212.49	3,247.10
(ii) Short-term loan from Bank (Unsecured)	914.74	490.52
	4127.23	3737.62
Bank overdrafts are secured by hypothecation of stocks and book debts as also mortgage/hypothecation of specified Immovable and movable Fixed Assets of the Company by way of Second Charge. The bank overdrafts is repayable on demand.		
(b) Trade payables		
Trade payables (including acceptances)	6,241.87	6,142.02
(c) Others		
(i) 1. Current Maturities of Long-term Borrowings – Banks	15.95	304.02
2. – Others	1.15	1.36
(ii) Trade Advances	99.94	134.08
(iii) Employee Dues [include arrears of ₹ 105.06 Lacs (Nil), since paid]	535.30	326.27
(iv) Security Deposits	52.03	11.65
(v) Statutory Liabilities	109.50	140.02
(vi) Interest Accrued and due on loans	3.91	6.69
(vii) Investor Education and Protection fund will be credited by following amounts (as and when due)		
1. Unclaimed Dividends	15.23	14.91
2. Unclaimed Fixed Deposits	1.19	2.09
3. Unclaimed Interest on Fixed Deposits	1.09	1.80
(viii) Others	66.33	50.94
	901.62	993.83
(d) Short-term provisions		
(i) Excise Duty	23.06	23.50
(ii) Taxation (Net of taxes paid)	—	15.62
(iii) Employees' Benefits	195.62	172.73
(iv) Proposed Dividend	—	152.66
(v) Corporate Dividend Tax	—	25.94
	218.68	390.45

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

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Disposals/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Freehold Land	2.73	—	—	2.73	—	—	—	—	2.73	2.73
Leasehold Land	187.29	—	—	187.29	10.66	1.93	—	12.59	174.70	176.63
Site Development	22.47	—	—	22.47	2.42	0.37	—	2.79	19.68	20.05
Building & Shed	1,551.97	—	—	1,551.97	193.66	50.72	—	244.38	1,307.59	1,358.31
Plant, Machinery & Equipment	7,362.37	705.83	110.11	7,958.09	3,006.26	513.60	102.98	3,416.88	4,541.21	4,356.11
Office Machinery	390.02	28.41	27.88	390.55	206.16	39.19	23.90	221.45	169.10	183.86
ERP Hardware Cost	186.61	—	—	186.61	159.23	15.55	—	174.78	11.83	27.38
Furniture & Fittings	373.59	4.63	17.29	360.93	163.73	18.10	4.65	177.18	183.75	209.86
Vehicles	235.57	13.18	18.20	230.55	81.79	21.29	13.94	89.14	141.41	153.78
Total	10,312.62	752.05	173.48	10,891.19	3,823.91	660.75	145.47	4,339.19	6,551.98	6,488.71
Previous Year	8,861.05	1,644.21	192.64	10,312.62	3,392.74	617.63	176.77	3,833.60	6,479.04	5,472.82

(ii) Intangible assets

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Disposals/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
ERP Software Cost	128.23	12.54	—	140.77	80.33	31.73	—	112.06	28.71	47.90
Total	128.23	12.54	—	140.77	80.33	31.73	—	112.06	28.71	47.90
Previous Year	128.23	—	—	128.23	40.49	30.15	—	70.64	57.59	83.23

(iii) Capital work in progress	38.31	8.01
	6,619.00	6,544.62

Notes forming part of the Financial Statements

	31.03.2012 (₹ Lacs)	31.03.2011 (₹ Lacs)
6. (b) NON-CURRENT INVESTMENTS		
Investments in Equity Instruments		
I. Quoted		
4,00,000 Shares of ₹ 2/- each in Camlin Fine Sciences Ltd.	9.73	9.73
[Market Value ₹ 89.60 Lacs (₹ 54.40 Lacs)]		
II. Unquoted		
A. Subsidiary Companies		
(a) 5,000 Equity Shares of ₹ 100/- each in Camlin International Ltd.	5.00	5.00
(b) 20,000 Equity Shares of US\$ 1 each in Camlin North America Inc., USA	9.26	9.26
Less: Provision for diminution in value	9.26	—
(c) 10,00,000 Equity Shares of ₹ 10/- each in Camlin Alphakids Ltd.	100.00	100.00
(d) 10,00,000 7% Redemable Non-Cumulative Preference Shares of ₹ 10/- each in Camlin Alphakids Ltd.	100.00	100.00
B. Trade (In Associate Companies)		
(a) 4,000 Equity Shares of ₹ 100/- each in Triveni Pencils Ltd.	4.00	4.00
(b) 2,150 Equity Shares of ₹ 100/- each in Excella Pencils Ltd.	2.15	2.15
(c) 5,22,000 Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd.	52.20	52.20
Less: Provision for diminution in value	52.20	—
C. Non-Trade		
10,000 Equity Shares of ₹ 10/- each in Sicom Ltd.	—	8.00
	220.88	228.88

	31.03.2012 (₹ Lacs)	31.03.2011 (₹ Lacs)
(c) Long-term Loans and Advances		
(i) Capital Advances	209.24	77.19
(ii) Security Deposits	363.58	324.98
(iii) Excise Deposits	172.67	174.33
(iv) Loans to Subsidiary Companies		
1. Camlin North America Inc., USA (Fully provided)	19.99	19.99
2. Camlin Alphakids Ltd.	257.30	104.50
	277.29	124.49
(v) Loans/Advances to related parties		
1. Mayur Colours Ltd.	43.92	31.08
2. Colart Camlin Canvas Pvt. Ltd.	—	54.47
	43.92	85.55
	1,066.70	786.54
Less: Allowance for Doubtful Loans and Advances	19.99	74.46
	1,046.71	712.08

	31.03.2012 (₹ Lacs)	31.03.2011 (₹ Lacs)
7. CURRENT ASSETS		
(a) Inventories		
(i) Raw Materials [includes in transit ₹ 0.14 Lacs (₹ 2.35 Lacs)]	797.01	777.84
(ii) Packing Materials [includes in transit ₹ 208.00 Lacs (₹ 2.89 Lacs)]	1,701.29	1,394.00
(iii) Work-in-Process [includes in transit ₹ 1.19 Lacs (₹ 3.02 Lacs)]	1,027.58	764.55
(iv) Finished Goods [includes in transit ₹ 120.57 Lacs (₹ 28.94 Lacs)]	2,686.47	1,650.15
(v) Stock-in-Trade [includes in transit ₹ 300.61 Lacs (₹ 44.04 Lacs)]	3,039.59	1,470.27
	9,251.94	6,056.81
(b) Trade receivables		
Unsecured		
(i) From Subsidiary Company - Camlin North America Inc., USA Outstanding for a period exceeding six months from the due date [Fully provided]	26.48	26.48
(ii) Other Receivables		
Outstanding for a period exceeding six months from the due date		
1. Considered Good	573.25	160.11
2. Considered Doubtful	139.22	90.43
(iii) Other Debts - Considered Good	5,656.55	5,261.12
	6,395.50	5,538.14
Less: Allowance for doubtful receivables	165.70	116.91
	6,229.80	5,421.23

Notes forming part of the Financial Statements

	31.03.2012 (₹ Lacs)	31.03.2011 (₹ Lacs)
(c) Cash and cash equivalents		
(i) Balances with banks		
1. Maturing after twelve months	5.50	4.70
2. Fixed Deposits (pledged against borrowings)	510.00	—
3. Staff Security Deposits	7.86	7.58
4. Earmarked for payment of Dividends/Interest on Fixed Deposits	16.32	16.49
5. Other balances	902.15	96.61
(ii) Cash on Hand	6.55	8.30
	1,448.38	133.68
(d) Short-term Loans and Advances		
UNSECURED (Considered Good)		
(i) 1. Advances to Subsidiary Company – Camlin International Ltd.	0.09	—
2. Advances to Related Parties	5.02	23.74
(ii) Trade Advances	109.60	45.43
(iii) Prepaid Expenses	128.90	99.67
(iv) Income Tax (net of provisions)	141.50	—
(v) Deposits, balances and input credits for other taxes and duties	212.52	281.06
(vi) Other advances	171.24	59.23
	768.87	509.13
(e) Other non-current assets		
Interest accrued on Deposits	39.11	0.05
	39.11	0.05
8. REVENUE FROM OPERATIONS		
Sale of Products [Ref. Note No. 1-J-i & 25-i]	39,570.69	36,579.51
Add: Other Operating Revenues	159.95	110.47
Revenue from Operations (Gross)	39,730.64	36,689.98
Less: Excise Duty – [Net of Rebate] [Refer Note No. 18]	1,340.29	864.65
Revenue from Operations (Net)	38,390.35	35,825.33
9. OTHER INCOME		
(i) Interest	61.39	6.32
(ii) Dividend – On Trade Investments	1.70	1.70
(iii) Profit on Sale of Investment	4.00	—
(iv) Profit on Sale of Assets	0.74	—
(v) Miscellaneous Receipts	0.29	0.43
	68.12	8.45



	31.03.2012 (₹ Lacs)	31.03.2011 (₹ Lacs)
10. COST OF MATERIALS		
Colours/Pigments	1,649.55	1,240.95
Chemicals	1,734.33	1,178.13
Components	3,587.68	2,936.52
Containers	2,632.78	2,306.66
Others	4,564.78	4,957.37
	14,169.12	12,619.63
11. PURCHASE OF STOCK-IN-TRADE		
(i) Stationery Items	11,519.32	9,053.64
(ii) Chemical and Chemical Products	1,685.99	1,415.65
	13,205.31	10,469.29
12. CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Stocks as per last Balance Sheet		
Work in Process	764.55	574.26
Stock-in-Trade	1,470.27	1,674.45
Finished Goods	1,650.15	1,738.39
	3,884.97	3,987.10
Less: Closing Stock as at year end		
Work in Process	1,027.58	764.55
Stock-in-Trade	3,039.59	1,470.27
Finished Goods	2,686.47	1,650.15
	6,753.64	3,884.97
	(2,868.67)	102.13
13. EMPLOYEE COST		
Salaries, Wages and Bonus	3,783.89	3,082.58
Contribution to Provident & other funds [Refer Note No. 26 iv]	218.68	304.81
Staff and Labour Welfare	180.16	136.79
	4,182.73	3,524.18

Notes forming part of the Financial Statements

	31.03.2012 (₹ Lacs)	31.03.2011 (₹ Lacs)
14. FINANCE COSTS		
Interest Expense on Debts and Borrowings [Net of interest of ₹ 131.85 Lacs (Nil) earned on Time Deposits pledged with the Bank]	405.58	559.25
Interest Expense relating to Taxes and Duties	4.87	0.17
Other Borrowing Costs	252.94	171.72
	663.39	731.14
15. OTHER EXPENSES		
Power and Fuel	347.59	289.31
Job work charges	599.43	540.58
Repairs		
– Building	37.54	6.16
– Machinery	61.84	50.88
Rent	645.62	500.20
Rates and Taxes	27.27	17.47
Net losses/(gains) in respect of translations of foreign currencies	(31.39)	12.41
Insurance	64.88	59.64
Advertisement and Sale Promotion	2,077.18	1,465.18
Transport & Forwarding Charges	1,480.53	1,205.14
Commission/Discount/Service Charges on Sales	723.93	557.26
Travelling & Conveyance	800.31	589.44
Payment to auditors	21.25	19.58
Miscellaneous Expenses	1,454.42	1,114.00
	8,310.40	6,427.25
Payment to Auditors		
(a) Audit fees for Standalone Accounts	10.00	8.00
(b) Audit fees for Consolidated Accounts	2.50	2.50
(c) Tax Audit Fees	2.50	2.00
(d) Vat Audit Fees	3.20	3.20
(e) Consultancy services	1.00	3.00
(f) Certifications	1.10	3.49
(g) Reimbursement of expenses	0.95	0.45
	21.25	22.64
16. EXCEPTIONAL ITEM		
Provision or diminution in value of Investment/doubtful advances	—	(106.67)
Reversal of provision for doubtful advances in respect of a related party	54.47	—
	54.47	(106.67)

**17. NOTES TO ACCOUNTS:****Contingent Liabilities and Commitments (to the extent not provided for)****i. Contingent Liabilities:**

1. Claims against the Company not acknowledged as debts ₹ 317.97 Lacs (₹ 309.79 Lacs).
2. Other money for which the Company is contingently liable ₹ 23.42 Lacs (₹ 26.73 Lacs).

ii. Commitments:

1. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 291.95 Lacs (₹ 216.40 Lacs).
2. Corporate Guarantees given to the banker of a Related Party CoArt Camlin Canvas Pvt. Ltd. ₹ 150.00 Lacs (₹ 150.00 Lacs).

18. Excise Remission at Jammu:

- a. The Hon'ble Jammu and Kashmir High Court delivered a judgement dated December 23, 2010 quashing the Excise Notification, applicable to the undertakings set up in Jammu, which restricted the quantum of excise duty remission and upheld the entitlement to total exemption from excise duty. In view of the legal advice confirming the Company's right to such total exemption on the grounds laid down in the judgement of the High Court, rebate of excise duty, being the duty on assessable value of goods, net of Cenvat Credit on inputs, of ₹ 335.17 Lacs (₹ 443.63 Lacs), is recognised as revenue and accrued as income from the operations. The cumulative amount of remission as on March 31, 2012, so recognised is ₹ 778.80 Lacs (₹ 443.63 Lacs).
- b. A writ petition was also filed by the Company praying the quashing the impugned notification in its case. Pending the final disposal of the petition filed by the Company, the Hon'ble High Court has directed the authorities to refrain from giving effect to the said notification in its case.

19. Unhedged Foreign Exchange Exposure:

The unhedged exposure of foreign currency transactions is as follows:

On Account of		Currency	2011-12	2010-11
(i)	Sundry Debtors	(USD)	7.34	8.26
(ii)	Sundry Creditors	(USD)	1.36	1.12
		(GBP)	—	0.13
		(YEN)	207.08	135.38
		(EUR)	—	0.07

20. Equity Shares:

- a. During the year, the Company has allotted 69,34,000 Equity Shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of Share Premium of ₹ 84/- per share) aggregating to ₹ 5,893.30 Lacs on Preferential basis to KOKUYO S&T Co., Ltd. on the terms and conditions approved by the Members at the Extra Ordinary General Meeting held on June 29th, 2011. The Company has also allotted 9,03,038 Equity Shares of ₹ 1/- each at a price of ₹ 16/- per share to its employees under "Camlin Employees Stock Option Scheme 2008" (ESOP 2008). Accordingly the paid up capital of the Company increased from ₹ 610.65 Lacs to ₹ 689.02 Lacs and share premium has increased from ₹ 2139.68 Lacs to ₹ 8,040.20 Lacs.
- b. The utilisation of funds received by way of preferential allotment:

	(₹ Lacs)
Funds raised on preferential allotment	5,893.90
Capital Expenditure	644.94
Repayment of Long-term Loans	490.00
Working Capital	3,733.96
Time Deposit with Banks (includes Deposit of ₹ 510 Lacs pledged as security to replace high cost debt with low cost debt)	1,025.00
Total	5,893.90

Notes forming part of the Financial Statements

21. Managerial Remuneration:

Approvals of the Central Government under the applicable provision of the Companies Act are awaited in respect of the following:

- Remuneration to resident whole-time Directors, including Managing Director, aggregating to ₹ 202.63 Lacs, as minimum remuneration, in view of inadequacy of profits for the year.
- Remuneration of ₹ 83.04 Lacs to the non-resident Directors.

22. Expenditure on Research and Development:

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

(₹ in Lacs)

Particulars	2011-12	2010-11
(i) Employee Cost	34.21	32.64
(ii) Cost of Materials	1.67	4.88
(iii) Other Expenses	14.09	8.83
Total	49.97	46.35

23. Micro, Small and Medium Enterprises Development Act, 2006:

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31st March, 2012 are as under:

(₹ Lacs)

Sr. No.	Description	2011-12	2010-11
1.	The principal amount remaining unpaid, beyond due date, to suppliers as at the end of accounting year.	2.36	4.78
2.	The interest due thereon remaining unpaid to suppliers as at the end of accounting year.	0.21	0.37
3.	The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2011-12.	Nil	Nil
4.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	1.33	5.61
5.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	1.54	5.98

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



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

₹ in Lacs

CLASS OF GOODS	Sales	Inventory	
		Work-in-Progress	Finished Goods
(A) MANUFACTURED ITEMS			
1. CHEMICAL & CHEMICAL PRODUCTS	11,614.39	447.12	1,222.40
	(10,028.94)	(364.67)	(876.31)
2. STATIONERY ITEMS (A)	1,982.34	125.84	278.12
	(1,833.10)	(111.19)	(99.07)
STATIONERY ITEMS (B)	9,327.96	454.62	1,185.94
	(9,322.40)	(288.68)	(674.77)
(B) TRADING ITEMS			
1. CHEMICAL & CHEMICAL PRODUCTS	2,699.05	—	506.70
	(2,383.84)	(—)	(252.75)
2. STATIONERY ITEMS	14,031.81	—	2,532.89
	(13,070.10)	(—)	(1,217.52)
3. OTHERS – BEING SALE OF EXHIBITION MATERIALS, PAINTINGS ETC.	(5.87)	—	—
	(—)	(—)	(—)
	39,649.69	1,027.58	5,726.05
	(36,638.38)	(764.54)	(3,120.42)

₹ in Lacs

	2011-12	2010-11
(ii) Earnings in Foreign Exchange		
Exports at F.O.B. Value (Excluding Nepal)	911.18	1,025.99
	911.18	1,025.99
(iii) Expenditure in Foreign Currency		
Travelling	29.17	27.95
Others	39.48	48.21
	68.65	76.16
(iv) Value of Imports on C.I.F. Basis		
(a) Raw Materials	520.21	296.68
(b) Components and Spare Parts	1,904.65	2,103.06
(c) Capital Goods	353.19	373.34
(d) Purchases of Traded Products	158.01	321.14
	2,936.06	3,094.22
(v) Value of Consumption of Raw Materials and Stores		
(a) Indigenous	11,739.98	10,612.43
(b) Imported (Landed Cost) – Raw Material, Components & Spare Parts	2,540.05	2,007.20
	14,280.03	12,619.63
(vi) Percentage of Consumption of Raw Materials & Stores		
(a) Indigenous	82.21	84.09
(b) Imported (Landed Cost) – Raw Material, Components & Spare Parts	17.79	15.91
	100.00	100.00

Notes forming part of the Financial Statements

26. Disclosures Pursuant to the Requirements of Accounting Standards:

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

(₹ in Lacs)

a.	Payable not later than 1 year	99.00
b.	Payable later than 1 year and not later than 5 years	371.25
c.	Payable Later than 5 years	Nil

ii. Deferred Taxes:

Major items of Deferred Tax Liabilities and Deferred Tax Assets

(₹ in Lacs)

Particulars	Opening Balance as on 01.04.2011	Increase / (Decrease) During the year	Closing Balance as on 31.03.2012
Liabilities:			
Depreciation	434.30	85.63	519.93
Sub-total	434.30	85.63	519.93
Assets:			
Provision for doubtful debts/Leave Encashment	97.57	17.91	115.48
Expenses Allowable	157.80	127.17	284.97
Sub-total	255.37	145.08	400.45
Net Deferred Tax Liability/(Asset)	178.93	59.44	119.47

iii. Earning Per Share (Basic & Diluted):

	2011-12	2010-11
Net Profit after Tax – ₹ Lacs	133.81	858.68
Issued and Paid-up Equity Shares (Nos.)	6,89,01,575	6,10,64,537
Weighted average of Number of Equity Shares used in computing basic earnings per share (Nos.)	6,65,91,285	6,06,37,189
Weighted average of Number of Equity Shares used in computing diluted earnings per share (Nos.)	6,70,21,121	6,15,84,843
Earnings per Share – Basic ₹	0.20	1.42
Earnings per Share – Diluted ₹	0.20	1.39

iv. Retirement Benefits:

Defined Contribution Plans

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

Defined Benefit Plan

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

Retirement Benefits**Gratuity**

Description of the Plan

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

Principal actuarial assumptions:

	2011-12	2010-11	2009-10	2008-09	2007-08
Discount rate	8.50%	8.25%	8.25%	7.50%	8.50%
Rate of Return on Plan Assets	8.60%	8.00%	8.00%	8.00%	8.00%

Reconciliation of Benefit Obligation:

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the beginning of the year	750.64	682.98	487.74	425.58	399.72
Interest Cost	60.05	56.35	36.58	36.93	34.52
Current Service Cost	30.54	34.18	31.60	29.08	24.17
Past Service Cost	—	—	108.73	—	—
Benefit Paid	(172.07)	(77.67)	(45.16)	(40.25)	(35.55)
Actuarial (Gain)/Loss on Obligations	(63.71)	54.80	63.49	36.39	2.72
Liability at the end of the year	605.45	750.64	682.98	487.74	425.58
Value of Plan Assets at the end of the year	658.16	730.83	698.74	650.36	478.83

Reconciliation of value of Plan Assets:

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Value of Plan Assets at the beginning of the year	730.83	698.74	650.36	563.56	410.21
Return on Plan Assets	55.27	55.90	52.97	49.54	36.68
Contributions	31.95	47.12	34.32	75.92	66.04
Benefit Paid	(172.07)	(77.67)	(45.16)	(40.25)	(36.55)
Actuarial (Gain)/Loss on Obligations	12.20	6.74	6.25	1.58	1.44
Value of Plan Assets at the end of the year	658.16	730.83	698.74	650.36	478.83

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	30.54	34.18	31.60	29.09	24.17
Past Service Cost	—	—	108.73	—	—
Interest Cost	60.05	56.35	36.58	36.94	34.52
Return on Plan Assets	(55.26)	(55.90)	(52.97)	(49.55)	(36.68)
Net Actuarial (Gain)/Loss recognised	(75.90)	48.06	57.25	34.81	1.28
Expenses recognised in Profit and Loss Account	(40.58)	82.68	181.18	51.28	23.29

Notes forming part of the Financial Statements

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

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

(b) Key Management Personnel and their Relatives:

Name of the Person	Nature of Relationship
Key Management Personnel	
Mr. Dilip Dandekar	Chairman & Managing Director (C.M.D.)
* Mr. Rajiv Dandekar	Joint Managing Director
+ Mr. Shriram Dandekar	Joint Managing Director (J.M.D.)
* Mr. Deepak Dandekar	Executive Director
\$ Mr. Nobuchika Doi	Executive Director
\$ Mr. Hirofumi Iwatsu	Executive Director
\$ Mr. Takeo Iguchi	Executive Director
Relatives	
Mr. Subhash Dandekar	Chairman Emeritus and brother of C.M.D.
Mrs. Aditi Dighe	General Manager (Marketing) and daughter of C.M.D.
Mr. Rahul Dandekar	Asst. Product Manager – Scholastic Colour and son of C.M.D.
Mr. Nikhil Dandekar	Management Trainee and son of J.M.D.
* Ceased to be director w.e.f. October 19 th , 2011.	
\$ Appointed as a whole time director on October 19 th , 2011 w.e.f. November 1 st , 2011.	
+ Redesignated as Jt. Managing Director w.e.f. October 19 th , 2011.	

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

		₹ in Lacs
Particulars	Associate Companies	2011-12
Purchase of goods	Excella Pencils Ltd.	2,350.45
	Others	65.41
	Total	2,415.85
		(2,065.71)
Sale of goods	Excella Pencils Ltd.	112.60
	Others	13.05
	Total	125.64
		(119.91)
Receiving Services	Mayur Colours Limited	186.86
	Nilmac Packaging Industries Ltd.	137.47
	Others	0.84
	Total	325.17
		(311.38)
Rendering Services	Excella Pencils Ltd.	0.15
	Triveni Pencils Ltd.	0.15
	Mayur Colours Limited	0.15
	Others	0.57
	Total	1.02
		(0.87)
Interest Received	Colart Camlin Canvas Pvt. Ltd.	3.86
	Mayur Colours Ltd.	2.18
	Total	6.04
		(6.04)
Dividend Paid	Camart Industries Ltd.	8.31
	Cafco Consultants Ltd.	2.34
	Others	5.25
	Total	15.91
		(31.81)
Dividend Received	Camlin Fine Sciences Ltd.	1.60
	Total	1.60
		(1.65)

Payments to Key Management Personnel and their Relatives

a. Remuneration	Mr. Dilip Dandekar	68.87
	Mr. Rajiv Dandekar	38.30
	Mr. Shriram Dandekar	56.15
	Mr. Deepak Dandekar	39.30
	Mr. Nobuchika Doi	19.63
	Mr. Hirofumi Iwatsu	31.71
	Mr. Takeo Iguchi	31.71
	Others	20.62
	Total	42.36
b. Dividend		348.64
	Total	(221.53)

Notes forming part of the Financial Statements

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

(c) Transactions with Associate Companies:

		₹ in Lacs
Particulars	Related Parties	2011-12
Net Amount Payable	Excella Pencils Ltd.	403.56
	Others	50.07
	Total	453.63
		(337.87)
Net Amount Receivable	Triveni Pencils Ltd.	116.11
	Others	49.03
	Total	165.14
		(171.82)
Loans		—
	Total	—
		(36.80)

(d) Transactions with Subsidiary Companies:

		₹ in Lacs
Particulars	Related Parties	2011-12
Receiving Services	Camlin Alphakids Limited	0.15
	Camlin International Ltd.	0.09
	Total	0.24
		(0.24)
Investment made		—
	Total	—
		(150.00)
Interest Free Loans Given	Camlin North America Inc., USA (Fully provided)	19.99
	Camlin Alphakids Ltd.	257.30
	Total	277.29
		(124.49)
Net Amount Receivable	Camlin North America Inc., USA (Fully provided)	26.48
	Camlin International Ltd.	0.09
	Total	26.58
		(26.48)

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

(₹ in Lacs)

1.	Name of the Subsidiary	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA INC., USA	CAMLIN ALPHAKIDS LTD.
2.	Financial year of the subsidiary company ends on	31 st March, 2012	31 st March, 2012	31 st March, 2012
3.	Holding company's interest:			
	I. No. of shares held	5,000	20,000	20,00,000
	II. Percentage of shareholding	100%	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.	(0.25)	(—)	(143.34)
	II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	(0.15)	(—)	(80.99)
5.	The net aggregate amount of the subsidiary's profit/(loss) dealt with in the holding company's a/cs.:			
	I. For the financial year of the subsidiary	NIL	NIL	NIL
	II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	NIL	NIL	NIL

	Dilip Dandekar	<i>Chairman & Mg. Director</i>
	Shriram Dandekar	<i>Jt. Managing Director</i>
Chetan Badal		
<i>Chief Financial Officer</i>	Nobuchika Doi	<i>Executive Director</i>
	Hirofumi Iwatsu	<i>Executive Director</i>
	Takeo Iguchi	<i>Executive Director</i>
Ravindra Damle	Hiroaki Takayama	<i>Director</i>
<i>V.P. (Corporate) & Company Secretary</i>		
Mumbai		
Dated: 10 th May, 2012		

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

(₹ in Lacs)

NAME OF THE SUBSIDIARY	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA INC., USA	CAMLIN ALPHAKIDS LTD.
1. Capital	5.00	9.26	200.00
2. Reserves	1.50	(55.30)	—
3. Total Assets	10.69	NIL	285.14
4. Total Liabilities	10.69	NIL	285.14
5. Details of Investments	NIL	NIL	NIL
6. Turnover	NIL	NIL	183.39
7. Profit/(Loss) before Taxation	(0.25)	NIL	(143.34)
8. Provision for Taxation	NIL	NIL	NIL
9. Profit/(Loss) after Taxation	(0.25)	NIL	(143.34)
10. Proposed Dividend	NIL	NIL	NIL



Auditor's Report to the Board of Directors of KOKUYO CAMLIN LIMITED on the Consolidated Financial Statements of KOKUYO CAMLIN LIMITED, its Subsidiaries and Associates

THE BOARD OF DIRECTORS KOKUYO CAMLIN LIMITED

1. We have examined the attached Consolidated Balance Sheet of KOKUYO CAMLIN LIMITED, its subsidiaries and associates (hereinafter referred as 'group') as at 31st March, 2012, the statement of Consolidated Profit & Loss Account for the year then ended and Cash Flow Statement for the year ended at that date.
2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary company Camlin International Limited for the year ended 31st March, 2012 whose financial statements reflect total assets of ₹ 10.69 lacs as at 31st March, 2012 and total revenues of ₹ Nil and net cash inflows amounting to (₹ 0.15 lac) 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. Subject to the matter reported in paragraph 4:
 - a. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 as notified under the Companies (Accounting Standards) Rules, 2006.
 - b. Based on our audit and on consideration of the report of other auditor on separate financial statements and on the other financial information of the associates and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - (ii) in the case of the statement of Consolidated Profit and Loss, of the loss of the Group for the year ended on that date;
 - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **B. K. KHARE & COMPANY**
Chartered Accountants
Firm Registration No. 105102W

DILIP BAPAT
Partner
(Membership No. 30388)

Place : Mumbai
Dated : 10th May, 2012

Consolidated Balance Sheet as at 31st March, 2012

	Notes	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds	2.a	689.02	610.65
Reserves and Surplus	2.b	12,289.79	6,399.04
Shareholders' Funds	2	12,978.81	7,009.69
Share Application money pending Allotment	3	0.23	—
NON-CURRENT LIABILITIES			
Long-term borrowings	4.a	17.59	312.53
Deferred tax liabilities(net)	4.b	75.45	134.89
Other long-term liabilities	4.c	809.80	775.64
Non-Current Liabilities	4	902.84	1,223.06
CURRENT LIABILITIES			
Short-term borrowings	5.a	4,127.23	3,737.62
Trade payables	5.b	6,287.65	6,157.59
Other current liabilities	5.c	932.70	1,013.11
Short-term provisions	5.d	218.68	388.67
Current Liabilities	5	11,566.26	11,296.99
TOTAL		25,448.14	19,529.74
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	6.a		
Tangible Assets	6.a.i	6,710.22	6,574.69
Intangible Assets	6.a.ii	28.71	57.59
Capital Work-in-progress	6.a.iii	38.31	40.59
Non-Current investments	6.b	49.93	57.77
Long-term loans and advances	6.c	847.60	665.78
Non-Current Assets	6	7,674.77	7,396.42
CURRENT ASSETS			
Inventories	7.a/1.D	9,251.94	6,056.81
Trade receivables	7.b	6,232.82	5,421.58
Cash and cash equivalents	7.c	1,471.66	140.31
Short-term loans and advances	7.d	777.85	514.57
Other current assets	7.e	39.11	0.05
Current Assets	7	17,773.38	12,133.32
TOTAL		25,448.14	19,529.74
Significant Accounting Policies	1		

As per our report of even date annexed.

For B.K. Khare & Co.

Chartered Accountants

Dilip Bapat

Partner

(M. No. 30388)

(Firm Registration No. 105102W)

Mumbai

Dated: 10th May, 2012

Chetan Badal

Chief Financial Officer

Ravindra Damle

V.P. (Corporate) &

Company Secretary

Dilip Dandekar

Shriram Dandekar

Nobuchika Doi

Hirofumi Iwatsu

Takeo Iguchi

Hiroaki Takayama

Chairman & Mg. Director

Jt. Managing Director

Executive Director

Executive Director

Executive Director

Director

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2012

65th Annual Report 2011-12

	Notes	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
INCOME			
Revenue from Operations	8	39,914.04	36,776.28
Less: Excise Duty		1,340.29	864.65
		38,573.75	35,911.63
Other Income	9	68.12	8.45
TOTAL INCOME		38,641.87	35,920.08
EXPENDITURE			
Cost of Materials	10	14,169.12	12,619.63
Purchases of Stock-in-Trade	11	13,205.31	10,469.29
Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in Trade	12	(2,868.67)	102.13
Employee Benefit Expenses	13	4,202.97	3,534.46
Finance Costs	14	663.39	731.14
Depreciation	6.a	730.35	667.59
Other Expenses	15	8,579.27	6,564.59
TOTAL EXPENDITURE		38,681.74	34,688.83
Net Profit/(Loss) before Exceptional Items		(39.87)	1,231.25
Exceptional Items	16	54.47	(54.47)
Net Profit before Tax		14.60	1,176.78
Less: Current Tax		100.00	325.00
: Prior Years (Net)		(16.19)	5.83
: Deferred Tax		(59.44)	(8.66)
Profit/(Loss) after Tax for the period		(9.77)	854.61
Share of profits of Associate		0.16	2.52
Profit after Tax and Share of profits of Associates for the period		(9.61)	857.13
Earning Per Share - Basic (in ₹)		(0.01)	1.41
Earning Per Share - Diluted (in ₹)		(0.01)	1.39
Significant Accounting Policies	1		

As per our report of even date annexed.

For B.K. Khare & Co.

Chartered Accountants

Dilip Bapat

Partner

(M. No. 30388)

(Firm Registration No. 105102W)

Mumbai

Dated: 10th May, 2012

Chetan Badal

Chief Financial Officer

Ravindra Damle

V.P. (Corporate) &
Company Secretary

Dilip Dandekar

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Hirofumi Iwatsu

Takeo Iguchi

Hiroaki Takayama

Chairman & Mg. Director

Jt. Managing Director

Executive Director

Executive Director

Executive Director

Director

Consolidated Cash Flow for the year ended 31st March, 2012

	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	14.76	1,179.30
Adjustments for:		
Depreciation	730.35	667.59
Foreign Exchange (Unrealised)	31.89	4.86
(Profit)/Loss on disposal of Fixed Assets	23.10	5.90
(Profit)/Loss on Sale of Investments	(4.00)	—
Provisions/Reversals thereof	(54.47)	54.47
Finance Costs	663.39	731.14
Interest/Dividend Accrued	(63.09)	(8.02)
Operating Profit before Working Capital changes	1,341.93	2,635.24
Adjustments for:		
Inventories	(3,195.13)	(195.71)
Trade Receivables	(811.24)	(591.72)
Loans and Advances	(111.21)	67.91
Trade Payables	130.06	962.76
Other Current Liabilities	266.94	(201.65)
Share of Income of Associates	(0.16)	(2.52)
Changes in Working Capital	(3,720.74)	39.07
Cash generated from Operations	(2,378.81)	2,674.31
Direct taxes paid	(270.93)	(369.86)
Net cash from operating activities	(2,649.74)	2,304.45
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including advances)	(994.80)	(1,616.28)
Sale of Fixed Assets	4.91	9.97
(Purchase)/Sale of Investments	11.84	(4.73)
Interest received	22.33	6.27
Dividend received	1.70	1.70
Net cash used in Investing Activities	(954.02)	(1,603.07)



	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures	(193.61)	106.03
(Net of repayments)		
Preferential Issue of Share Capital	5,893.93	—
Issue of Shares under 'Camlin Employees Stock Option Scheme 2008' (ESOP 2008)	85.19	129.76
Capital Subsidy Received	—	27.50
Finance Costs paid	(666.17)	(732.71)
Dividend Paid	(152.34)	(297.94)
Net cash used in Financing Activities	4,967.00	(767.36)
D. UNREALISED FOREIGN EXCHANGE FLUCTUATION		
	(31.89)	(4.86)
NET INCREASE/(DECREASE) IN CASH AND	1,331.35	(70.84)
CASH EQUIVALENTS		
Cash and Cash Equivalents (Opening Balance)	140.31	211.15
Cash and Cash Equivalents (Closing Balance)	* 1,471.66	140.31
* Includes ₹ 510.00 Lacs pledged with Banks		

As per our report of even date annexed.

For B.K. Khare & Co.

Chartered Accountants

Chetan Badal

Chief Financial Officer

Dilip Dandekar

Shriram Dandekar

Chairman & Mg. Director

Jt. Managing Director

Nobuchika Doi

Hirofumi Iwatsu

Takeo Iguchi

Hiroaki Takayama

Executive Director

Executive Director

Executive Director

Director

Dilip Bapat

Partner

(M. No. 30388)

(Firm Registration No. 105102W)

Mumbai

Dated: 10th May, 2012

Ravindra Damle

V. P. (Corporate) &

Company Secretary

Notes forming part of the Consolidated Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A. Principles of consolidation:

- (i) The consolidated financial statements relate to KOKUYO CAMLIN LIMITED (the Company), its Subsidiary and Associate Companies. The consolidated financial statements have been prepared on the following basis.

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

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

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

The subsidiary companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of voting power held on 31 st March 2012
Camlin International Ltd.	India	100%
Camlin Alphakids Ltd.	India	100%

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

B. Fixed Assets:

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

Leasehold Improvement	Over lease period.
Furniture Fixtures & Electrical Fittings	Over lease period.
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956.

C. Investments:

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

**D. Valuation of Inventories:**

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

E. Excise Duty:

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

F. Foreign Currency Transactions:

- (i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.
- (ii) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of contract is recognised as income or expense over the period of the contract.
- (iii) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

G. Research and Development:

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

H. Employee Benefits:

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

I. Revenue/Expense Recognition:

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

J. Borrowing Cost:

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

K. Contingent Liabilities:

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

L. Accounting for Taxes on Income:

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

Notes forming part of the Consolidated Financial Statements

M. Earning Per Share:

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

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
2. SHARE CAPITAL		
Authorised		
10,00,00,000 Equity Shares of ₹ 1/- each	1,000.00	1,000.00

(a) Issued, Subscribed & Paid-up

6,89,01,575 Equity Shares of ₹ 1/- each (6,10,64,537 Equity Shares of ₹ 1/- each)	689.02	610.65
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Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31.03.2012		31.03.2011	
	No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
At the beginning of the year	6,10,64,537	610.65	6,02,53,525	602.54
Issued during the year-ESOP	9,03,038	9.03	8,11,012	8.11
Issued during the year-Preferential Allotment of Equity Shares	69,34,000	69.34	—	—
Outstanding at the end of the year	6,89,01,575	689.02	6,10,64,537	610.65

(i) Terms/rights attached to equity shares

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

- (ii) The Company has issued 69,34,000 equity shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of share premium of ₹ 84/- per share) on preferential basis to KOKUYO S&T Co., Ltd. a company incorporated under laws of Japan. The said shares have lock in period of one year from the date of allotment i.e. from 8th July, 2011.

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

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

	No. of shares	
	31.03.2012	31.03.2011
KOKUYO S&T Co., Ltd. Japan	3,48,36,220	—

(iv) Details of shareholders holding more than 5% shares in the company

Name of the share holders	No. of shares
As on March 31, 2012	
KOKUYO S&T Co., Ltd. Japan	3,48,36,220
As on March 31, 2011	
Golden Oak(Mauritius) Limited	60,50,000
Anagha Advisors LLP	60,00,000

(v) Shares reserves for issue under ESOP options

3,55,125 ESOPs, entitled to issue of one equity share for one ESOP at issue price of ₹ 16/- per share, are awaiting exercise of the option as on March 31, 2012.

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
2.(b) RESERVES AND SURPLUS		
(i) Capital Reserve		
As per last Balance Sheet	52.70	25.20
Additions during the year	—	27.50
	52.70	52.70
(ii) Share Premium Account		
As per last Balance Sheet	2,139.68	2,018.03
Received during the year	5,900.52	121.65
	8,040.20	2,139.68
(iii) General Reserve		
As per last Balance Sheet	2,034.34	1,934.34
Additions during the year	30.00	100.00
	2,064.34	2,034.34
(iv) Surplus in the statement of profit and loss		
Balance as per last financial statement	2,172.32	1,594.04
Add: Profit/(Loss) for the year	(9.77)	857.13
Less: Proposed Dividend	—	152.66
: Corporate Dividend Tax	—	25.94
: Transfer to General Reserve	30.00	100.00
: Dividend paid for previous year	—	0.21
: Corporate tax thereon	—	0.04
Net surplus in the statement of profit and loss	2,132.55	2,172.32
3. SHARE APPLICATION MONEY PENDING ALLOTMENT	0.23	—
	0.23	—
4. NON-CURRENT LIABILITIES		
(a) Long-term borrowings		
(i) Loan from – Banks (Secured)	14.31	310.61
(ii) – Others (Secured)	3.28	1.92
	17.59	312.53
(b) Deferred tax liability (net) [Ref. Note no. 25 (ii)]	75.45	134.89
(c) Other long-term liabilities		
Security Deposits	809.80	775.64
	809.80	775.64

(i)a. Loan from Banks

Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future. Vehicle Loans are secured by hypothecation of related vehicles. These loans are repayable in 60 equated monthly installments.

(i)b. Loan from Financial Institutions

Vehicle Loans are secured by hypothecation of related vehicles. These loans are repayable in 60 equated monthly installments.

Notes forming part of the Consolidated Financial Statements

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
5. CURRENT LIABILITIES		
(a) Short-term borrowings		
(i) Bank Overdrafts (Secured)	3,212.49	3,247.10
(ii) Short Term Loan from Bank (Unsecured)	914.74	490.52
	4127.23	3737.62
Bank overdrafts are secured by hypothecation of stocks and book debts as also mortgage/hypothecation of specified immovable and movable Fixed Assets of the Company by way of Second Charge. The bank overdrafts is repayable on demand.		
(b) Trade payables		
Trade payables (including acceptances)	6,287.65	6,157.59
(c) Others		
(i) Current Maturities of Long Term Borrowings – Banks	15.95	304.02
– Others	1.15	1.36
(ii) Trade Advances	99.94	134.08
(iii) Employee Dues [include arrears of ₹ 105.06 Lacs (Nil), since paid]	535.30	326.27
(iv) Security Deposits	52.03	11.65
(v) Statutory Liabilities	113.95	140.02
(vi) Interest Accrued and due on loans	3.91	6.69
(vii) Investor Education and Protection fund will be credited by following amounts (as and when due)		
1. Unclaimed Dividends	15.23	14.91
2. Unclaimed Fixed Deposits	1.19	2.09
3. Unclaimed Interest on Fixed Deposits	1.09	1.80
(viii) Others	92.96	70.22
	932.70	1,013.11
(d) Short-term provisions		
(i) Excise Duty	23.06	23.50
(ii) Taxation (Net of taxes paid)	—	13.84
(iii) Employees' Benefits	195.62	172.73
(iv) Proposed Dividend	—	152.66
(v) Corporate Dividend Tax	—	25.94
	218.68	388.67

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

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Disposals/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Freehold Land	2.73	—	—	2.73	—	—	—	—	2.73	2.73
Leasehold Land	187.29	—	—	187.29	10.66	1.93	—	12.59	174.70	176.63
Site Development	22.47	—	—	22.47	2.42	0.37	—	2.79	19.68	20.05
Building & Shed	1,604.54	46.13	—	1,650.67	206.61	68.42	—	275.03	1,375.64	1,397.93
Plant, Machinery & Equipment	7,369.34	711.75	110.11	7,970.98	3,007.87	515.93	102.98	3,420.82	4,550.16	4,361.47
Office Machinery	403.64	34.27	27.88	410.03	207.21	40.55	23.90	223.86	186.17	196.43
ERP Hardware Cost	186.61	—	—	186.61	159.23	15.55	—	174.78	11.83	27.38
Furniture & Fittings	423.37	47.16	17.29	453.24	175.39	34.58	4.65	205.32	247.92	247.98
Vehicles	235.57	13.18	18.20	230.55	81.79	21.29	13.94	89.14	141.41	153.78
Total	10,435.56	852.49	173.48	11,114.57	3,851.18	698.62	145.47	4,404.33	6,710.22	6,584.38
Previous Year	8,918.43	1,709.77	192.64	10,435.56	3,400.20	637.44	176.77	3,860.89	6,574.69	5,522.74

(ii) Intangible assets

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Disposals/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
ERP Software Cost	128.23	12.54	—	140.77	80.33	31.73	—	112.06	28.71	47.90
Total	128.23	12.54	—	140.77	80.33	31.73	—	112.06	28.71	47.90
Previous Year	128.23	—	—	128.23	40.49	30.15	—	70.64	57.59	83.23

(iii) Capital work-in-progress	38.31	40.59
	6,777.24	6,672.87

Notes forming part of the Consolidated Financial Statements

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
6. (b) NON-CURRENT INVESTMENTS		
Investments in Equity Instruments		
I. Quoted		
4,00,000 Shares of ₹ 2/- each in Camlin Fine Sciences Ltd. [Market Value ₹ 89.60 Lacs (54.40 Lacs)]	9.73	9.73
II. Trade		
(a) 4,000 Equity Shares of ₹ 100/- each in Triveni Pencils Ltd. \$	—	—
(b) 2,150 Equity Shares of ₹ 100/- each in Excella Pencils Ltd.	2.15	2.15
Add: Share of post acquisition profit	38.05	37.89
(c) 10,000 Equity Shares of ₹ 10/- each in Sicom Ltd.	—	8.00
(d) 5,22,000 Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd. \$	—	—
\$ Valued at ₹ Nil as accumulated losses as on March 31, 2012 exceed the net worth of the Companies.		
	49.93	57.77
(c) Long-term Loans and Advances		
(i) Capital Advances	209.24	77.19
(ii) Security Deposits	421.77	383.18
(iii) Excise Deposits	172.67	174.33
(iv) Loans and Advances to related party Mayur Colours Ltd.	43.92	31.08
(v) Others	—	54.47
	847.60	720.25
Less: Allowance for Doubtful Loans and Advances	—	54.47
	847.60	665.78
7. CURRENT ASSETS		
(a) Inventories		
(i) Raw Materials [includes in transit ₹ 0.14 Lacs (₹ 2.35 Lacs)]	797.01	777.84
(ii) Packing Materials [includes in transit ₹ 208.00 Lacs (₹ 2.89 Lacs)]	1,701.29	1,394.00
(iii) Work-in-Process [includes in transit ₹ 1.19 Lacs (₹ 3.02 Lacs)]	1,027.58	764.55
(iv) Finished Goods [includes in transit ₹ 120.57 Lacs (₹ 28.94 Lacs)]	2,686.47	1,650.15
(v) Stock-in-Trade [includes in transit ₹ 300.61 Lacs (₹ 44.04 Lacs)]	3,039.59	1,470.27
	9,251.94	6,056.81

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
(b) Trade receivables		
Unsecured		
(i) Other Receivables		
Outstanding for a period exceeding six months from the due date		
1. Considered Good	573.25	160.12
2. Considered Doubtful	139.22	90.43
(ii) Other Debts - Considered Good	5,659.57	5,261.46
	6,372.04	5,512.01
Less: Allowance for doubtful receivables	139.22	90.43
	6,232.82	5,421.58
(c) Cash and cash equivalents		
(i) Balances with banks		
1. Maturing after twelve months	5.50	4.70
2. Deposits secured against borrowings	510.00	—
3. Staff Security Deposits	7.86	7.58
4. Earmarked for payment of Dividends/Interest on Fixed Deposits	16.32	16.49
5. Other balances	925.25	102.74
(ii) Cash on Hand	6.73	8.80
	1,471.66	140.31
(d) Short-term Loans and Advances		
UNSECURED (Considered Good)		
(i) Advances to Related Parties	5.02	23.74
(ii) Trade Advances	110.29	45.43
(iii) Prepaid Expenses	128.90	99.67
(iv) Income Tax (net of provisions)	147.34	—
(v) Deposits, balances and input credits for other taxes and duties	212.52	281.06
(vi) Other advances	173.78	64.67
	777.85	514.57
(e) Other non-current assets		
Interest accrued on Deposits	39.11	0.05
	39.11	0.05

Notes forming part of the Consolidated Financial Statements

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
8. REVENUE FROM OPERATIONS		
Sale of Products [Refer Note No. 11(i)]	39,570.69	36,579.51
Add: Other Operating Revenues	343.35	196.77
Revenue from Operations (Gross)	39,914.04	36,776.28
Less: Excise Duty - [Net of Rebate] [Refer Note No. 18]	1,340.29	864.65
Revenue from Operations (Net)	38,573.75	35,911.63
9. OTHER INCOME		
(i) Interest	61.39	6.32
(ii) Dividend on Trade Investments	1.70	1.70
(iii) Profit on Sale of Investment	4.00	—
(iv) Profit on Sale of Assets	0.74	—
(v) Miscellaneous Receipts	0.29	0.43
	68.12	8.45
10. COST OF MATERIALS		
Colours/Pigments	1,649.55	1,240.95
Chemicals	1,734.33	1,178.13
Components	2,632.78	2,306.66
Containers	3,587.68	2,936.52
Others	4,564.78	4,957.37
	14,169.12	12,619.63
11. PURCHASE OF STOCK-IN-TRADE		
(i) Stationery Items	11,519.32	9,053.64
(ii) Chemical and Chemical Products	1,685.99	1,415.65
	13,205.31	10,469.29
12. CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Stocks as per last Balance Sheet		
Work-in-Process	764.55	574.26
Stock-in-Trade	1,470.27	1,674.45
Finished Goods	1,650.15	1,738.39
	3,884.97	3,987.10
Less:		
Closing Stock as at year end		
Work-in-Process	1,027.58	764.55
Stock-in-Trade	3,039.59	1,470.27
Finished Goods	2,686.47	1,650.15
	6,753.64	3,884.97
	(2,868.67)	102.13

	31.03.2012 (₹ in Lacs)	31.03.2011 (₹ in Lacs)
13. EMPLOYEE COST		
Salaries, Wages and Bonus	3,802.48	3,092.21
Contribution to Provident & other funds [Refer Note No. 21 iv]	218.68	304.81
Staff and Labour Welfare	181.81	137.44
	4,202.97	3,534.46
14. FINANCE COSTS		
Interest Expense on Debts and Borrowings [Included Interest earn on Time Deposits pledged with the Bank of ₹ 131.85 Lacs (Nil)]	405.58	559.25
Interest Expense relating to Taxes and Duties	4.87	0.17
Other Borrowing Costs	252.94	171.72
	663.39	731.14
15. OTHER EXPENSES		
Power and Fuel	353.79	289.31
Job work charges	599.43	540.58
Repairs		
— Building	37.54	6.16
— Machinery	61.84	50.88
Rent	742.04	545.67
Rates and Taxes	27.27	17.47
Net losses/(gains) in respect of translations of foreign currencies	(31.39)	12.41
Insurance	64.88	59.64
Advertisement and Sale Promotion	2,095.78	1,480.00
Transport & Forwarding Charges	1,480.53	1,205.14
Commission/Discount/Service Charges on Sales	723.93	557.26
Travelling & Conveyance	801.45	589.44
Payment to Auditors	22.37	20.70
Miscellaneous Expenses	1,599.81	1,189.93
	8,579.27	6,564.59
Payment to Auditors		
(a) Audit fees for Standalone Accounts	11.12	9.10
(b) Audit fees for Consolidated Accounts	2.50	2.50
(c) Tax Audit Fees	2.50	2.00
(d) Vat Audit Fees	3.20	3.20
(e) Consultancy services	1.00	3.00
(f) Certifications	1.10	3.49
(g) Reimbursement of expenses	0.95	0.45
	22.37	23.74
16. EXCEPTIONAL ITEM:		
Provision or diminution in value of Investment/doubtful advances	—	(106.67)
Reversal of provision for doubtful advances in respect of a related party	54.47	—
	54.47	(106.67)

Notes forming part of the Consolidated Financial Statements

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

(i) Contingent Liabilities:

1. Claims against the Company not acknowledged as debts ₹ 317.97 Lacs (₹ 309.79 Lacs).
2. Other money for which the Company is contingently liable ₹ 23.42 Lacs (₹ 26.73 Lacs).

(ii) Commitments:

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 291.95 Lacs (₹ 256.28 Lacs).
- (ii) Corporate Guarantees given to the banker of a Related Party ColArt Camlin Canvas Pvt. Ltd. ₹ 150.00 Lacs (₹ 150.00 Lacs).

18. EXCISE REMISSION AT JAMMU:

- (a) The Hon'ble Jammu and Kashmir High Court delivered a judgement dated December 23, 2010 quashing the Excise Notification, applicable to the undertakings set up in Jammu, which restricted the quantum of excise duty remission and upheld the entitlement to total exemption from excise duty. In view of the legal advice confirming the Company's right to such total exemption on the grounds laid down in the judgement of the High Court, rebate of excise duty, being the duty on assessable value of goods, net of Cenvat Credit on inputs, of ₹ 335.17 Lacs (₹ 341.33 Lacs), is recognised as revenue and accrued as income from the operations. The cumulative amount of remission as on March 31, 2012, so recognised is ₹ 778.80 Lacs (₹ 443.63 Lacs).
- (b) A writ petition was also filed by the Company praying the quashing the impugned notification in its case. Pending the final disposal of the petition filed by the Company, the Hon'ble High Court has directed the authorities to refrain from giving effect to the said notification in its case.

19. UNHEDGED FOREIGN EXCHANGE EXPOSURE:

The unhedged exposure of foreign currency transactions is as follows:

On Account of		Currency	2011-12	2010-11
(a)	Sundry Debtors	(USD)	7.34	8.26
(b)	Sundry Creditors	(USD)	1.36	1.12
		(GBP)	—	0.13
		(YEN)	207.08	135.38
		(EUR)	—	0.07

20. EQUITY SHARES:

- (i) During the year, the Company has allotted 69,34,000 Equity Shares of ₹ 1/- each at a price of ₹ 85/- per share (inclusive of Share Premium of ₹ 84/- per share) aggregating to ₹ 5,893.30 Lacs on Preferential basis to KOKUYO S&T Co., Ltd. on the terms and conditions approved by the Members at the Extra Ordinary General Meeting held on June 29th, 2011. The Company has also allotted 9,03,038 Equity Shares of ₹ 1/- each at a price of ₹ 16/- per share to its employees under "Camlin Employees Stock Option Scheme 2008" (ESOP 2008). Accordingly the paid up capital of the Company increased from ₹ 610.65 Lacs to ₹ 689.02 Lacs and share premium has increased from ₹ 2,139.68 Lacs to ₹ 8,040.20 Lacs.
- (ii) The utilisation of funds received by way of preferential allotment:

	(₹ Lacs)
Funds raised on preferential allotment	5,893.90
Capital Expenditure	644.94
Repayment of Long Term Loans	490.00
Working Capital	3,733.96
Time Deposit with Banks (includes Deposit of ₹ 510 Lacs pledged as security to replace high cost debt with low cost debt)	1,025.00
Total	5,893.90

21. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS**(i) Total Lease Rentals on account of operating leases payable are as follows:**

		(₹ in Lacs)
(a)	Payable not later than 1 year	164.90
(b)	Payable later than 1 year and not later than 5 years	533.02
(c)	Payable Later than 5 years	Nil

(ii) Deferred Taxes:

Major items of Deferred Tax Liabilities and Deferred Tax Assets

		(₹ Lacs)	
Particulars	Opening Balance as on 01.04.2011	Increase/ (Decrease) During the year	Closing Balance as on 31.03.2012
Liabilities:			
Depreciation	434.30	85.63	519.93
Sub-total	434.30	85.63	519.93
Assets:			
Provision for doubtful debts/Leave Encashment	97.57	17.91	115.48
Expenses Allowable	157.80	127.17	284.97
Unabsorbed Depreciation*	8.43	—	8.43
Unabsorbed business loss*	35.60	—	35.60
Sub-total	299.40	145.08	444.48
Net Deferred Tax Liability/(Asset)	134.89	59.44	75.45

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

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

	2011-12	2010-11
Net Profit/(Loss) after Tax – ₹ Lacs	(9.77)	857.13
Issued and Paid-up Equity Shares (Nos.)	6,89,01,575	6,10,64,537
Weighted average of Number of Equity Shares used in computing basic earnings per share (Nos.)	6,65,91,285	6,06,37,189
Weighted average of Number of Equity Shares used in computing diluted earnings per share (Nos.)	6,70,21,121	6,15,57,547
Earnings per Share – Basic ₹	(0.01)	1.41
Earnings per Share – Diluted ₹	(0.01)	1.39

Notes forming part of the Consolidated Financial Statements

(iv) Retirement Benefits:

Defined Contribution Plans:

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

Defined Benefit Plan:

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

Retirement Benefits

Gratuity

Description of the Plan:

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

Principal actuarial assumptions:

	2011-12	2010-11	2009-10	2008-09	2007-08
Discount rate	8.50%	8.25%	8.25%	7.50%	8.50%
Rate of Return on Plan Assets	8.60%	8.00%	8.00%	8.00%	8.00%

Reconciliation of Benefit Obligation:

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the beginning of the year	750.64	682.98	487.74	425.58	399.72
Interest Cost	60.05	56.35	36.58	36.93	34.52
Current Service Cost	30.54	34.18	31.60	29.08	24.17
Past Service Cost	—	—	108.73	—	—
Benefit Paid	(172.07)	(77.67)	(45.16)	(40.25)	(35.55)
Actuarial (Gain)/Loss on Obligations	(63.71)	54.80	63.49	36.39	2.72
Liability at the end of the year	605.45	750.64	682.98	487.74	425.58
Value of Plan Assets at the end of the year	658.16	730.83	698.74	650.36	478.83

Reconciliation of value of Plan Assets:

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Value of Plan Assets at the beginning of the year	730.83	698.74	650.36	563.56	410.21
Return on Plan Assets	55.27	55.90	52.97	49.54	36.68
Contributions	31.95	47.12	34.32	75.92	66.04
Benefit Paid	(172.07)	(77.67)	(45.16)	(40.25)	(36.55)
Actuarial (Gain)/Loss on Obligations	12.20	6.74	6.25	1.58	1.44
Value of Plan Assets at the end of the year	658.16	730.83	698.74	650.36	478.83

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	30.54	34.18	31.60	29.09	24.17
Past Service Cost	—	—	108.73	—	—
Interest Cost	60.05	56.35	36.58	36.94	34.52
Return on Plan Assets	(55.26)	(55.90)	(52.97)	(49.55)	(36.68)
Net Actuarial (Gain)/Loss recognised	(75.90)	48.06	57.25	34.81	1.28
Expenses recognised in Profit and Loss Account	(40.58)	82.68	181.18	51.28	23.29

(v) Related Parties Disclosures: (as certified by the management)**(a) Associate Companies:**

	Name of the Related Party	Nature of Relationship
1.	Kokuyo S&T Co., Ltd.	Holding Company
2.	ColArt Camlin Canvas Pvt. Ltd.	Associate
3.	CAFCO Consultants Ltd.	Associate
4.	Camart Industries Ltd.	Associate
5.	Camellia Management Services LLP	Associate
6.	Camellia Infotech Ltd.	Associate
7.	Camlidhan Investments Pvt. Ltd.	Associate
8.	Camlink Agencies LLP	Associate
9.	Camlink Consultants Pvt. Ltd.	Associate
10.	Dandekar Developers LLP	Associate

Notes forming part of the Consolidated Financial Statements

Name of the Related Party		Nature of Relationship
11.	Dandekar Investments & Consultants Pvt. Ltd.	Associate
12.	Dandekar Print Pack Pvt. Ltd.	Associate
13.	DDI Consultants Pvt. Ltd.	Associate
14.	Excella Pencils Ltd.	Associate
15.	Camlin Fine Sciences Ltd.	Associate
16.	Nilmac Packaging Industries Ltd.	Associate
17.	Camlihan Enterprises Pvt. Ltd.	Associate
18.	Triveni Pencils Ltd.	Associate
19.	Mayur Colours Limited	Associate
20.	Vibha Agencies Pvt. Ltd.	Associate

(b) Key Management Personnel and their Relatives:

Name of the Person		Nature of Relationship
Key Management Personnel		
	Mr. Dilip Dandekar	Chairman & Managing Director (C.M.D)
*	Mr. Rajiv Dandekar	Joint Managing Director
+	Mr. Shriram Dandekar	Joint Managing Director (J.M.D)
*	Mr. Deepak Dandekar	Executive Director
\$	Mr. Nobuchika Doi	Executive Director
\$	Mr. Hirofumi Iwatsu	Executive Director
\$	Mr. Takeo Iguchi	Executive Director
Relatives		
	Mr. Subhash. Dandekar	Chairman Emeritus and brother of C.M.D
	Mrs. Aditi Dighe	General Manager(Marketing) and daughter of C.M.D.
	Mr. Rahul Dandekar	Asst. Product Manager -Scholastic Colour and son of C.M.D.
	Mr. Nikhil Dandekar	Management Trainee and son of J.M.D.
*	Ceased to be director w.e.f. October 19, 2011	
\$	Appointed as a whole time director on October 19, 2011 w.e.f. November 1, 2011	
+	Redesignated as Jt. Managing Director w.e.f. October 19 th , 2011.	

**(c) Transactions with Associate Companies:**

(₹ in Lacs)

Particulars	Associate Companies	2011-12
Purchase of goods	Excella Pencils Ltd.	2,350.45
	Others	65.41
	Total	2,415.85
		(2,065.71)
Sale of goods	Excella Pencils Ltd.	112.60
	Others	13.05
	Total	125.64
		(119.91)
Receiving Services	Mayur Colours Limited	186.86
	Nilmac Packaging Industries Ltd.	137.47
	Others	0.84
	Total	325.17
		(311.38)
Rendering Services	Excella Pencils Ltd	0.15
	Triveni Pencils Ltd.	0.15
	Mayur Colours Limited	0.15
	Others	0.57
	Total	1.02
		(0.87)
Interest Received	Colart Camlin Canvas Pvt. Ltd.	3.86
	Mayur Colours Ltd.	2.18
	Total	6.04
		(6.04)
Dividend Paid	Camart Industries Ltd.	8.31
	Cafco Consultants Ltd.	2.34
	Others	5.25
	Total	15.91
		(31.81)
Dividend Received	Camlin Fine Sciences Ltd.	1.60
	Total	1.60
		(1.65)
Payments to Key Management Personnel and their Relatives		
a. Remuneration	Mr. Dilip Dandekar	68.87
	Mr. Rajiv Dandekar	38.30
	Mr. Shriram Dandekar	56.15
	Mr. Deepak Dandekar	39.30
	Mr. Nobuchika Doi	19.63
	Mr. Hirofumi Iwatsu	31.71
	Mr. Takeo Iguchi	31.71
	Others	20.62

Notes forming part of the Consolidated Financial Statements

(₹ in Lacs)

Particulars	Associate Companies	2011-12
b. Dividend		42.36
		348.64
		(221.53)
Net Amount Payable	Excella Pencils Ltd.	403.56
	Others	50.07
	Total	453.63
		(337.87)
Net Amount Receivable	Triveni Pencils Ltd.	116.11
	Others	49.03
	Total	165.14
		(171.82)
Loans		—
	Total	—
		(36.80)

(vii) The following are the details of the investments in Associates made by the Company:

Name of the Associates	Principal Activities	Ownership Interest and voting power	Original cost of Investment	Amount of Goodwill/ (Capital Reserve) included in original cost	Accumulated profit/(loss) at the year end	Carrying amount of Investments at the year end
Excella Pencils Ltd.	Manufacturing of writing/drawing instruments	14.33%	2.15	Nil	38.05	37.89
Triveni Pencils Ltd.	Manufacturing of writing/drawing instruments	24.43%	4.00	(15.52)	(4.00)	Nil
Colart Camlin Canvas Pvt. Ltd.	Manufacturing and export of Canvas Products	40.00%	52.20	Nil	(52.20)	Nil

23. The holding company, its subsidiary Camlin International Ltd. and all associates are engaged in the business of dealing in "Consumer Products". Though, the subsidiary viz. Camlin Alphakids Ltd. is engaged in the business of operating educational institution, the volume of operations and the assets deployed are not significant in the context of Consolidated Financial Statement. Hence, separate segment reporting has not been made under Accounting Standard (AS) 17 - "Segment Reporting" issued by the Institute of Chartered Accountants of India (ICAI).

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



KOKUYO CAMLIN LIMITED

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

Proxy Form

I/We.....of.....
being a member(s) of the above named Company, hereby appoint.....
.....of.....
or failing him.....of.....
as my/our proxy to vote for me/us on my/our behalf at the 65th Annual General Meeting of the Company
to be held at Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate,
Mumbai - 400 020 on Thursday, the 26th July, 2012 at 3.00 p.m. and at any adjournment thereof.

Folio No./DP ID & Client ID*Signature.....



Date.....

Note: Proxies must reach the Company's Registered Office not less than 48 hours before the meeting.
* Applicable for Investors holding shares in electronic form.



KOKUYO CAMLIN LIMITED

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

Attendance Slip

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

Name of the attending Member (in Block Letters)
Name of Proxy (in Block Letters).....
(To be filled in if the Proxy attends instead of the Member)
.....
.....

No. of Shares held.....
Folio Number/DP ID & Client ID*

I hereby record my presence at the 65th Annual General Meeting held at Walchand Hirachand Hall, IMC Building,
Indian Merchants Chamber Marg, Churchgate Mumbai - 400 020. on Thursday, the 26th July, 2012 at 3.00 p.m.

(To be signed at the time of handing over this slip)
*Applicable for investors holding shares in electronic form. Member's/Proxy's Signature

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

All India Camel Colour Contest — Now in Guinness Book of World Records™

All India Camel Colour Contest has been declared as the largest art competition in the world by Guinness Book of World Records™. It attracted a total of 48,50,271 students from 6,601 school across India. The All India Camel Colour Contest is the most sought after event in Indian schools since the last 38 years. The awarded paintings and the National and regional level are showcased in exhibitions in Metros and other major cities where prizes are given away.



