





Jammu Plant

**Camelart
Foundation
8th Northern Region
Art Exhibition**



**CHAIRMAN EMERITUS****Mr. Subhash D. Dandekar****BOARD OF DIRECTORS****Mr. Dilip D. Dandekar** — Chairman & Managing Director**Mr. Rajiv M. Dandekar** — Joint Managing Director**Mr. Shriram S. Dandekar** — Executive Director**Mr. Deepak M. Dandekar** — Executive Director**Mr. Ashish S. Dandekar****Mr. Govind G. Desai****Mr. Shrikrishna E. Godbole****Mr. Madhukar P. Khedkar****Mr. Premanand A. Narvekar****Mr. Shishir S. Shirgaokar****Mr. Pramod M. Sapre** — Resigned w.e.f. 24-9-2007**Mr. Dhananjay N. Mungale****Mr. Anil C. Singhvi** — Appointed w.e.f. 24-9-2007**REGISTERED OFFICE**

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

CORPORATE OFFICE

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

WORKS

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.

CHIEF FINANCIAL OFFICER**Mr. Chetan R. Badal****GENERAL MANAGER (CORPORATE)
& COMPANY SECRETARY****Mr. Ravindra V. Damle****AUDITORS****M/s. B. K. Khare & Co.**
Chartered Accountants
Mumbai.**BANKERS**Bank of Maharashtra
IDBI Bank Ltd.**REGISTRARS & TRANSFER AGENTS****M/s. Sharepro Services (India) Pvt. Ltd.**Unit: Camlin Limited,
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai 400 099.

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NOTICE is hereby given that the 61st Annual General Meeting of the Members of Camlin Limited, will be held on Thursday, the 3rd July, 2008 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate Mumbai 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Dhanajay N. Mungale, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Premanand A. Narvekar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Shishir S. Shirgaokar, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint B. K. KHARE and CO., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Anil C. Singhvi, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 24th September, 2007 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.”

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

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of

the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to Article 10 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for sub-division of the 1 (One) Equity Share of face value of Rs. 10/- each into 10 (Ten) Equity Shares of the face value of Re. 1/- (One) each and that the existing clause V of Memorandum of Association of the Company be substituted as follows:

- V. “The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 10,00,00,000 (Ten 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.”

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall include a Committee thereof) and/or the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the above resolution including but not limited to filing of necessary forms with the Registrar of Companies and other deeds/documents/writings as may be required by Depositories/Stock Exchanges, issue of new Share certificates representing the sub-divided Equity Shares with new distinctive numbers and/or crediting the Members’ Dematerialisation Accounts maintained by them with their respective Depositories, subject to the provisions laid down under the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to delegate all or any of the powers herein vested to the officials of the Company, for giving effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board and/or the Company Secretary be and are hereby authorised on behalf of the Company, to take all necessary actions which in its absolute discretion deem necessary, to resolve and settle all questions and difficulties that may arise in the sub-division of Equity Shares, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

9. 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 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing Article 3 of the Articles of Association of the Company be substituted as follows:

“The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One) each.”

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the “SEBI Guidelines”), or any statutory modification(s) or re-enactment of the Act, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to any other applicable approvals, consents, permissions and/or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, consents, permissions and/or sanctions, the approval and consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall include any ‘Compensation Committee’ or any other ‘Committee’ of the Board authorised for the purpose), to introduce and implement an ‘Camlin Employees Stock Option Scheme-2008’ (‘ESOP 2008’ or ‘the Scheme’), and to grant, offer, issue and allot in one or more tranches at any time to or to the benefit of such permanent employees of the Company (other than Promoters and Directors of the Company, whether Whole-time Directors or otherwise) as may be decided by the Board, an Option under ESOP-2008 exercisable or convertible into Equity Shares (hereinafter referred to as ‘the securities’) of the Company not exceeding in the aggregate 5% of the issued, subscribed and paid-up Equity Share Capital of the Company as on 31st March, 2008 i.e. upto 30,00,000 (Thirty Lacs) Equity Shares of Re. 1/-

(Rupee One) each (having original face value of Rs. 10/- each, now subdivided into Equity Shares of Re. 1/- each) of the Company (or such other adjusted number of Shares for any bonus issue, consolidation, sub-division or other re-organization of the capital structure of the Company as may be applicable from time to time), on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or any other applicable provisions as may be prevailing at that time.

RESOLVED FURTHER THAT:

- a. The exercise price shall be determined by the Board of Directors and/or Compensation Committee at the time of grant of an option by averaging the daily closing price of Equity Shares during the seven (7) days immediately preceding the date of grant (rounded off to the nearest rupee) on the Stock Exchange where the Shares are traded and has the highest trading volume.
- b. The Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the scheme on such terms and conditions as contained in the relevant Explanatory Statement to this Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to amendments with respect to vesting period/schedule, exercise price/period, eligibility criteria or to suspend, withdraw, terminate or revise the scheme;
- c. The securities may be allotted in accordance with the Scheme either directly or through a trust which may be set up in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable to acquire, purchase or subscribe to the Securities of the Company;
- d. The new Equity Shares to be issued and allotted upon exercise of options from time to time under ESOP-2008 shall rank pari passu inter se in all respects with the then existing Equity Shares of the Company;
- e. The Board be and is hereby authorised to take requisite steps for listing of the securities allotted under ESOP-2008 on the Stock Exchanges where the securities of the Company are listed; and
- f. For the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as may be necessary



or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to that end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

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

Dated : 27th May, 2008.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the business referred to under Item Nos. 7 to 10 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 27th June, 2008 to 3rd July, 2008 (both days inclusive).
4. The Dividend, if sanctioned, will be paid on or before 1st August, 2008 to those eligible Shareholders, whose names stand in the Register of Members as on 3rd July, 2008.
5. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or

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

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

6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 all dividends which remained unpaid or unclaimed upto the financial year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Concerned members are requested to claim the amount from the Office of the Registrar of Companies, Maharashtra, C.G.O. Complex, 2nd Floor, A Wing, CBD - Belapur, Navi Mumbai-400 614.
7. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 2000, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claims in respect of their un-encashed dividend with regard to the above dividend.
8. Members who have not encashed their dividend warrants for the financial year ended 31st March, 2001 and thereafter, may immediately approach the R&T Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the "Investors Education and Protection Fund" as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
9. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company 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 NO: 7

Mr. Anil C. Singhvi was appointed as an Additional Director of the Company on 24th September, 2007. As per the provisions of Section 260 of the Companies Act, 1956, ("Act"), he holds office only up to the date of the forthcoming Annual General Meeting of the Company, and he is eligible for appointment. As required under Section 257 of the Act, a notice has been received along with the requisite deposit in respect of the said Director, from a Member signifying his intention to propose his candidature for the appointment as a retiring Director.

Mr. Singhvi is a Senior Professional having long experience in the field of finance and treasury. In the interest of the Company, the Board considers it desirable to avail of his guidance and hence recommends the resolution for your approval.

None of the Directors except the appointee are concerned or interested in the Resolution.

ITEM NOS: 8 TO 9

In order to enhance the liquidity of the Company's Shares in the stock market and to spread it among larger public investors, the Board of Directors of the Company ("the Board") at its meeting held on 27th May, 2008, considered it desirable to sub-divide the nominal value of the Equity Shares of Rs. 10/- each into 10 Equity Shares of Re. 1/- each.

The approval of the Members of the Company is being sought to the above sub-division pursuant to Section 94 of the Companies Act, 1956. ("the Act") read with Article 10 of the Articles of Association of the Company. In view of the proposed sub-division of the nominal value of Equity Share, it is necessary to amend the existing clause V of Memorandum of Association and existing Clause 3 of Articles of Association of the Company.

The date on which the sub-division would become effective will be decided by the Board and the same would be communicated to the members, the stock exchanges and the Depositories at appropriate time.

A copy of the Memorandum and Articles of Association of the Company incorporating the proposed amendments will be available for inspection of the members of the Company at the 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.

The Directors of the Company are interested in the said resolutions to the extent of their respective Shareholding in the Company.

The Directors recommend the Resolutions for your approval.

ITEM NO: 10

Stock Options have long been recognized, as an effective instrument to align the interest of employees with those of the Company and its Shareholders, provides an opportunity to employees to Share in the growth of the Company and create long term wealth in the hands of the employees.

Your Company has always believed in rewarding its employees for their continuous hard work, dedication and support, which has led the Company on a growth path. To enable more and more employees to enjoy the fruits of the growth that the Company has witnessed in the recent past, the Board of Directors of the Company has proposed to offer employees of the Company an option to acquire Equity Shares of the Company under Camlin Employees Stock Option Scheme, 2008 (ESOP 2008 or the Scheme) so as to motivate, retain and reward eligible employees for their individual performance and efforts to improve the overall business and financial performance of the Company.

The Company has constituted a Compensation Committee to administer the Stock Option Scheme of the Company.

The face value of Shares proposed to be offered under ESOP is post sub-division of Shares approved by the members.

The following are the salient features of the scheme and various disclosures as required by Clause 6 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") and which has been approved by the Board at its meeting held on 27th May, 2008.

1. Total number of options to be granted:

The total number of options to be granted under the Scheme shall not exceed 5% of the issued, subscribed and paid-up Equity Shares of the Company as on 31st March, 2008, i.e. upto 30,00,000 (Thirty Lacs) Equity Shares of Re. 1/- each (having original face value of Rs. 10/- each, now subdivided into Equity Shares of Re. 1/- each) of the Company. In the event of any Corporate action(s) viz. bonus issue, consolidation or other reorganization of the capital structure of the Company, number of options/Shares to be issued shall undergo appropriate adjustments pursuant to the SEBI Guidelines.

Each option when exercised would be converted into one Equity Share of Re. 1/- each fully paid-up.

There is no lock-in period. Once the option is exercised and the Equity Shares are allotted, the employees can sell the same in the market as per their choice.

Any vested option(s) that lapse due to non-exercise or unvested option(s) that get cancelled due to resignation of the employees or otherwise, would be available for being regranted at a future date.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

The identification of classes of eligible employees, may be decided by the Compensation Committee of the Company from time to time who shall be entitled to participate in ESOP 2008 in the manner and on the terms and conditions as the Compensation Committee may deem fit and appropriate in their sole discretion.

Eligible employees of the Company may be granted Stock Option based on their performance and such other criteria as the Compensation Committee may in its absolute discretion decide. The options to an eligible employee will not be transferable to any other person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting, period of vesting and maximum period of vesting:

The Options granted shall vest, not earlier than one year and not later than five years from the date of grant of options, so long as the employee continues to be in the employment of the Company, as the case may be. The options shall vest with the eligible employees subject to such terms and conditions of vesting as may be decided by the Board including but not limited to certain performance metrics on the achievement of which options granted would vest in the following manner:

1 st Year after the grant of option	40%
2 nd Year after the grant of option	30%
3 rd Year after the grant of option	30%

4. Exercise Price or Pricing Formula:

The Options would be granted at an exercise price which will be determined by averaging the daily closing price of Equity Shares during the 7 days immediately preceding the date of grant (rounded off to nearest rupee).

5. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of four years from the date of vesting of options. The options will lapse if not exercised within the specified exercise period or such other period as may be decided by the Board.

The options will be exercisable by the Employees by a written application to the designated officer of the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time.

6. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employees will be specified by the Compensation Committee, and will be based on criteria such as seniority of Employee, length of service, past performance record, merit of the employee, future potential contribution by the employees and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the Scheme will depend upon the rank/designation of the employee and in any case shall be less than 1,50,000 i.e. 0.25% of the issued capital (having a face value of Re 1/- each) (excluding outstanding warrants and conversions) per such employee of the Company at the time of grant of options.

8. Taxation:

Fringe Benefit Tax (FBT) introduced by the Finance Act, 2007 on stock options in respect of all outstanding stock options would be borne by the respective employees and recovered by the Company.

Computation of Tax liability is subject to change in tax laws and the same shall be borne by the employees.

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies specified in Clause 13.1 of the SEBI Guidelines.

10. Method of option Valuation:

To calculate the stock based compensation, the Company shall use the Intrinsic Value Method of Valuation of the options granted. The Company hereby declares that it shall disclose in the Directors' Report the impact on the Profit and on EPS, the difference between the employees compensation cost computed using the intrinsic value of stock options and employee compensation cost that shall have been recognised if the Company has used fair value of stock options.

11. Interpretations:

In the Event of any ambiguity with regard to the implementation of any provision of the scheme, interpretations given by the Compensation Committee shall be final and binding on all the eligible employees.

12. Powers and Duties of the Compensation Committee:

1. To decide the criteria for grant of options to eligible employees from time to time.
2. To decide on lapsing of options granted to an employee on account of his/her performance no longer being commensurate with the highest standard expected from critical employees.
3. To decide the quantum of options to be granted per employee and to all eligible employees in the aggregate including the criteria to do so from year to year.
4. To lay down specific procedures and forms for exercising of options, payment to be made by the employees, issue of Shares etc.
5. To decide on waiver of the performance period in exceptional cases.
6. To decide the period of vesting.
7. To decide the exercise period of vested options in case of termination of employment for any reason other than misconduct.
8. To re-issue options which have lapsed due to whatsoever reason.

Camlin Employees Stock Options Scheme (ESOP 2008) setting out the terms and conditions, is 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.

As ESOP 2008 provides for issue of Equity Shares of the Company to be offered to persons other than existing Members of the Company, consent of Members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval of Members is required by way of Special Resolution. Hence, this resolution is placed before you for approval.

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

The Directors recommend the Resolutions for your approval.

Regd. Office:

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

By Order of the Board

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

Dated : 27th May, 2008.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 61st Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2008.

HIGHLIGHTS OF 2007-08:

- Net Sales of Consumer Products were at Rs. 21,377.48 lacs as compared to Rs. 17,259.36 lacs registering a robust growth of 23.86% over the previous year.
- Profit before tax from operations of Consumer Products was at Rs. 818.31 lacs as compared to Rs. 201.33 lacs registering an impressive growth of 306.45%.
- The Directors have recommended a dividend of Rs. 2.50 per share on face value of Rs. 10/- each.

FINANCIAL RESULTS:

(Rs. in Lacs)

	2007-08	2006 -07
Profit Before Tax		
– From Operations	818.31	201.33
– From Discontinued Operations	—	179.46
– From Non Recurring items	—	4350.61
Less: Extra Ordinary items		
Amortisation of VRS cost	167.98	165.38
	650.33	4566.02
Less: Provision for Tax		
– Current/FBT	280.00	798.68
– Deferred	(2.97)	122.41
– Prior Year (Net)	(10.00)	38.02
Profit After Tax	383.30	3606.91
Balance bought forward from last year	489.37	522.85
Balance Carried forward	872.67	4129.76
Transferred to:		
Proposed Dividend	150.00	120.00
Corporate Dividend Tax	25.49	20.39
General Reserve	40.00	3500.00
Balance Carried Forward	657.18	489.37
	872.67	4129.76

REVIEW OF OPERATIONS:

Your Company registered an impressive growth in Revenue and Profits during the year. Total Net Sales at Rs. 21,377.48 lacs as against Rs. 18,766.66 lacs and Profit before tax at Rs. 650.33 lacs as against Rs. 215.41 lacs (excluding non recurring items) represent a robust increase of 13.91% and 201.91% respectively, over the previous year. This increase is a combination of high growth in sales along with optimum product mix, enhanced level of operations, higher margins on new products introduced in the market and overall cost reduction measures adopted by the Company.

NEW PLANT AT JAMMU

The Company has setup a new plant at Samba Phase I, Jammu for manufacturing various types of Colours such as Poster Colours, Crylin Colours, Premium Poster Colours, Glass Colours, Ceramic Colours etc. The estimated Capital expenditure is Rs. 990.00 lacs. The civil construction work is now complete with most of the machines installed at the site. The Company has started trial production during this month and it expects to commence commercial production in the second week of June, 2008 and achieve optimum capacity in the second quarter of the current financial year.

The various tax benefits/subsidies/exemptions under Excise, Income Tax and other statutes would help the Company gain competitive advantage and thereby increase its market share.

DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs. 2.50 per share on 60,00,000 Equity Shares of Rs 10/- each, for the year ended 31st March, 2008. The total dividend outgo amounts to Rs. 150.00 lacs exclusive of Tax of Rs. 25.49 lacs to be paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE & DEVELOPMENT:

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

Indian art material market is divided into sub-segments like Paints, Mediums and Accessories. Similarly it can be categorized as per the user profile where on the top of the pyramid there is serious and high quality artist material patronised by professionals. The hobby material comes in the middle of the pyramid, which includes a very wide range of products and is used by a wide spectrum of people of all ages, regardless of the gender or education. The base is built up of the scholastic art material, including products like crayons, pastels and other economically priced products patronised by a huge population of schools and students. The market for art material in India is growing at a very healthy rate. The phenomenal rise in the recognition and appreciation of Indian art at home and abroad, has given impetus to the fine art material market. The artists are now in position and mood to use better and more expensive inputs to create the work of global standards.

Whereas Indian Stationery market, can be divided into School Stationery, Office Stationery, Paper products, and

Computer Stationery. The growth of this Market is driven by increased spend on educational sector by government, education standard getting improved and opening new categories of education for specialisation and concentration on overall development of students. The office supplies segment is also growing rapidly. Opening of new commercial offices having multi locational presence has helped the organized players with scalability to serve across locations and offer diverse range of products. All this has not only increased demand, but has shifted sales from unorganised to organised sector with premium quality products. The dominance of unorganised market in stationery segment has its impact on the profit pressure for organised sector but due to introduction of VAT and increase tax compliance, we expect a shift in sales from unorganized sector to organised sector.

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

The Company has taken certain initiatives to improve its value creation potential. Some of these initiatives are:

- Focus on products, which are at the higher end of the value chain.
- Portfolio review of businesses to aggressively support business with profitable growth potential.
- Increased spending on advertisement on T.V. media.
- Promotion of Art in India by Sponsoring "Euro Art Tour" by the Camel Art Foundation, which has gained recognition and popularity from Artists Fraternity and expanding the scope of activities of the Foundation.
- Exploring new areas for Marketing of products like Note Books, Art Accessories and tools, paintings as a part of Business Development Model through outsourcing.

OUTLOOK, OPPORTUNITIES AND THREATS, RISKS AND CONCERNS:

Continuous positive development on the economic front, rapid changes in the retail environment and an increasing consumption and aspiration levels for FMCG products present a positive way forward for your Company. The growing young population, rising middle class incomes, changing lifestyles and aspirations present a unique opportunity for a Company like yours. Increased allocations for education in the current Budget and increase in spending on education by public at large will result in strong demand for your products.

Company is also consistently enhancing its operations in an effort to expand and strengthen its competitive margin. Series of strategic initiatives will henceforth help your Company in mitigating the risks of squeeze on margins and paucity of funds for business development.

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

Nevertheless increasing competitive pressures and dumping of imported products at extremely low prices, continue to be a cause of concern for the Company. Prices of raw materials, packing materials continue to rise making an adverse impact on the margins of the some of the products, but the Company expects to increase selling prices of these products over a period of time thereby improving the margins. The year ahead looks exciting.

INFORMATION TECHNOLOGY:

The Contribution of Information Technology to your Company's operations cannot be understated. This function has contributed strongly to improved operational efficiencies, inventory minimisation, cost optimisation.

As reported in last year, your Company had undertaken Implementation of SAP. The management is pleased to inform you that your Company has successfully implemented SAP and has gone live from 1st January, 2008. The system connects factory locations, offices and depots all over India.

With the introduction of SAP your Company has a robust Business Intelligence platform which would help in improving the manufacturing efficiencies and Supply Chain Management as well as primary and secondary sales can be tracked and analysed against various parameters and benchmarks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

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

In order to reward the employees so as to enable them to participate in the future growth of the Company and create long-term wealth, Management intends to introduce Employee Stock Option Scheme to the employees of the Company. The Scheme has been approved, by the Board and the Company now seeks your approval for issue of Shares under the said scheme at the ensuing Annual General Meeting.

Agreement with Unions in Tarapur and Taloja has expired. The Company has received Charter of Demand to which management has commenced negotiations.

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

CAUTIONARY STATEMENT:

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

SUBSIDIARY COMPANIES:

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, Copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditor of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any member of the Company. As directed by the Central Government in its approval the financial data of the Subsidiaries have been annexed and forms part of this Annual Report.

PREFERENTIAL ISSUE AND INCREASE IN AUTHORISED CAPITAL:

During the year under review, members accorded approval for issue of 9,00,000 Equity Shares and 3,00,000 Equity Warrants to Foreign Institutional Investors (FIIs). Accordingly upon conversion of Warrants, the Company has allotted 12,00,000 Equity Shares of Rs. 10/- each at a price of Rs. 175/- per share to FIIs on Preferential basis in

accordance with SEBI Guidelines. These shares have been listed on Bombay Stock Exchange Limited w.e.f. 24th January, 2008. As a result of the above, the Paid-up Share Capital of the Company has increased from Rs. 480.00 lacs to Rs. 600.00 lacs.

In view of this preferential issue the Authorised Share Capital of the Company was increased from Rs. 5.00 crores to Rs. 10.00 crores by creation of additional 50,00,000 Equity Shares of Rs. 10/- each ranking pari passu in all respects with the existing Equity Shares.

SUBDIVISION OF EQUITY SHARES:

The share price of the Company has been increasing steadily over the past year. However, the trading volumes remained low. In order to improve liquidity and thereby increase the trading volumes and spread the shares among larger public investors along with institutional investors, the Board of Directors of your Company at their meeting held on 27th May, 2008 have recommended sub-division of the face value of Rs. 10/- per share to Re. 1/- per share subject to the approval of Members in the ensuing Annual General Meeting.

DEPOSITS:

The Company has not accepted any fixed deposits during the year. There are no overdue deposits except unclaimed deposits amounting to Rs. 12.29 lacs as at 31st March, 2008 out of which deposits amounting to Rs. 3.75 lacs have been repaid as on date.

DIRECTORS:

With effect from 24th September, 2007, Mr. Pramod M. Sapre relinquished his office on account of pre-occupation. Your Directors feel privileged to have had a long association with Mr. Pramod M. Sapre and express their appreciation for the valuable services rendered by him during his tenure.

Mr. Anil C. Singhvi an eminent Professional having long experience in the field of finance and treasury was appointed as an Additional Director of the Company w.e.f. 24th September, 2007. Pursuant to Section 262 of the Companies Act, 1956, he will hold office upto the ensuing Annual General Meeting. In the interest, future growth and prospects of the Company, the Directors recommend his appointment.

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

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.

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, 2008 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, 2008 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, 2008 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, 2008 on a 'going concern' basis.

SECRETARIAL AUDIT:

As directed by the Securities and Exchange Board of India (SEBI), Secretarial audit has been carried out at the specified period, by a Practicing Company Secretary. The findings of the Secretarial Audit were entirely satisfactory.

CORPORATE GOVERNANCE:

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company has transferred a sum of Rs 1.89 lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount

represents unclaimed dividend and interest on fixed deposits which remained unclaimed with the Company for a period of 7 years from their respective due dates of payment.

AUDITORS:

The retiring Auditors, B. K. KHARE and CO., Chartered Accountants, Mumbai, being eligible have given their consent for re-appointment for the year 2008-2009. You are requested to appoint them.

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

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

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

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

ACKNOWLEDGEMENT:

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

For & On behalf of the Board
DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 27th May, 2008.

ANNEXURE TO DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY:

(a) Energy conservation measures taken:

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

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

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

(c) Impact of the above matters:

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

(B) TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R & D):

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

4. Expenditure on R & D

(Rs. in Lacs)

	2007-2008	2006-2007
(a) Capital	—	—
(b) Recurring	27.20	62.98
(c) Total	27.20	62.98
(d) Total R & D Expenditure as a Percentage of total turnover	0.13	0.34

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Major countries of export are USA, Thailand, Algeria, UAE, Bangladesh, Nepal and Sri-Lanka. During the year Company has successfully penetrated Russia and has exported hobby colours and is now concentrating on exporting Fine Art Range. The company is aggressively focusing in OEM business in CIS countries like Kazakistan, Ukraine and branded business in Middle East Countries for Hobby and Fine Art products. The Company continues to focus on development of new products for export market, upgradation of existing products and improvement in quality and cost. The Company continued its participation in international exhibitions held in Europe.

(b) Total Foreign Exchange used and earned:

	(Rs. in Lacs)	
	2007-2008	2006-2007
Foreign exchange used	869.19	562.75
Foreign exchange earned	353.36	1666.56

For & On behalf of the Board
DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 27th May, 2008.

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, 2008.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

2. BOARD OF DIRECTORS:

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, 2008 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	6	8	Yes	Nil	1
Mr. Rajiv M. Dandekar Jt. Managing Director	ED	5	1	Yes	Nil	Nil
Mr. Shriram S. Dandekar Executive Director	ED	5	2	Yes	Nil	Nil
Mr. Deepak M. Dandekar Executive Director	ED	6	3	Yes	Nil	Nil
Mr. Ashish S. Dandekar	NED	3	4	No	Nil	1
Mr. Govind G. Desai	NED (I)	6	8	Yes	4	5
Mr. Shrikrishna E. Godbole	NED (I)	6	Nil	Yes	Nil	Nil
Mr. Madhukar P. Khedkar	NED (I)	5	Nil	No	Nil	Nil
Mr. Premanand A. Narvekar	NED (I)	6	3	Yes	Nil	1
Mr. Shishir S. Shirgaokar	NED (I)	5	4	Yes	Nil	Nil
Mr. Pramod M. Sapre(**)	NED (I)	3	1	Yes	Nil	1
Mr. Dhananjay N. Mungale	NED (I)	6	8	Yes	3	6
Mr. Anil C. Singhvi (***)	NED (I)	1	3	—	Nil	1

ED – Executive Director.

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

NED – Non-Executive Directors.

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

(**) Ceased to be a Director w.e.f. 24th September, 2007.

(***) Appointed as an Additional Director w.e.f. 24th September, 2007.

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

Number of Board Meetings:

During the year, Six (6) Board Meeting were held and the details are given below:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	20 th June, 2007	12	10
2.	30 th July, 2007	12	11
3.	18 th August, 2007	12	10
4.	24 th September, 2007	12	11
5.	30 th October, 2007	12	9
6.	17 th January, 2008	12	12

CODE OF CONDUCT:

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

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

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

(A) Mr. Dhananjay N. Mungale:

Mr. Dhananjay N. Mungale, Chartered Accountant and Law Graduate, Director of the Company, since 2002, has long and varied experience in the field of Banking and Investment Banking in India and abroad.

Other Directorships –

Name of the Company	Position
Inestor Advisores Pvt. Ltd.	Director
Mentor Technologies Pvt. Ltd.	Director
Snowcem Paints Pvt. Ltd.	Director
I2IT Pvt. Ltd.	Director
J P Morgan Asset Management India Pvt. Ltd.	Director
XCEL Telecom Pvt. Ltd.	Director
Chowgule Steamships Ltd.	Director
Caprihans India Ltd.	Director
Indoco Remedies Ltd.	Director
LIC Housing Finance Ltd.	Director
Mahindra & Mahindra Financial Services Ltd.	Director
Sical Logistics Ltd.	Director
Tamilnadu Petroproducts Ltd.	Director
National Organic Chemical Ltd.	Director

(B) Mr. Premanand A. Narvekar:

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

Other Directorships –

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

(C) Mr. Shishir S. Shirgaokar:

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

Other Directorships –

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

(D) Mr. Anil C. Singhvi:

Mr. Anil C. Singhvi, Chartered Accountant, Director of the Company, since 24th September 2007 has long and varied experience in the field of Finance and Treasury.

Other Directorships –

Name of the Company	Position
Ican Investments Advisors Pvt. Ltd.	Director
Pathfinder Advisors Pvt. Ltd.	Director
Mirae Asset India Investment Company Pvt. Ltd.	Director
Anagha Investments Pvt. Ltd.	Director
NCDEX Spot Exchange Ltd.	Director
Hindustan Constructions Company Ltd.	Director
IDFC-SSKI Securities Ltd.	Director

COMMITTEES OF THE BOARD:

The Board of Directors has constituted four Committees : Audit Committee, Shareholders/Investors Grievance Committee, Remuneration Committee and Compensation Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Shareholders/Investors Grievance Committee, Remuneration Committee and Compensation Committee are placed before the Board for their discussions and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these Committees are given below :

3. AUDIT COMMITTEE:

Composition, meetings and attendance during the year:

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

During the financial year, Four (4) meetings of the Audit Committee were held on 20th June, 2007, 30th July, 2007, 30th October, 2007 and 16th January, 2008.

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

Name	Designation	Category	No. of Meetings attended
Mr. Dhananjay N. Mungale	Chairman	NED (I)	4
Mr. Madhukar P. Khedkar	Member	NED (I)	3
Mr. Premanand A. Narvekar	Member	NED (I)	4
Mr. Anil C. Singhvi (*)	Member	NED (I)	1

(*) Appointed as a Member w.e.f. 24th September, 2007.

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

Terms of reference:

The Terms of reference to this committee, interalia covers all the matters specified under Clause 49 of the Listing Agreement with the stock exchange as well as in Section 292(A) of the Companies Act 1956. Besides, other terms as may be referred by the Board of Directors. 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 COMMITTEE:

Composition, Meetings and the Attendance during the year.

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

During the financial year 2007-2008, two (2) meeting of the Committee were held on 11th June, 2007 and 18th June, 2007.

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

Name	Designation	Category	No. of Meetings attended
Mr. Shishir S. Shirgaokar	Chairman	NED (I)	2
Mr. Govind G. Desai	Member	NED (I)	2
Mr. Premanand A. Narvekar	Member	NED (I)	2
Mr. Pramod M. Sapre (*)	Member	NED (I)	2

(*) Ceased to be a Member w.e.f. 24th September, 2007.

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 and while approving:-

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

Remuneration Policy:

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

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

Remuneration to Directors:

(A) Executive Directors:

Following is the Remuneration paid to the Executive Directors for the financial year ended 31st March, 2008:

(Rs. in Lacs)

Name	Salary Including HRA	Perquisites#	Total
Mr. Dilip D. Dandekar	33.84	1.21	35.05
Mr. Rajiv M. Dandekar	32.40	1.49	33.89
Mr. Shriram S. Dandekar	32.40	1.50	33.90
Mr. Deepak M. Dandekar	32.40	1.47	33.87

Perquisites interalia, include reimbursement of expenses/allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession, club fees, provision of car with 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 at the end of their tenure as per the rules of the Company.

Agreement for the period of three (3) years w.e.f. 1st April, 2007 have been separately entered into with each of the Executive Directors.

(B) NON-EXECUTIVE DIRECTORS:

The Company does not pay any remuneration to Non-Executive Directors except sitting fees for attending the meetings of the Board/Committee of the Board and reimbursement of travelling and conveyance for attending such meetings. The details of payment of sitting fees to Non-Executive Directors during the year 2007-2008 are given below:

Name	Sitting Fees (Rs.)					Total
	Board	Audit Committee	Remuneration Committee	Shareholders/ Investors Grievance Committee	Compensation Committee	
Mr. Govind G. Desai	54,000	—	6,000	18,000	5,000	83,000
Mr. Shrikrishna E. Godbole	54,000	—	—	18,000	—	72,000
Mr. Madhukar P. Khedkar	50,000	30,000	—	—	—	80,000
Mr. Premanand A. Narvekar	54,000	34,000	6,000	—	—	94,000
Mr. Shishir S. Shirgaokar	44,000	—	6,000	18,000	5,000	73,000
Mr. Pramod M. Sapre	24,000	—	6,000	—	—	30,000
Mr. Dhananjay N. Mungale	54,000	34,000	—	—	5,000	93,000
Mr. Anil C. Singhvi	10,000	10,000	—	—	5,000	25,000
Mr. Ashish S. Dandekar	30,000	—	—	—	—	30,000
GRAND TOTAL	3,74,000	1,08,000	24,000	54,000	20,000	5,80,000

In addition to the above fees, Mr. Dhananjay N. Mungale was paid sitting fees of Rs. 10,000/- during the year for attending meeting of the Committee of Directors.

Details of Shareholding of Non-Executive Directors/Independent Directors as on 31st March, 2008:

Name	Shares Held
Mr. Ashish S. Dandekar	85700
Mr. Govind G. Desai	100
Mr. Shrikrishna E. Godbole	200
Mr. Madhukar P. Khedkar	—
Mr. Premanand A. Narvekar	300
Mr. Shishir S. Shirgaokar	200
Mr. Dhananjay N. Mungale	—
Mr. Anil C. Singhvi	—

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Composition, meetings and the attendance during the year.

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

During the financial year, four (4) meetings were held on 20th June, 2007, 30th July, 2007, 30th October, 2007 and 16th January, 2008.

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

Name	Designation	Category	No. of Meetings attended
Mr. Govind. G. Desai	Chairman	NED (I)	4
Mr. Shishir S. Shirgaokar	Member	NED (I)	4
Mr. Shrikrishna E. Godbole	Member	NED (I)	4
Mr. Rajiv M. Dandekar	Member	ED	4

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

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

During the year no investor complaints were received by the Company.

6. COMPENSATION COMMITTEE:

Composition, meetings and the attendance during the year

The Compensation Committee was constituted on 17th January, 2008.

During the financial year one meeting was held on 18th February, 2008.

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. Dilip D. Dandekar	Chairman	ED	1
Mr. Shriram S. Dandekar	Member	ED	1
Mr. Govind G. Desai	Member	NED (I)	1
Mr. Shishir S. Shirgaokar	Member	NED (I)	1
Mr. Dhananjay N. Mungale	Member	NED (I)	1
Mr. Anil C. Singhvi	Member	NED(I)	1

Terms of Reference

- To formulate Employees Stock Option Scheme (ESOP) and its implementation.
- To administer, supervise the detailed terms & conditions in accordance with SEBI Guidelines.

At the end of the financial year 31st March, 2008, the Company did not have any scheme for grant of Stock options to the employees of the Company.

7. GENERAL BODY MEETINGS:

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

Financial Year	Venue	Date & Time
2006-2007	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry and Agriculture, Oricon House, 12-k Dubhash Marg, Fort, Mumbai-400 001.	30 th July, 2007 at 3.00 p.m.
2005-2006	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai- 400 020.	25 th August, 2006 at 3.00 p.m.
2004-2005	Walchand Hirachand Hall, Indian Merchant Chambers Marg, Churchgate, Mumbai- 400 020	5 th September, 2005 at 3.00 p.m.

Six Special Resolutions were passed at the 58th Annual General Meeting, one Special Resolution was passed at the 59th Annual General Meeting and Six Special Resolutions were passed at the 60th Annual General Meeting.

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

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. 23 (L)(vi)(c) to the financial statements in the Annual Report.

Compliance with Regulations

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

Accounting Standards

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

Risk Management

The Board regularly reviews the risk management strategy of the Company to ensure the effectiveness of the risk management policies and procedures.

CEO/CFO Certification

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

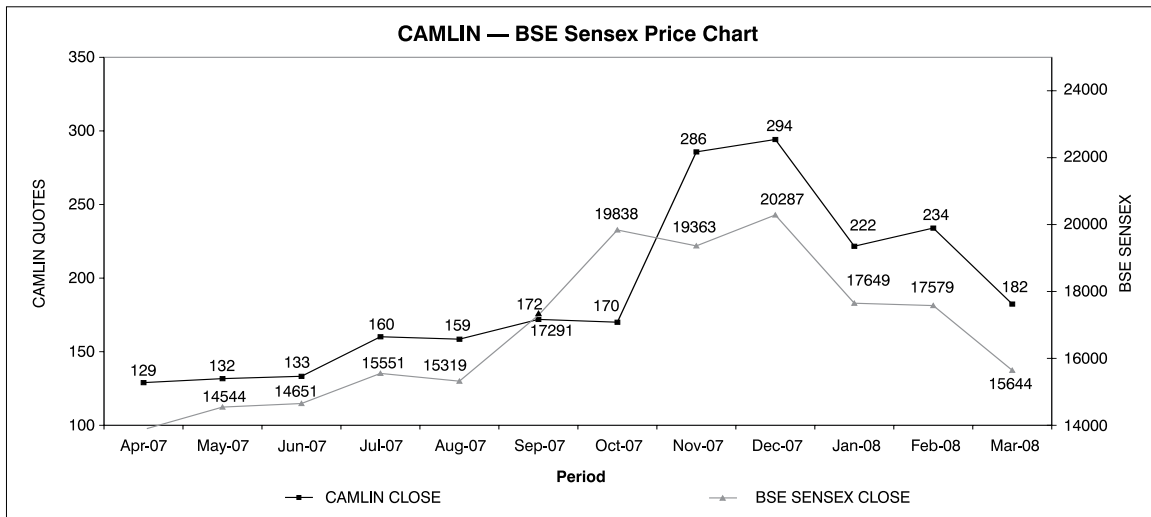
10. GENERAL SHAREHOLDER INFORMATION:

- (i) As indicated in the Notice to our Shareholders, the 61st Annual General Meeting of the Company will be held on Thursday, the 3rd July, 2008 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants’ Chamber Marg, Churchgate, Mumbai-400 020.
- (ii) Financial Calendar : Financial Reporting by:
 - Unaudited Results for the quarter Ending 30th June, 2008 : end of July, 2008.
 - Unaudited Results for the quarter Ending 30th September, 2008 : end of October, 2008.
 - Unaudited Results for the quarter ending 31st December, 2008 : end of January, 2009.
 - Audited Results for the year ending 31st March, 2009 : end of June, 2009.
- (iii) Date of Book Closure : From 27th June, 2008 to 3rd July, 2008 (both days inclusive).
- (iv) Date of Dividend Payment : on or before 1st August, 2008.
- (v) Listing of Equity Shares on Stock exchange: Bombay Stock Exchange Limited. (Stock Code 523207). The Company has paid Listing Fees till March, 2009.
- (vi) Demat ISIN in CDSL/NSDL : INE 760A01011
- (vii) Share Prices (High & Low) for the year at BSE:

Month	High (Rs)	Low (Rs)
April, 2007	153.60	116.00
May, 2007	148.00	120.00
June, 2007	153.90	130.00
July, 2007	164.95	130.90
August, 2007	189.85	145.00
September, 2007	198.00	157.70
October, 2007	175.00	144.00
November, 2007	309.00	170.00
December, 2007	312.95	268.40
January, 2008	309.00	221.65
February, 2008	251.50	160.60
March, 2008	234.00	160.40

(viii) Stock performance:

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



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

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

(x) Share Transfer System:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer 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.

(xi) Distribution of Shareholding as on 31st March, 2008:

No. of Shares	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 500	4817	93.35	678729	11.31
501-1000	124	2.40	98595	1.64
1001-2000	57	1.11	92102	1.54
2001-3000	23	0.45	59755	1.00
3001-4000	18	0.35	63032	1.05
4001-5000	7	0.13	33472	0.56
5001-10000	34	0.66	259786	4.33
10001 and above	80	1.55	4714529	78.57
Total	5160	100.00	6000000	100.00

(xii) Shareholding Pattern as on 31st March, 2008.

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	Total shareholding as a percentage of total no. of shares
(A)	Shareholding of Promoter and Promoter Group			
(I)	Indian			
a	Individuals/Hindu Undivided Family	53	1558822	25.98
b	Central Government/State Government(s)	—	—	—
c	Bodies Corporate	7	636246	10.60
d	Financial Institutions/Banks	—	—	—
e	Any Other (specify)	—	—	—
	Sub – Total (A)(I)	60	2195068	36.58

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	Total shareholding as a percentage of total no. of shares
(2)	Foreign			
a	Individuals (Non-Resident Individuals/Foreign Individuals)	3	135500	2.26
b	Bodies Corporate	—	—	
c	Institutions	—	—	
d	Any Other (Specify)	—	—	
	Sub – Total (A)(2)	3	135500	2.26
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + A(2)	63	2330568	38.84
(B)	Public Shareholding			
(1)	Institutions			
a	Mutual Funds/UTI			
b	Financial Institutions/Banks	3	430	0.01
c	Central Government/State Government(s)	—		
d	Venture Capital Funds	—		
e	Insurance Companies	—		
f	Foreign Institutional Investors	3	1238304	20.64
g	Foreign Venture Capital Investors	—	—	
h	Any other (specify)	—	—	
	Sub – Total (B)(1)	6	1238734	20.65
(2)	Non-Institutional			
a	Bodies Corporate	115	221908	3.70
b	Individuals Individual shareholders holding nominal share capital upto Rs. 1 lakh	4935	1144070	19.07
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	28	1062581	17.71
c	Non – Resident (Non-Rep.)	8	1315	0.02
	Non – Resident (Rep.)	5	824	0.01
	Sub – Total (B) (2)	5091	2430698	40.51
	Total Public Shareholding (B)(1) + (B)(2)	5097	3669432	61.16
	Total (B) = (A) + (B)	5160	6000000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
	Grand Total	5160	6000000	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 760A01011. As on 31st March, 2008, 93.97% of the total shares of the Company have been dematerialised.

(xiv) Outstanding GDR/ADR/Warrants/Options

Company had allotted 300000 Convertible Warrants on 21st September, 2007 which were converted into 300000 Equity Shares of Rs. 10/- each at a price of Rs. 175 per share (Inclusive of Rs. 165 towards Share premium) on preferential Basis to Foreign Institutional Investors. There are no outstanding Warrants as on date.

(xv) Plant Locations:

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

(xvi) Address for correspondence:

Registered Office : 9-B, Nanddeep Industrial Estate, J. B. Nagar, Andheri (East), Mumbai-400 059.
Corporate Office : Hilton House, 48/2, Central Road, MIDC, Andheri (East), Mumbai-400 093.
Tel. No. : 022-2836 0302
Fax No. : 022-2836 6579
E.mail : investorrelations@camlin.com.

(xvii) Secretarial Department:

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

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.

Remuneration Committee:

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

Shareholders Rights:

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

Audit Qualifications:

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

For & On behalf of the Board

DILIP D. DANDEKAR
Chairman & Managing Director

Place : Mumbai
Dated : 27th May, 2008.

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Members of Camlin Limited.

We have examined the compliance of conditions of Corporate Governance by Camlin Limited for the year ended on 31st March, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars & Transfer Agents and reviewed by the shareholders Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

SUNIL BHANDARI
Partner
M. No. 37388

Place : Mumbai
Date : 27th May, 2008.

AUDITORS' REPORT

TO

THE MEMBERS OF CAMLIN LIMITED

1. We have audited the attached Balance Sheet of CAMLIN LIMITED as at 31st March, 2008 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed with reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the said Balance Sheet, Profit Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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, 2008;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

SUNIL BHANDARI
Partner
M. NO. 37388

Place : Mumbai
Date : 27th May, 2008

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) We are informed that though there is a regular programme of verification of fixed assets, which is reasonable having regard to the size of the Company and the nature of its assets, no physical verification of fixed assets was carried out during the year as per the programme.
 - (c) We are of the opinion that the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (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 covered in the Register maintained under Section 301 of the Companies Act, 1956
- (a) During the year Company has not granted any loans secured or unsecured to such entities.
 - (b) During the year, the Company has not accepted any loans secured or unsecured from such entities.
 - (c) Rates of interest and other terms and conditions of unsecured loans taken from such entities are not, prima facie, prejudicial to the interest of the Company.
- (d) Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (e) There is no overdue amount of loans taken or granted to such entities.
- (iv) Internal Control system:
In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) Contracts or arrangement referred to in this Section 301 of the Companies Act, 1956:
- (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - (b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.

(vi) Public Deposits:

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

(vii) Internal Audit System:

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

(viii) Cost records:

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

(ix) Statutory Dues:

(a) Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, VAT, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(b) No undisputed amounts payable in respect of Income Tax, VAT, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31st March, 2008 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, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except in respect of (i) Excise duty of Rs. 74.36 lacs under the Central Excise Act, 1956 out of which Rs. 38.39 lacs is pending before CESTAT and Rs. 35.97 lacs with DC (Appeals), (ii) Service Tax of Rs. 1.89 lacs under the Service Tax, 1994 which is pending before the Assistant Commissioner (iii) Income tax of Rs. 97.88 lacs under the Income Tax Act, 1961 in respect of which Rs. 74.77 lacs is pending before the Tribunal and Rs. 23.11 lacs is

pending before the Commissioner of Income Tax (Appeals) and (iii) Sales Tax of Rs. 43.12 lacs which is pending before the Deputy Commissioner (Appeals).

(x) Accumulated Losses:

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

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

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

(xii) Security for Loans & Advances Granted:

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

(xiii) Special Statute:

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

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

In our opinion, 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 jointly with its JV partner M/s ColArt Fine Arts and Graphics Ltd., UK. given a corporate guarantee to a bank against a loan of Rs. 150 lacs availed by their JV M/s ColArt Camlin Canvas Pvt. Ltd., wherein both the JV partners are jointly and severally liable in the case of a default by the JV Company and prima facie, in our opinion, this corporate guarantee is not prejudicial to the interest of the Company.

(xvi) Term Loans:

Term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.

(xvii) Utilisation of Funds:

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

(xviii) Preferential Allotment of Shares:

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

(xix) Security for Debentures Issued:

Company has not issued any debentures.

(xx) Public Issue of Equity Shares:

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

(xxi) Frauds Noticed:

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

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

SUNIL BHANDARI
Partner
M. NO. 37388

Place : Mumbai
Date : 27th May, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008.

	Schedules	As at 31.03.2008 (Rs. in Lacs)	As at 31.03.2007 (Rs. in Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	600.00	480.00
Reserves and Surplus	2	4,268.28	2,108.41
		4,868.28	2,588.41
Loan Funds			
Secured Loans	3	2,025.01	1,254.44
Unsecured Loans	4	18.90	277.91
		2,043.91	1,532.35
Deferred Tax Liability (Net)		34.40	37.37
TOTAL		6,946.59	4,158.13
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	5,015.32	4,314.79
Less: Depreciation		2,864.37	2,509.82
Net Block		2,150.95	1,804.97
Capital Work In Progress including Advances		474.05	147.75
		2,625.00	1,952.72
Investments	6	98.91	98.91
Current Assets, Loans and Advances			
Inventories	7	3,928.65	3,009.58
Sundry Debtors	8	2,641.82	1,874.71
Cash and Bank Balances	9	360.10	237.38
Other Current Assets	10	7.29	11.44
Loans and Advances	11	746.95	751.74
		7,684.81	5,884.85
Less: Current Liabilities & Provisions			
Liabilities	12	3,434.97	4,002.98
Provisions	13	362.22	278.41
		3,797.19	4,281.39
Net Current Assets		3,887.62	1,603.46
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	335.06	503.04
TOTAL		6,946.59	4,158.13

Schedules 1 to 25 forming part of Accounts

As per our report of even date annexed
For B.K. Khare & Co.
Chartered Accountants

Sunil Bhandari
Partner
(M.No. 37388)

Mumbai
Dated: 27th May, 2008.

C. R. Badal
Chief Financial Officer

R.V. Damle
*G.M. (Corporate) &
Co. Secretary*

D. D. Dandekar
S. S. Dandekar
D. M. Dandekar
A. S. Dandekar
S. E. Godbole
M. P. Khedkar
P. A. Narvekar
S. S. Shirgaonkar
D. N. Mungale
A. C. Singhvi

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008.

	Schedules	Year ended 31.03.2008 (Rs. in Lacs)	Year ended 31.03.2007 (Rs. in Lacs)
INCOME			
Net Sales	15	21,377.48	18,766.66
Exceptional Items - Profit on Sale of Property		—	4,537.19
Other Income	16	57.74	162.96
TOTAL INCOME		21,435.22	23,466.81
EXPENDITURE			
Consumption of Materials & Goods traded-in	17	14,607.64	12,337.09
(Increase)/Decrease in Stocks	18	(550.28)	(31.93)
Payment to Employees	19	1,867.76	1,654.97
Manufacturing & Other Expenses	20	4,053.90	4,018.59
Finance Cost	21	261.33	371.70
Depreciation - Gross		376.56	385.95
Less: Transferred from Revaluation Reserve		—	0.96
Amortisation of VRS Cost		376.56	384.99
		167.98	165.38
TOTAL EXPENDITURE		20,784.89	18,900.79
Net Profit before Tax		650.33	4,566.02
Less : Current Tax		240.00	767.00
: Prior Years (Net)		(10.00)	38.02
: Fringe Benefit Tax		40.00	31.68
Profit after Current Tax		380.33	3,729.32
Net Profit before/after Tax			
Profit from continuing operations		650.33	4,386.56
Less : Current Tax		240.00	706.12
: Prior Years (Net)		(10.00)	38.02
: Fringe Benefit Tax		40.00	30.14
Profit from discontinuing operations		380.33	3,612.28
Less : Current Tax		—	179.46
: Fringe Benefit Tax		—	60.88
		—	1.54
		380.33	117.04
Taxes - Deferred		(2.97)	122.41
Profit after Tax		383.30	3,606.91
Balance brought forward from last year		489.37	522.85
		872.67	4,129.76
APPROPRIATIONS			
Proposed Dividend		150.00	120.00
Corporate Dividend Tax		25.49	20.39
General Reserve		40.00	3,500.00
Balance Carried to Balance Sheet		657.18	489.37
		872.67	4,129.76
Earning Per Share - Basic & Diluted (in Rs.)		7.07	75.14

As per our report of even date annexed
For B.K. Khare & Co.
Chartered Accountants

Sunil Bhandari
Partner
(M.No. 37388)

C. R. Badal
Chief Financial Officer

R.V. Damle
G.M. (Corporate) &
Co. Secretary

D. D. Dandekar
S. S. Dandekar
D. M. Dandekar
A. S. Dandekar
S. E. Godbole
M. P. Khedkar
P. A. Narvekar
S. S. Shirgaonkar
D. N. Mungale
A. C. Singhvi

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

Mumbai
Dated: 27th May, 2008.

SCHEDULES TO BALANCE SHEET

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
1. SHARE CAPITAL		
Authorised		
1,00,00,000 (2006-2007 50,00,000) Equity Shares of Rs. 10/- each [(Refer note no. 23 F (a))]	1,000.00	500.00
Issued, Subscribed & Paid-up		
60,00,000 (2006-2007 48,00,000) Equity Shares of Rs. 10/- each [Refer note no. 23 F (b)]	600.00	480.00
Out of these shares:		
(i) 6,000 Equity Shares allotted to vendors as fully paid up shares pursuant to contract without payment thereof being received in cash.		
(ii) 36,34,500 Equity Shares allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve & Share Premium.		
(iii) 5,00,000 Equity Shares Issued by way of Conversion of Debentures.		
(iv) 12,00,000 Equity Shares issued by way of Preferential Allotment during the year.		
2. RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	25.20	25.20
Share Premium Account		
As per last Balance Sheet	—	—
Addition during the year [Refer note no. 23 F (b)]	1,980.00	—
	1,980.00	—
Revaluation Reserve		
As per last Balance Sheet	—	231.38
Less: Transferred to Profit & Loss Account	—	0.96
Less: Adjusted against sale of Land and Building	—	230.42
	—	—
General Reserve		
As per last Balance Sheet	1,593.84	267.11
Additions during the year	40.00	3,500.00
Less: Transitional liabilities in respect of Employees' benefits (corresponding Deferred Tax Rs. Nil) [Refer note no. 23 L (iv)]	27.94	—
Less: Transfer to CFCL on Demerger (Refer note no. 23 B)	—	2,173.27
	1,605.90	1,593.84
Profit & Loss Account	657.18	489.37
	4,268.28	2,108.41

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
3. SECURED LOANS		
(i) Term Loans from Banks & Financial Institutions	1,073.07	672.72
Interest accrued thereon	12.34	5.31
	1,085.41	678.03
ii) Bank Overdrafts/Working Capital Demand Loan (Net of balances in collection accounts)	939.60	575.92
Interest accrued thereon	—	0.49
	939.60	576.41
	2,025.01	1,254.44
Term Loans include Rs. 550.08 Lacs repayable within one year (2006-2007 Rs. 260.63 Lacs)		
4. UNSECURED LOANS		
Fixed Deposits	18.90	277.91
	18.90	277.91
Includes Rs.6.61 Lacs repayable within one year (2006-2007 Rs.265.11 Lacs)[Refer note no.23 I]		

5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2008	Upto 31.03.2007	For the year	Disposals/ Adjustments	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Freehold Land	2.73	—	—	2.73	—	—	—	—	2.73	2.73
Leasehold Land	25.37	—	—	25.37	5.18	0.25	—	5.43	19.94	20.19
Site Development	11.15	—	—	11.15	1.42	0.18	—	1.60	9.55	9.73
Building & Shed	282.78	22.61	—	305.39	99.31	8.43	—	107.74	197.65	183.47
Plant, Machinery & Equipment	3,346.72	437.82	1.43	3,783.11	2,036.32	297.45	0.44	2,333.33	1,449.78	1,310.40
ERP Hardware/Software Cost	108.85	189.34	—	298.19	102.75	15.55	—	118.30	179.89	6.10
Furniture & Fittings	177.67	54.64	—	232.31	66.98	33.05	—	100.03	132.28	110.69
Vehicles	219.53	35.97	38.42	217.08	57.87	21.65	21.57	57.95	159.13	161.66
Intellectual Property Rights(IPRs)	139.99	—	—	139.99	139.99	—	—	139.99	—	—
Total	4,314.79	740.38	39.85	5,015.32	2,509.82	376.56	22.01	2,864.37	2,150.95	1,804.97
Previous Year	7,580.83	378.14	3,644.15*	4,314.79	3,465.17	385.95	1,341.29	2,509.82	1,804.97	4,115.66

* Refer Note no. 23 B.

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
6. INVESTMENTS – LONG TERM		
I. Quoted (Trade)		
50,000 Shares of Rs. 10/- each in Camlin Fine Chemicals Ltd. [Market Value Rs. 27.40 Lacs (2006-2007 Rs. 42.50 Lacs)]	5.00	5.00
II. Unquoted		
A. Non Trade		
(i) Unit Trust of India 21,564 Bonds – 6.75 % Tax Free of Rs. 100/- each	21.56	21.56
(ii) Subsidiary Companies		
(a) 5,000 Equity Shares of Rs. 100/- each in Camlin International Ltd.	5.00	5.00
(b) 20,000 Equity Shares of US\$ 1 each in Camlin North America Inc. USA Less: Provision for diminution in value	9.26 9.26	9.26 9.26
B. Trade Shares		
(a) 4,000 Equity Shares of Rs. 100/-each in Triveni Pencils Ltd.	4.00	4.00
(b) 1,000 Shares of Rs. 10/- each in Co-operative Stores, New Delhi Less: Provision for diminution in value	— —	0.10 0.10
(c) 2,150 Equity Shares of Rs. 100/- each in Excella Pencils Ltd.	2.15	2.15
(d) 10,000 Equity Shares of Rs. 10/- each in Sicom Ltd.	8.00	8.00
(e) 10,000 Shares of Rs. 10/- each in North Kanara GSB Co-Op Bank Ltd.	1.00	1.00
(f) 5,22,000 Equity Shares of Rs. 10/- each in ColArt Camlin Canvas Pvt. Ltd.	52.20	52.20
	98.91	98.91
7. INVENTORIES		
Raw Materials	302.58	424.71
Packing Materials	819.39	328.47
Work-in-Process	299.86	279.93
Goods-in-Transit	248.50	259.48
Finished Goods	2,258.32	1,716.99
	3,928.65	3,009.58

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
8. SUNDRY DEBTORS (UNSECURED)		
(i) From subsidiary company – Camlin North America Inc. U.S.A.		
Outstanding over six months	25.04	10.80
Outstanding less than six months	3.36	13.98
[Fully provided (2006-2007 Rs. 12.39)]		
(ii) Other Debts – Outstanding over six months		
(a) Considered Good	202.33	309.43
(b) Considered Doubtful	58.43	99.29
(iii) Other Debts – Considered Good	2,439.49	1,552.89
	2,728.65	1,986.39
Less: Provision for doubtful debts	86.83	111.68
	2,641.82	1,874.71
9. CASH AND BANK BALANCES		
(i) Cash on Hand	3.54	8.62
(ii) With Scheduled Banks		
(a) In other Deposit Accounts	70.95	104.18
(b) In other Current Accounts	265.33	96.61
(c) Staff Security Deposit Account	6.83	6.64
(d) In Current Account for the payment of Dividend and F.D. Interest	12.77	20.95
(iii) With Others		
In Current Account with Municipal Co-operative Bank Ltd.	0.68	0.38
[Maximum balance during 2007-08 Rs. 0.75 Lacs (2006-2007 Rs. 0.89 Lacs)]		
	360.10	237.38
10. OTHER CURRENT ASSETS		
Interest accrued on Investments/Deposits	7.29	11.44
11. LOANS AND ADVANCES		
(a) Loan to subsidiary Company – Camlin North America Inc. U.S.A.	19.99	21.80
[Fully provided (2006-2007 Rs. 10.90 Lacs)]		
(b) UNSECURED (Considered Good)		
(i) Advances recoverable in cash or in kind or for the value to be received		
(a) Considered Good	520.67	498.79
(b) Considered Doubtful	—	4.48
(ii) Staff Advances	5.16	4.25
(iii) Deposits	190.91	213.52
(iv) Tax paid net of Provision	30.21	24.28
	766.94	767.12
Less: Provision for doubtful advances	19.99	15.38
	746.95	751.74

SCHEDULES TO BALANCE SHEET (Contd.)

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
12. LIABILITIES		
(i) Sundry Creditors		
(a) Due to Small Scale Industrial undertakings	582.13	644.86
(b) Others	1,755.17	2,289.28
	2,337.30	2,934.14
(ii) Interest Accrued but not due on loans	0.07	2.13
(iii) Security Deposits	551.62	481.61
(iv) Unclaimed Dividend	8.19	8.19
(v) Other Liabilities	537.79	576.91
	3,434.97	4,002.98
13. PROVISIONS		
(i) Provision for Employees' Benefits	137.85	84.67
(ii) Excise Duty on bonded warehouse stocks	48.88	53.35
(iii) Proposed Dividend	150.00	120.00
(iv) Corporate Dividend Tax	25.49	20.39
	362.22	278.41
14. MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Voluntary Retirement Scheme (VRS)		
As per last Balance Sheet	503.04	590.57
Incurred during the year	—	77.85
Less: Written off during the year	167.98	165.38
	335.06	503.04

SCHEDULES TO PROFIT & LOSS ACCOUNT

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
15. SALES/INCOME FROM OPERATIONS		
Gross Sales	22,402.88	19,633.07
Less: Trade Discount	70.47	91.34
Less: Excise Duty	954.93	777.07
Add: Export Benefits	—	2.00
Net Sales	<u>21,377.48</u>	<u>18,766.66</u>
16. OTHER INCOME		
Interest [Tax deducted at source Rs. 0.98 Lacs (2006-2007– Rs. 4.07 Lacs)]	9.20	36.23
Dividend – On Trade Investments	12.79	0.84
Profit on Sale of Assets	—	67.77
Miscellaneous Receipts	35.75	58.12
	<u>57.74</u>	<u>162.96</u>
17. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	424.71	625.00
Add: Purchases	1,801.68	2,402.90
	<u>2,226.39</u>	<u>3,027.90</u>
Less: Stock of Raw Materials as at year end	302.58	424.71
	<u>1,923.81</u>	<u>2,603.19</u>
(ii) Packing Materials	3,848.58	2,632.08
(iii) Purchase of Finished Goods for resale	8,835.25	7,336.91
Less: Raw Material/Packing Material Stocks transferred to CFCL on demerger (Refer note no. 23 B)	—	235.09
	<u>14,607.64</u>	<u>12,337.09</u>
18. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS (Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work in Process	279.93	805.54
Goods in Transit	259.48	177.82
Finished Goods	1,716.99	1,843.32
	<u>2,256.40</u>	<u>2,826.68</u>
Less: Closing Stock as at year end		
Work in process	299.86	279.93
Goods in Transit	248.50	259.48
Finished Goods	2,258.32	1,716.99
	<u>2,806.68</u>	<u>2,256.40</u>
Less: Stocks transferred to CFCL on Demerger (Refer note no. 23 B)		
Work in process	—	516.27
Finished Goods	—	85.94
	<u>—</u>	<u>602.21</u>
	<u>(550.28)</u>	<u>(31.93)</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd.)

	31.03.2008 (Rs. in Lacs)	31.03.2007 (Rs. in Lacs)
19. PAYMENT TO EMPLOYEES		
Salaries, Wages and Bonus	1,634.98	1,407.46
Contribution to Provident & other funds	166.35	183.39
Staff and Labour Welfare	66.43	64.12
	1,867.76	1,654.97
20. MANUFACTURING & OTHER EXPENSES		
Power and Fuel	186.31	237.31
Job work charges	306.45	248.34
Repairs		
— Building	7.19	14.90
— Machinery	29.00	22.97
— Others	75.65	85.91
Rent	332.67	293.73
Rates and Taxes	21.09	20.00
Excise duty provided on finished goods(net)	(4.46)	(19.41)
Insurance	42.75	44.83
Advertisement and Sale Promotion	670.75	677.96
Transport & Forwarding Charges	820.61	742.20
Commission/Discount/Service Charges on Sales	224.18	249.65
Travelling & Conveyance	411.68	367.28
Audit Fees & Other Services	13.42	15.08
Provision for Doubtful Debts/Advances	28.26	71.93
Bad Debts Written Off	48.50	—
Less: Provision write back	48.50	—
	—	—
Provision for diminution in value of investments	—	9.36
Directors' Meeting Fees	5.90	3.37
Miscellaneous Expenses	874.82	731.19
Loss on Sale of Assets	7.63	201.99
	4,053.90	4,018.59
21. FINANCE COST		
On Term Loans*	83.95	108.95
On Fixed Deposits	10.64	33.88
On Other	166.74	228.87
	261.33	371.70

* Includes Rs. Nil (2006-2007 Rs. 17.53 Lacs) being exchange loss arising from Foreign Currency Borrowing to the extent regarded as adjustment to interest cost.

SCHEDULES TO ACCOUNTS

22. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A. Basis of Preparation of Financial Statements:

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

B. Use of Estimates:

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

C. Fixed Assets:

- i. Fixed Assets, including Intellectual Property Rights, are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat and VAT) Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation. Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes cost of designing software, which provides significant future economic benefits over an extended period. The cost comprises 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 carrying amount of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.
- iii. Depreciation 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. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at cost or fair value whichever is lower.

E. Valuation Of Inventories

a.	Raw Materials, Packing Materials, Consumables & Stores	At moving weighted average cost
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.

SCHEDULES TO ACCOUNTS (Contd.)

H. 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.

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

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. Revenue in respect of overdue interest, insurance claim, etc is recognised to the extent the company is reasonably certain of its ultimate realisation. Expenses are accounted for on accrual basis. Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated. 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. Borrowing Cost

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

L. Contingent Liabilities

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

M. Accounting For Taxes On Income

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

N. Earning Per Share

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

O. Segment Reporting – Basis of Information

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

P. Voluntary Retirement Scheme

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

23. NOTES TO ACCOUNTS

A. The figures of the current year are not comparable with the previous year, owing to the demerger of the Company's Fine Chemicals Division w.e.f. 1st July, 2006. Previous year's figures are recast/regrouped wherever necessary.

B. Demerger of Fine Chemicals Division.

During the Financial Year 2006-07 Scheme of Arrangement ("the Scheme") under Section 391 to 394 of the Companies Act, 1956 was approved by the Shareholders on 4th August, 2006 for demerger of Fine Chemicals business into Camlin Fine Chemicals Limited (CFCL- "Resulting Company"). The Scheme was sanctioned by the Hon'ble High Court of Judicature at Bombay on 17th November, 2006. The Scheme has become operative from 19th December, 2006.

SCHEDULES TO ACCOUNTS (Contd.)

With effect from appointed date i.e 1st July, 2006, all debts, liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Fine Chemicals Division, under the provisions of Sections 391 to 394 of the Act, had been transferred to the Resulting Company.

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

Accordingly, aggregate Assets of Rs. 4588.12 Lacs and Liabilities of Rs. 2414.85 Lacs at the close of business on 30th June, 2006 had been transferred to CFCL.

C. Contingent Liabilities:

- i. In respect of Guarantees issued on behalf of the Company by its Bankers to the extent of Rs. 1.70 Lacs (2006-07 – Rs. 3.10 lacs).
- ii. Corporate Guarantees given to ColArt Camlin Canvas Pvt. Ltd. Rs.150.00 Lacs (2006-2007 Rs. 150.00 Lacs).
- iii. Demands against the Company, either disputed or not acknowledged as debts and not provided for:

(Rs. in Lacs)

		2007-08	2006-07
a.	Income Tax	97.88	97.88
b.	Sales Tax	43.12	46.32
c.	Excise Duty	201.02	201.02
d.	Provident Fund	0.67	0.67
e.	Modvat	9.10	9.10
f.	Service Tax	1.89	1.89
g.	Labour Matters	8.13	12.80
h.	Others	0.63	0.63

D. Unhedged Foreign Exchange Exposure:

The unhedged exposure of foreign currency transactions is as follows:

(In Lacs)

On Account of	Currency	2007-08	2006-07
Sundry Debtors	(USD)	2.34	3.45
Sundry Creditors	(USD)	3.34	NIL
	(YEN)	2.70	NIL
	(EUR)	NIL	0.06
Advances Given	(USD)	0.50	0.50

E. Commitments

Value of contracts (net of advance) remaining to be executed on capital account not provided for Rs. 330.13 Lacs (2006-2007 Rs. 161.60 Lacs).

F. Equity Shares And Warrants:

- a. During the year, the Company has increased the Authorised Share Capital from Rs 5.00 Crores to Rs 10.00 Crores by creation of 50,00,000 Equity Shares of 10/- each pursuant to a resolution passed by the members at the Extra Ordinary General Meeting held on 13th September, 2007.
- b. During the year, the Company has allotted 12,00,000 Equity Shares (which includes 3,00,000 Equity Warrants converted into Equity Shares) of Rs. 10/- each at a price of Rs. 175/- per share (inclusive of Share Premium of Rs. 165/- per share) issued to Foreign Institutional Investors aggregating to Rs. 2,100.00 Lacs under Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 on the terms and conditions approved by the Members at the Extra Ordinary General Meeting held on 13th September, 2007. Post

SCHEDULES TO ACCOUNTS (Contd.)

preferential allotment, the paid up capital of the Company increased from Rs. 480.00 Lacs to Rs. 600.00 Lacs and share premium account stood at Rs. 1980.00 Lacs.

- c. The utilization of funds received by way of preferential allotment and conversion of Warrants.

(Rs. in Lacs)

Funds raised on Preferential Allotment of Equity Shares	2100.00
Capital Expenditure	534.41
Advertisement and Sales Promotion	330.97
Balance amount utilised for working capital	1234.62
Total utilisation	2100.00

G. Secured Loans

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

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

Vehicle Loans are secured by hypothecation of related vehicles.

H. Loans And Advances

Staff Advances include Loans/Advances due from Officers Rs. Nil (2006-2007 - Rs. Nil) Maximum balance Rs. Nil (2006-2007 - Rs. Nil).

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

(Rs. In Lacs)

	2007-08	2006-07
a. Unclaimed dividends	8.19	8.19
b. Unclaimed fixed deposits	12.29	6.19
c. Unclaimed interest on fixed deposits	4.57	12.76

J. Managerial Remuneration:

Salaries, Performance Linked Remuneration and Perquisites paid/provided to Managing/Wholtime Directors

(Rs. in Lacs)

	2007-08	2006-07
a. Salaries	109.20	47.10
b. House Rent Allowance	21.84	9.42
c. Contributions for PF, FPF, Superannuation and approved Gratuity Fund	38.58	16.64
d. Perquisites	5.67	5.82
e. Performance Linked Incentive	N.A.	48.00
Total	175.29	126.98

K. Audit fees and other services

(Rs. In Lacs)

	2007-08	2006-07
a. Audit Fees	5.15	5.15
b. Tax Audit	2.00	1.25
c. VAT Audit	2.00	3.50
d. Certification	3.03	3.69
e. Consultancy Services	1.00	1.00
f. Out of pocket Expenses	0.24	0.49
Total	13.42	15.08

SCHEDULES TO ACCOUNTS (Contd.)

L. Disclosures Pursuant to the Requirements of Accounting Standards

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

(Rs. In Lacs)

a.	Payable not later than 1 year	72.32
b.	Payable later than 1 year and not later than 5 years	1.37
c.	Payable Later than 5 years	NIL

ii. Deferred Taxes:

Major items of Deferred Tax Liabilities and Deferred Tax Assets

(Rs. in Lacs)

Particulars	Opening Balance as on 01.04.2007	Increase/ (Decrease) during the year	Closing Balance as on 31.03.2008
Liabilities:			
Depreciation	165.78	2.47	168.25
Sub-total	165.78	2.47	168.25
Assets:			
Provision for doubtful debts/Leave Encashment	75.15	(6.88)	68.27
Expenses Allowable	36.47	15.13	51.60
Others	16.78	(2.79)	13.99
Sub-total	128.40	5.46	133.86
Net Deferred Tax Liability/(Asset)	37.37	(2.97)	34.40

iii. Earning Per Share (Basic & Diluted)

	2007-08	2006-07
Net Profit after Tax – Rs. in Lacs	383.30	3606.91
Issued and Paid-up Equity Shares (Nos.)	6000000	4800000
Weighted average of Number of Equity Shares used in computing basic earnings per shares	5422951	4800000
Earnings per Share – Basic and Diluted (Rs.)	7.07	75.14

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 'Employees Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

SCHEDULES TO ACCOUNTS (Contd.)

Principal actuarial assumptions:

	Current Year	Previous Year
Discount rate	8.50%	8.50%
Rate of Return on Plan Assets	8.00%	8.00%

Reconciliation of Benefit Obligation:

(Rs. in Lacs)

Liability at the beginning of the year	399.72
Interest Cost	34.52
Current Service Cost	24.17
Benefit Paid	(35.55)
Actuarial (Gain)/Loss on Obligations	2.72
Liability at the end of the year	425.58
Fair Value of Plan Assets at the end of the year	478.83

Reconciliation of Fair value of Plan Assets:

(Rs. in Lacs)

Fair Value of Plan Assets at the beginning of the year	410.21
Expected Return on Plan Assets	36.68
Contributions	66.04
Benefit Paid	(35.55)
Actuarial (Gain)/Loss on Obligations	1.44
Fair Value of Plan Assets at the end of the year	478.83

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

(Rs. in Lacs)

Current Service Cost	24.17
Interest Cost	34.52
Expected Return on Plan Assets	(36.68)
Net Actuarial (Gain)/Loss recognized	1.28
Expenses recognised in Profit and Loss Account	23.29

The liability short recognised by Rs. 27.94 Lacs at the beginning of the year (net of fair value of plan assets) as per the projected unit credit method vis-à-vis the liability as per the books of accounts as on 31st March 2007 has been charged to General Reserves (corresponding Deferred Tax Rs. Nil).

v. **Consolidation**

Company has two subsidiary Companies namely Camlin North America INC, USA and Camlin International Limited. As per the unaudited Financial Statements of Camlin North America compiled by the Management, during the year it has posted turnover of Rs. 14.38 Lacs.(2006-07 Rs. 16.92 Lacs) which amounts to only 0.07 % of turnover of Camlin. Its aggregate assets are Rs. 16.16 Lacs (2006-07 Rs. 19.66 Lacs). Further, during the year Camlin International Limited has not done any business. Its assets are Rs.11.40 Lacs (2006-07 Rs. 11.59 Lacs). Keeping in view the insignificant quantum of business done by these subsidiaries as also the value of Net Assets, Management is of the view that, the said subsidiaries are immaterial to Camlin Limited. Hence, the Financial Statements and Cash Flows of these subsidiaries are not consolidated by the Company.

SCHEDULES TO ACCOUNTS (Contd.)

vi **Related Parties Disclosures: (as certified by the management)**

(a) Associate Companies/Subsidiary Companies

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

(b) Key Management Personnel

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman & Managing Director
Mr. R. M. Dandekar	Joint Managing Director
Mr. S. S. Dandekar	Executive Director
Mr. D. M. Dandekar	Executive Director

(c) Transactions with Associate Companies

Particulars	Associate Companies	Rs. in Lacs 2007-2008
Purchase of goods	Excella Pencils Ltd.	1,003.32
	Triveni Pencils Ltd.	948.48
	Nilmac Packaging Industries Ltd.	235.67
	Others	24.41
	Total	2,211.88
		(1,796.17)
Sale of goods	Excella Pencils Ltd.	48.29
	Triveni Pencils Ltd.	30.60
	Others	1.12
	Total	80.01
		(40.22)
Purchase of Fixed Assets		—
	Total	—
		(4.95)

SCHEDULES TO ACCOUNTS (Contd.)

Particulars	Associate Companies	Rs. in Lacs 2007-2008
Sale of Fixed Assets		—
	Total	—
		(0.52)
Receiving Services		
	Triveni Pencils Ltd.	33.92
	Camart Industries Ltd.	27.67
	Camellia Infotech Ltd.	12.83
	Total	74.42
		(79.14)
Rendering Services		
	Excella Pencils Ltd.	0.24
	Camellia Infotech Ltd.	0.21
	Triveni Pencils Ltd.	0.21
	Camart Industries Ltd.	0.21
	Nilmac Packaging Industries Ltd.	0.18
	Others	0.42
	Total	1.47
		(0.93)
Net Amount Payable		
	Excella Pencils Ltd.	195.01
	Others	24.68
	Total	219.69
		(213.75)
Net Amount Receivable		
	Camlin Fine Chemicals Ltd.	26.32
	Triveni Pencils Ltd.	19.38
	ColArt Camlin Canvas Pvt. Ltd.	7.02
	Others	0.62
	Total	53.34
		(69.22)
Loans Given		
	ColArt Camlin Canvas Pvt. Ltd.	39.81
	Total	39.81
		(30.49)
Investment made		—
	Total	—
		(5.00)
Dividend paid		
	Camart Industries Ltd.	8.31
	Cafco Consultants Ltd.	2.34
	Others	5.26
	Total	15.91
		(—)
Dividend Received		
	Excella Pencils Ltd.	0.65
	Total	0.65
		(0.65)

SCHEDULES TO ACCOUNTS (Contd.)

Particulars	Associate Companies	Rs. in Lacs 2007-2008
Sale of goods	Camlin North America Inc., U.S.A.	5.17
	Total	5.17
		(4.56)
Net Amount Receivable	Camlin North America Inc., U.S.A. (Fully Provided for)	28.41
	Camlin International Ltd.	0.09
	Total	28.50
		(26.86)
Receiving Services	Camlin International Ltd.	0.09
	Total	0.09
		(0.07)
Interest Free Loans Given	Camlin North America Inc., U.S.A. (Fully Provided for)	19.99
	Total	19.99
		(21.79)
Dividend Received		—
	Total	—
		(—)

Figures in brackets are for the previous year.

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

Rs. in Lacs

Particulars	2007-2008	2006-2007
Remuneration	175.29	126.98
Sale of Investment	—	10.42
Dividend Paid	36.75	—

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

Name of the party	Name of the party
Asian Pen & Plastic Industries	Sethia Printers
Pratibha Pens Pvt. Ltd.	Global Plastics
Bombay Plastic Works	Shreeji Industries
Roshan Packaging Industries	Manish Printers
Citizen Pen & Plastic Ind	Sushart Art Products
Rlk Shriram Plastics Pvt. Ltd.	Mayur Colours Ltd.
Century Caps Industry	Supercoats Industries
Sahara Plastic Industries	P. P. Industries
Excella Pencils Ltd.	Uday Multi Print

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

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

SCHEDULES TO ACCOUNTS (Contd.)

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

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

Class of Goods ++	Unit of Measure	# Licenced Capacity	*Installed Capacity	OPENING STOCK		PRODUCTION/ PURCHASE		SALES		CLOSING STOCK	
				(QTY)	VALUE (Rs.)	(QTY)	VALUE (Rs.)	(QTY)	VALUE (Rs.)	(QTY)	VALUE (Rs.)
(A) MANUFACTURED ITEMS											
1. Chemical & Chemical Products***	Ltrs./Kgs.	60.98 (60.98)	65.22 (65.22)	3.27 (4.08)	641.20 (750.24)	28.31 (25.45)	27.83 (26.08)	5,801.21 (6,405.96)	3.75 (3.27)	629.15 (641.20)	
2. Stationery Items (A)	Ltrs.	6.36 (6.36)	45.20 (45.20)	0.95 (1.24)	44.13 (50.88)	10.78 (9.94)	10.89 (10.23)	738.32 (737.74)	0.84 (0.95)	40.75 (44.13)	
Stationery Items (B)	Nos./Pks.	2,074.06 (2,074.06)	1,474.20 (1,474.20)	382.28 (404.74)	436.38 (236.53)	2,444.00 > (264.20)	2,168.62 (443.62)	4,667.82 (3,080.52)	657.66 (382.28)	593.74 (436.38)	
Bulk Drugs***	Kgs.	—	—	—	—	—	—	—	—	—	
		(3.37)	(0.70)	(0.04)	(44.83)	(0.09)	(0.11)	(141.27)	(—)	(—)	
(B) TRADING ITEMS											
1. Chemical & Chemical Products	Nos./Pks.	20.27 (19.40)	259.64 (222.03)	163.97 (150.40)	1,922.67 (1,756.76)	168.17 (149.53)	2,554.09 (2,209.83)	16.07 (20.27)	345.90 (259.64)		
2. Stationery Items	Nos./Pks.	236.84 (309.91)	595.12 (716.63)	2,246.99 (1,687.23)	6,912.58 (5,580.15)	2,195.73 (1,767.82)	8,641.44 (7,057.75)	288.10 (236.84)	897.28 (595.12)		
		1,976.47 (2,021.14)	8,835.25 (7,336.91)	22,402.88 (19,633.07)	2,506.82 (1,976.47)						

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

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

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

> Includes captive consumption – 71631 Ltrs. & 21600 kgs. (2006-2007 – 22175 Ltrs. & 47370 Kgs.)

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

NOTES:

- Figures in brackets are for the previous year.
- The quantities mentioned in nos./packs comprise of heterogeneous packings.
- Quantity of Sales include promotional distribution.

SCHEDULES TO ACCOUNTS (Contd.)

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

(ii) RAW MATERIALS CONSUMED

(Rs./Units in Lacs)

	Unit of Measure	2007-2008		2006-2007	
		Quantity	Value* Rs.	Quantity	Value* Rs.
Colours/Pigments	Kgs/Ltrs	4.98	608.21	4.00	492.25
Chemicals	Kgs/Ltrs	10.70	724.35	25.16	1,650.65
Other Raw Materials			591.24		460.29
			<u>1,923.80</u>		<u>2,603.19</u>
* Includes Resale of Material					
(iii) Earnings in Foreign Exchange					
Exports at F.O.B. Value (Excluding Nepal)			353.36		1,666.56
			<u>353.36</u>		<u>1,666.56</u>
(iv) Expenditure in Foreign Currency					
Travelling			33.90		37.08
Others			21.84		26.64
			<u>55.74</u>		<u>63.72</u>
(v) Value of Imports on C.I.F. Basis					
(a) Raw Materials			129.45		204.02
(b) Components and Spare Parts			464.97		188.40
(c) Capital Goods			152.16		45.54
(d) Purchases of Traded Products			66.87		61.07
			<u>813.45</u>		<u>499.03</u>
(vi) Value of consumption of Raw Materials and Stores					
(a) Indigenous			977.17		1,423.90
(b) Imported (Landed Cost) – Raw Material			946.63		1,179.29
			<u>1,923.80</u>		<u>2,603.19</u>
(vii) Percentage of Consumption of Raw Materials & Stores					
(a) Indigenous			50.79		54.70
(b) Imported (Landed Cost) – Raw Material			49.21		45.30
			<u>100.00</u>		<u>100.00</u>

SCHEDULES TO ACCOUNTS (Contd.)

25. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year ended 31.03.2008 (Rs. in Lacs)	Year ended 31.03.2007 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before non-recurring items	650.33	4,566.02
Adjustments for:		
Depreciation	376.56	384.99
Provision for Doubtful Debts	28.26	71.93
Foreign Exchange (Unrealised)	(2.49)	(0.71)
(Profit)/Loss on Sale of Fixed Assets	7.63	(4,402.97)
Gen. Res. Adj. For Transitional provision of Gratuity	(27.94)	—
Provision for diminution of Investments	—	9.36
Interest Expenses	261.33	371.70
Interest/Dividend Received	(21.99)	(37.07)
Amortisation of Expenses	167.98	165.38
Reversal of Provision for Doubtful Debts/Advances	(48.50)	—
Provision for leave encashment	53.18	(33.23)
Operating Profit before Working Capital changes	1,444.35	1,095.40
Adjustments for:		
Trade and other Receivables	(736.15)	(511.21)
Inventories	(919.07)	(47.84)
Trade Payables	(596.84)	(594.91)
Other Payables	26.42	(477.17)
Cash generated from Operations	(781.29)	(535.73)
Direct taxes paid	(296.32)	(769.85)
Extraordinary items - VRS Payment	—	(77.85)
Net cash from operating activities	(1,077.61)	(1,383.43)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,066.68)	(600.00)
Sale of Fixed Assets	10.21	4,621.71
(Purchase)/Sale of Investments	—	5.42
Interest received	13.35	33.22
Dividend received	12.79	0.84
Net cash used in Investing Activities	(1,030.33)	4,061.19

SCHEDULES TO ACCOUNTS (Contd.)

25. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

	Year ended 31.03.2008 (Rs. in Lacs)	Year ended 31.03.2007 (Rs. in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowing/debentures (Net of repayments)	511.56	(2,228.78)
Increase in Share Capital / Premium	2,100.00	—
Interest Paid	(263.39)	(397.01)
Dividend Paid	(120.00)	(1.44)
Net cash used in Financing Activities	2,228.17	(2,627.23)
D. UNREALISED FOREIGN EXCHANGE FLUCTUATION ON CASH EQUIVALENTS	2.49	0.71
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS*	122.72	51.24
Cash and Cash Equivalents (Opening Balance)	237.38	186.64
Cash and Cash equivalents transferred to CFCL on demerger	—	0.50
Cash and Cash Equivalents (Closing Balance)	360.10	237.38

* Refer note 23 B

As per our report of even date annexed
For B.K. Khare & Co.
Chartered Accountants

Sunil Bhandari
Partner
(M.No. 37388)

Mumbai
Dated: 27th May, 2008.

C. R. Badal
Chief Financial Officer

R.V. Damle
*G.M. (Corporate) &
Co. Secretary*

D. D. Dandekar
S. S. Dandekar
D. M. Dandekar
A. S. Dandekar
S. E. Godbole
M. P. Khedkar
P. A. Narvekar
S. S. Shirgaonkar
D. N. Mungale
A. C. Singhvi

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

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. Registration Details:

Company Identification No.	:	L24223MH1946PLC005434	State Code	:	11
Balance Sheet Date	:	31.03.2008			

II. Capital Raised during the period:

(Amount in Rs. Lacs)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	2,100.00

III. Position of Mobilisation and

Deployment of Funds:

(Amount in Rs. Lacs)

Total Liabilities	:	10,743.78	Total Assets	:	10,743.78
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Sources of Funds:

Paid-up-Capital	:	600.00	Reserves & Surplus	:	4,268.28
Secured Loans	:	2,025.01	Unsecured Loans	:	18.90
			Deferred Tax Liability	:	34.40

Application of Funds:

Net Fixed Assets	:	2,625.00			
Net Current Assets	:	3,887.62	Investments	:	98.91
Accumulated Losses	:	NIL	Miscellaneous Expenditure	:	335.06

IV. Performance of the Company:

(Amount in Rs. Lacs)

Turnover (including other Income)	:	21,435.22	Total Expenditure	:	20,784.89
Profit Before Tax	:	650.33	Profit After Tax	:	383.30
Earning Per Share in Rs.	:	7.07	Dividend Rate %	:	25.00

V. Generic Name of Principal

Products of the Company:

(As per monetary terms)

Item Code No.

(ITC Code)

32.13

96.09

96.08

Product Description

Artist Colours

Wooden Pencils

Writing instruments

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

(Rs. in Lacs)

1. Name of the Subsidiary	: CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA, INC, USA
2. Financial year of the subsidiary company ends on	: 31 st March, 2008	31 st March, 2008
3. Holding company's interest:		
I. no. of shares held	: 50,000	20,000
II. percentage of shareholding	: 100%	100%
4. The net aggregate amount of the subsidiary's profit/(loss) so far as it concerns members of the holding company and is not dealt with in the holding company's a/cs:		
I. For the financial year of the subsidiary.	: (0.16)	(1.16)
II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	: (0.30)	(9.77)
5. The net aggregate amount of the subsidiary's profit/(loss) dealt with in the holding company's a/cs.:		
I. For the financial year of the subsidiary	: Nil	Nil
II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	: Nil	Nil

As per our report of even date annexed
For B.K. Khare & Co.
Chartered Accountants

Sunil Bhandari
Partner
(M.No. 37388)

Mumbai
Dated: 27th May, 2008.

C. R. Badal
Chief Financial Officer

R.V. Damle
*G.M. (Corporate) &
Co. Secretary*

D. D. Dandekar
S. S. Dandekar
D. M. Dandekar
A. S. Dandekar
S. E. Godbole
M. P. Khedkar
P. A. Narvekar
S. S. Shirgaonkar
D. N. Mungale
A. C. Singhvi

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

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

(Rs. in Lacs)

Name of the Subsidiary	:	CAMLIN INTERNATIONAL LTD.	CAMLIN NORTH AMERICA, INC, USA*
1. Capital	:	5.00	9.26
2. Reserves	:	2.22	(47.89)
3. Total Assets	:	11.40	16.16
4. Total Liabilities	:	11.40	16.16
5. Details of Investments	:	NIL	NIL
6. Turnover	:	NIL	23.50
7. Profit/(Loss) Before Taxation	:	(0.16)	(1.16)
8. Provision For Taxation	:	NIL	NIL
9. Profit/(Loss) After Taxation	:	(0.16)	(1.16)
10. Proposed Dividend	:	NIL	NIL

* Exchange Rate as on 31st March, 2008. – 1 US\$ = Rs. 39.97.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Year Ending 31 st March	2008	2007	2006	2005	2004	2003	2002
A. Assets Employed							
1. Net Fixed Assets	2625.00	1952.72	4903.58	4168.51	3563.16	3607.37	2870.78
2. Net Current Assets	3887.62	1603.46	2009.40	1865.36	3300.73	2244.76	2060.52
3. Others	433.97	601.95	704.51	804.46	62.10	47.70	362.56
Total	6946.59	4158.13	7617.49	6838.33	6925.99	5899.83	5293.86
B. Financed By							
1. Equity Share Capital	600.00	480.00	480.00	480.00	480.00	480.00	240.00
2. Reserves & Surplus	4268.28	2108.41	1046.54	1205.78	1700.87	1599.14	1509.76
3. Shareholder's Funds	4868.28	2588.41	1526.54	1685.78	2180.87	2079.14	1749.76
4. Loan Funds	2043.91	1532.35	5977.28	4970.47	4302.90	3411.04	3027.90
5. Deferred Tax Liability (Net)	34.40	37.37	113.67	182.08	442.22	409.65	516.20
Total	6946.59	4158.13	7617.49	6838.33	6925.99	5899.83	5293.86
C. Net Sales (Net of Trade Discount & Excise)							
	21377.48	18764.66	19234.06	19764.33	18268.50	17517.43	16707.08
D. Profit and Appropriations							
1. Operating Profit (Pbidt) (Before Extra Ordinary Item)	1456.20	5488.09	1166.83	328.07	1118.58	1628.57	1214.77
2. Interest	261.33	371.70	670.13	584.45	372.17	320.85	388.32
3. Profit/(Loss) Before Dep, Tax & Extra Ordinary Item	1194.87	5116.39	496.70	(256.38)	746.41	1307.72	826.45
4. Depreciation	376.56	384.99	518.84	456.23	437.01	371.58	305.54
5. Profit/(Loss) Before Tax & Extra Ordinary Item	818.31	4731.40	(22.14)	(712.61)	309.40	936.14	520.91
6. Extra Ordinary Item	167.98	165.38	152.40	19.05	—	321.17	108.33
7. Profit/(Loss) Before Tax	650.33	4566.02	(174.54)	(731.66)	309.40	614.97	412.58
8. Tax – Current	280.00	798.68	46.52	—	72.00	275.00	30.00
– Deferred	(2.97)	122.41	(68.41)	(260.14)	32.57	(106.55)	79.10
9. Profit/(Loss) After Tax	373.30	3644.93	(152.65)	(471.52)	204.83	446.52	303.48
10. Earlier Years' Adjustments	(10.00)	38.02	0.00	16.98	(15.28)	(2.25)	5.13
11. Net Profit/(Loss) After Tax	383.30	3606.91	(152.65)	(488.50)	189.55	444.27	308.61
12. Dividend & Tax on Dividend	175.49	140.39	—	—	81.23	108.30	60.00
13. Retained Earnings	207.81	3466.52	—	—	108.32	335.97	248.61
E. Per Share Information							
1. Earning Per Share	@7.07	\$75.14	(3.18)	(10.18)	3.95	#9.26	12.86
2. Book Value Per Share (Rs.)	@75.55	43.45	14.68	14.68	40.34	*38.08	*48.98
3. Dividend Per Share (Rs.) (Excluding Tax on Dividend)	2.50	2.50	—	—	1.50	2.00	2.50

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

Earning per equity share and book value per share is with reference to 48.00 Lacs number of equity shares (Post Bonus Issue) as against 24.00 Lacs number equity shares for earlier years and hence not strictly comparable.

\$ Earning per equity share is calculated after considering profit on sale of land.

@ Earning per equity share and book value per share is with reference to 60.00 Lacs number of equity shares (Post Preference Issue) as against 48.00 Lacs number equity shares for earlier years and hence not strictly comparable.

Notes

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Camlin



Camlin Limited

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

PROXY FORM

I/We, of

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

..... of

or failing him..... of

as my/our proxy to vote for me/us on my/our behalf at the 61st Annual General Meeting of the Company to be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Thursday, the 3rd July, 2008 at 3.00 p.m. and at any adjournment thereof.

Folio No./DP ID & Client ID* Signature

Revenue Stamp

Date

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

*Applicable for investors holding Shares in electronic form

Camlin



Camlin Limited

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

Attendance Slip

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the attending Member (in Block Letters)

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

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

No. of Shares held

Folio Number/DP ID & Client ID*

I hereby record my presence at the 61st Annual General Meeting of the Company to be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Thursday, the 3rd July, 2008 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.



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Camlin Limited,
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