



OVERCOMING CHALLENGES...

...with **Faith,**
Focus
and **Fortitude**

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2016-17 has been a year of formidable challenges.

Strong macro-headwinds in the form of steep fall in global commodity prices, particularly petro-chemicals, intense competition and protracted pressure on pricing created a demanding and daunting operating environment. For most players in the industry, growth rates came down during the year.

Whilst the challenges were many and circumstances were trying, at **Kokuyo Camlin Limited**, our deep faith in strategy, our single-minded focus on planning and our persevering fortitude in execution underlined our determination and resilience to overcome challenges.

In spite of challenges,
we launched many new product Sku's during the year.

We inaugurated our integrated manufacturing plant at
Patalganga and started commercial production.

We continued to invest in IT and Technology.

Our marketing efforts ensure all our brands reverberate
strongly with our customers.

At Kokuyo Camlin Limited, we have been

**OVERCOMING CHALLENGES
with Faith, Focus and Fortitude.**

OVERCOMING CHALLENGES with Faith, Focus and Fortitude



Challenges in the form of fierce competition and pressure on prices impact growth rates and profitability

Our resolute determination in overcoming challenges with operational efficiencies and optimization, leveraging IT and Technology and launching new products across categories

The Challenges

The Indian stationery market faced significant challenges during the year. One of the key factors that affected growth and profitability was the continued pressure on prices that started in December 2015. Low inflation throughout 2016 combined with lower commodity prices globally left little room for any price increase. Historically, the industry used to have a 4% - 5% price increase every year, but in 2016, prices had to be reduced in many categories. In other words, the only way to maintain growth was through volumes.

Another major challenge was the increasing competition in every category of the stationery market. Most

players have expanded their presence into more categories to maintain growth. Due to global fall in commodity prices, the margin for small and unorganized players to import under their own brands became attractive, which further ate into the share of organized players particularly for price elastic products.

On the demand side, wholesale demand remained subdued during the year due to two consecutive sub-par monsoons in 2014 and 2015. Consequently, demand in urban and semi-urban markets was stagnant. Even as there was a moderate revival of demand, demonetization posed another challenge for the

industry. This impacted the third quarter performance, but by the last quarter, things were getting back to normal.

In the school segment, we are witnessing a marked shift in consumption pattern. In-school vendor shops/stalls are proving quite popular. Also, many schools following CBSE/ICSE curriculum are starting the new session earlier, which is then followed by summer break. This has resulted in February and March increasing their share for school stationery segment, compared to May and June earlier.



Overcoming the Challenges

In the face of these stiff and significant challenges, Kokuyo Camlin Limited continued to make steady progress. Our clear focus, unwavering faith and steadfast fortitude was to continue doing the right things that will have an assured positive impact in the near, mid and long term.

We believe that our strategy of building strong foundations for future growth is in right direction.

The performance of office stationery category as well as artist materials category was quite satisfactory.

Leveraging IT and Technology

In addition to our flagship integrated manufacturing plant at Patalganga, we continue to invest in IT and Technology. We believe that our investment in IT and Technology is a huge and critical step for us in the right direction. Be it frontline salesforce, HR processes or procurement from vendors, we are leveraging the power of IT and Technology to improve every aspect of operations.

Sales team are a critical part at Kokuyo Camlin Limited. Today, we are proud of the fact that our sales team is largely IT-enabled and empowered. With latest smart tablets, the process of order fulfillment has gone to an entirely new level with real-time information and updates leading to better inventory planning, demand forecast and order execution.

Another key area where we are making long-term investment is in automation of our HR processes. In the years to come, people will prove to be the most important of all resources, and therefore, leveraging IT and Technology to measure and manage KPIs and KRAs will unlock the true potential of our people. This will also help in better Talent Management to ensure that we have one of the best people force in the industry with clearly defined goals and targets.

Brand - our biggest Asset

Our brand Camlin is by far our biggest asset. With a proud legacy of over 85 years, Camlin is one of the select brands that connects and reverberates with every Indian, across geography & generations. It is also one of the few brands that has continued to retain its vibrancy and is as alive and energetic as always with high recall amongst consumer brands in India.

At Kokuyo Camlin, we continue to associate Camlin with a variety of events and activities throughout the year to ensure that brand Camlin is always visible and vivid in the minds of all our consumers. The Camlin Art Contest (earlier, All India Camlin Colour Contest) is today one of the longest continuing art contest spanning four decades and covering over 6 million children across 8,000 schools in India and overseas.

Kokuyo Camlin won the URS AsiaOne White Swan Education Award 2015-16 in the category of India's Most Influential Education Ancillary Brands & Leaders at the 69th India's Greatest Brands & Leaders 2015-16

At Abby Award April 2017 - GOAFEST, Kokuyo Camlin won Bronze for its Design My Notebook Coverpage using Camlin Experience App

Marketing Excellence Award Kokuyo Camlin won 5 Awards (CMO Asia)

New Product Launches - keeping the momentum going

Launching new products in the market place is vital to keep the momentum growth going. At Kokuyo Camlin, we led the way with many new products Sku's launches during the year. Many of these products were innovative and industry-firsts like the Camel Gel Crayons, Kokuyo Square Glue Sticks, 2mm Mechanical Pencils, Foldable Scale.



While there have been challenges, at Kokuyo Camlin, we have been successful in Overcoming Challenges, and are confident that all our steps are in the right direction for long-term sustainable growth.

Our Integrated Manufacturing Plant at Patalganga

Inaugurated on
28th April, 2017

by the
Hon'ble Chief
Minister of
Maharashtra,
Shri Devendra
Fadnavis

Commercial
production
has
commenced





The benefits of the Patalganga integrated manufacturing plant will start getting visible in 2018 as the Company capitalizes on the synergies of one of the largest and most advanced stationery plants in the country.

In 2013, we undertook one of our most ambitious projects – a ₹ 100 crore investment to build a state-of-the-art integrated manufacturing plant with latest automated production lines that will produce over 200 products all in one location.

Spread over 14 acres, the Patalganga plant at MIDC is the biggest stationery plant in the Kokuyo Group. Integrated manufacturing will unleash massive economies of size, scale and scope and will result in very distinct competitive advantages for the Company.

Commercial production has commenced at the new plant. The plant has complete end-to-end production capability. It is designed to manufacture more than 200 different product SKUs that include market leaders like markers, mechanical pencils and crayons. The plant will also maintain a permanent R&D facility of the Inks, Adhesive and the Plastics Injection-molding. Integrated manufacturing at a single site would reduce the production cost owing to reduced transportation cost and enhanced shop-floor efficiency.

The new plant will also synergize the People potential as personnel of various skillsets shall work together collaboratively and cohesively, sharing learning and experience to create innovative and high-value products. The Company also plans regular Learning & Development initiatives at the new plant.



New Products





Inauguration of Patalganga Plant



Inauguration of Patalganga Plant at the hands of Hon'ble Chief Minister of Maharashtra Shri Devendra Fadnavis in the presence of H.E. Mr. Kenji Hiramatsu Ambassador Extraordinary and Plenipotentiary of Japan to India





Events and Activities



Tree plantation at Pithoragarh, Uttarakhand



Prize winners of Camlin Art Foundation Contest 2016



- Creative ABBY Awards at GOAFEST 2017 - Design your notebook coverpage (Experience App)



- Best Twitter Campaign – Camlin Mechanical Pencil – Tweet Enabled Pencil Race

Best Digital Integrated Campaign – Design your notebook cover page (Experience App)

Best Social Media Marketing Campaign - Camlin Mechanical Pencil – Tweet Enabled Pencil Race



- Best Environment Friendly Project Award for Uttarakhand Tree Plantation (10 lakhs+ saplings planted)



Distribution of gifts to underprivileged children in an event 'Unwrapping Happiness' at Kidzania Noida



Our CEO Mr. Nobuchika Doi inaugurating Gifts and Accessories exhibition in Mumbai



Kokuyo Camlin celebrating Children's day with cancer-affected kids



Kokuyo Camlin stall at Gifts and Accessories exhibition in Mumbai



Corporate Information



Chairman Emeritus

Mr. Subhash Dandekar

Board of Directors

Mr. Dilip Dandekar
(Chairman & Executive Director)

Mr. Takuya Morikawa
(Sr. Vice Chairman & Non-Executive Director)

Mr. Shriram Dandekar
(Vice Chairman & Executive Director)

Mr. Nobuchika Doi
(Chief Executive Officer & Executive Director)

Mr. Takeo Iguchi
(Executive Director)

Ms. Junko Saito
(Non-Executive Director)

Independent Directors

Mr. Shishir Desai
Mr. Ramanathan Sriram
Mr. Devendra Kumar Arora
Mr. Hisamaro Garugu
Mr. Venkataraman Sriram
Ms. Aparna Piramal Rajee

Chief Financial Officer

Mr. Chetan Badal

Vice President (Corporate) & Company Secretary

Mr. Ravindra Damle

Registered Office

Hilton House, 48/2, Central Road,
M.I.D.C., Andheri (East),
Mumbai - 400 093.
CIN: L24223MH1946PLC005434

Works

Patalganga : Plot No. F/8,
Additional Patalganga MIDC,
Village - Chavane, Taluka - Panvel,
Dist. - Raigad - 410 220.

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

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

Jammu : Industrial Growth Centre,
Samba Phase I, Jammu, J&K State.
101, Gangyal Industrial Area,
Phase II, Jammu - 180 004.

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

Auditors

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

Bankers

Mizuho Bank Ltd.
The Bank of Tokyo-Mitsubishi UFJ Ltd.
Sumitomo Mitsui Banking Corporation

Registrar & Transfer Agents

Link Intime India Pvt Ltd.
C-101, 247 Park,
LBS Marg, Vikhroli (West),
Mumbai - 400 083.
Tel : 91-022-4918 6270
Fax: 91-022-4918 6060
Email : rnt.helpdesk@linkintime.co.in

Audit Committee

Mr. Shishir Desai
Chairman
Mr. Venkataraman Sriram
Member
Mr. Ramanathan Sriram
Member
Mr. Takuya Morikawa
Member

Stakeholders Relationship Committee

Mr. Ramanathan Sriram
Chairman
Mr. Devendra Kumar Arora
Member
Mr. Shriram Dandekar
Member

Remuneration & Nomination Committee

Mr. Shishir Desai
Chairman
Ms. Aparna Piramal Rajee
Member
Mr. Hisamaro Garugu
Member
Mr. Dilip Dandekar
Member

Corporate Social Responsibility Committee

Mr. Ramanathan Sriram
Chairman
Mr. Nobuchika Doi
Member
Mr. Shriram Dandekar
Member



Notice

NOTICE is hereby given that the 70th Annual General Meeting of the Members of KOKUYO CAMLIN LIMITED, will be held on Wednesday the 28th June, 2017 at 3.00 p.m. at Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Takuya Morikawa (DIN 03599830), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in Place of Mr. Nobuchika Doi (DIN 03599835), who retires by rotation and being eligible offers himself for re-appointment.
4. 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (firm Registration No. 101248W/W-100022) be and are hereby appointed as the Statutory Auditors

of the Company in place of M/s. B .K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No 105102W) whose tenure expires at the ensuing Annual General Meeting of the Company, at such remuneration as may be mutually agreed upon by the Board of Directors and the Auditors, in addition to the reimbursement of service tax and actual out-of-pocket expenses incurred in connection with the audit of accounts of the Company.

RESOLVED FURTHER THAT M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (firm RegistrationNo.101248W/W-100022) if appointed as the Statutory Auditors of the Company, shall hold the office for a period of five years, from the conclusion of this Seventieth Annual General Meeting till the conclusion of Seventy Fifth Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

RESOLVED LASTLY THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary desirable or expedient to give effect to this resolution.”

SPECIAL BUSINESS:

5. 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 161 and such other applicable provisions, if any of the Companies Act, 2013 (“Act”) and read with schedule IV and the Companies (Appointment and Qualification

of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to recommendation of the Remuneration and Nomination Committee Ms. Junko Saito (DIN : 07726473), who was appointed as an Additional Non-Executive Director of the Company by the Board of Directors at its meeting held on 13th February, 2017 and who holds office up to the date of this Annual General Meeting and in respect of which a notice has been received from a member in writing, under Section 160 of the Act along with the requisite deposit, proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company whose term of office shall be liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to provisions of Sections 196,197,198, 202, 203, Schedule V and such other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder as may be applicable (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) hereinafter referred to as (“Act”), the relevant provisions of the Articles of Association of the Company and all other applicable guidelines issued by the Central Government from time to time and pursuant to recommendation of the Remuneration and Nomination Committee, the approval of Company be and is hereby accorded to appoint Mr. Nobuchika Doi (DIN 03599835) as the Managing Director of the Company and designated as “Chief Executive officer and Executive Director” of the Company for the period from 1st April, 2017 up to 31st October, 2017 with substantial powers of the management of affairs of the Company.

RESOLVED FURTHER THAT the terms and conditions of the appointment of Mr. Nobuchika Doi (including remuneration paid/payable) as

the CEO & Executive Director of the Company shall be governed by the terms and conditions as set out in the Agreement dated 20th August, 2014 executed between the Company and Mr. Nobuchika Doi and the shareholders' resolution passed at the 67th Annual General Meeting held on 17th July, 2014 and the Supplemental Agreement executed between the Company and Mr. Nobuchika Doi on 10th March, 2017 incorporating the terms and conditions of the appointment of Mr. Nobuchika Doi as the Managing Director of the Company with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Nobuchika Doi, subject to limits prescribed under the Act, and provisions of Schedule V or any amendment thereto for the time being in force.

RESOLVED LASTLY THAT any one of the Directors namely, Mr. Dilip D. Dandekar Chairman & Executive Director or Mr. Shriram S. Dandekar, Vice Chairman & Executive Director or Mr. Ravindra V. Damle, Vice President (Corporate) & Company Secretary be and are hereby severally authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

RAVINDRA V. DAMLE
Vice President (Corporate) &
Company Secretary

Regd. Office:

Kokuyo Camlin Limited
 CIN : L24223MH1946PLC005434
 48/2, Hilton House,
 Central Road, M.I.D.C.,
 Andheri (East),
 MUMBAI-400 093.
 Dated: 27th April, 2017.



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. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than 10% of total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for another person or shareholder.
3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
4. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 in respect of the business referred to under Item Numbers 4 to 6 (both numbers inclusive) is annexed hereto.
5. The Register of Members and Share Transfer books will remain closed from 24th June, 2017 to 28th June, 2017 (both days inclusive).
6. Members holding Shares in physical form are requested to communicate any change in address immediately to Company's Registrars and Share Transfer (R&T) Agents M/s. Link Intime India Private Limited.
7. In compliance with Section 125 of the Companies Act, 2013 the unclaimed dividend for the year ended 31st March, 2009, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. (Members shall not be able to register their claims with the Company 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 2010 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 125 of the Companies Act, 2013.

As per the provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has placed on its website (www.kokuyocamlin.com) the information on dividend which remains unclaimed with the Company for the financial year ended 31st March, 2009 and thereafter. The information is also available on the website of the Ministry of Corporate Affairs (www.mca.gov.in).
9. As per Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**Listing Regulations**') details in respect of the Directors seeking appointment or re-appointment at the Annual General Meeting forms integral part of the notice and is given in the Corporate Governance Report.

10. The Company in compliance with Regulation 39 (4) of the Listing Regulations has sent three reminders to the members in respect of shares which are lying unclaimed with the Company. The Company is in the process of transferring unclaimed share certificates of those members who have not claimed their shares, to unclaimed suspense account.
11. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
12. 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.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the R&T agent.
14. In Compliance with provisions of Section 108 of the Companies Act, 2013, and the rules framed thereunder and Regulation 44 of the Listing Regulations, the members are provided with the facility to cast their votes electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this notice. In order to enable its members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this notice, the Company is enclosing a ballot form with the notice. Instructions for voting through ballot and e-voting are given in the said form. Resolution(s) passed by the members through ballot forms/ e-voting is/ are deemed to have been passed if they have been passed at the AGM.
15. The facility for voting through Ballot paper shall be made available at the AGM and the members attending the meeting, who have not cast their vote by remote e-voting or ballot form shall be able to exercise their right at the meeting through ballot paper. The members who have cast their vote by remote e-voting or ballot form prior to the AGM may also attend the AGM but shall not be entitled to cast their vote.
16. The Annual Report 2016-17 along with the Notice is being sent by electronic mode to those members whose email addresses are registered with the depository participants/ Company's Registrar and Share Transfer Agent unless any member has specifically requested for a physical copies are been sent in the permitted mode. Further even after registering for e-communication, members are entitled to receive such communication in physical form upon making request for the same by post free of cost.
17. The Annual Report 2016-17 and Notice of the 70th Annual General Meeting of the Company circulated to the Members of the Company, will be made available on the Company's website www.kokuyocamlin.com and also on the website of the respective Stock Exchanges at www.bseindia.com and www.nseindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for Inspection during normal business hours on any working days upto the date of AGM. For any communication the members may also send request to the Company's investor relations email Id: investorrelations@



kokuyocamlin.com.

ANNEXURE FORMING PART OF THE NOTICE

(Explanatory Statement pursuant to Section 102 of the Companies Act, 2013)

ITEM NO.4:

This Explanatory Statement is provided though strictly not required as per the provision of section 102 of the Companies Act, 2013.

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company by the Members at their Annual General Meeting held in the year 1983 and thereafter each year till the year 2017. The present Auditors were last re-appointed at 69th Annual General Meeting held on Friday, the 29th July, 2016 to hold the office from the conclusion of 69th Annual General Meeting till conclusion of 70th Annual General Meeting of the Company.

As per the provisions of the Companies Act, 2013 ("the Act"), no listed Company shall appoint an audit firm (including its affiliate firms) as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e 1st April, 2014. M/s. B. K. Khare & Co. Chartered Accountants, Mumbai have completed the period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Annual General Meeting.

Accordingly the term of present auditors M/s. B. K. Khare & Co. Chartered Accountants, Mumbai expires at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board have placed on record their appreciation for the professional services rendered by them and their long association with the Company as its auditors.

For the purpose of appointment of new auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, technical assessment of the audit skills and the audit fees. Based on detailed analysis and recommendation of the Audit Committee the Board of Directors proposes to appoint M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (firm Registration No. 101248W/W-100022) as statutory auditors of the Company to the Members for their approval.

If approved by the Members, the appointment of M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (firm Registration No. 101248W/W-100022) as a Statutory Auditor will be for a period of five years commencing from the seventieth Annual General Meeting till the conclusion of seventy fifth Annual General Meeting (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting).

M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (firm Registration No. 101248W/W-100022) have confirmed that their appointment, if made would be within the limits specified under section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditor in term of the provisions of section 139(1), section 141(2) and section 141 (3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors, Key Managerial Personnel (KMPs) and their relatives are concerned or interested in the resolution.

The Directors recommend the Ordinary resolution for your approval.

ITEM NO. 5:

The Board of Directors at its meeting held on 13th February, 2017 on the recommendation of Remuneration and Nomination Committee, appointed Ms. Junko Saito as an Additional Non-Executive Director of the Company. As per the provisions of Section 161 of the Companies Act, 2013 ("the Act"), she holds office only up to the date of ensuing Annual General Meeting. The Company has received a notice in writing under the provisions of section 160 of the Act from a member along with a deposit of Rupees One Lakh proposing the candidature of Ms. Junko Saito for the office of Director liable to retire by rotation.

The details regarding the proposed appointment of Ms. Junko Saito as Director and her brief resume has been given in the Corporate Governance report for the information to the members.

The Board Considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail service of Ms. Junko Saito as Director.

None of the Directors/ Key Managerial Personnel (KMP) of the Company and their relatives except the appointee is concerned or interested in the resolution.

The Directors recommend the Ordinary resolution for your approval.

ITEM NO. 6:

In view of the resignation of Mr. Ayyadurai Srikanth as 'Manager' with effect from 1st April, 2017, the Board of Directors at its meeting held on 13th February, 2017, on the recommendation of Remuneration and Nomination Committee, appointed and re-designated Mr. Nobuchika Doi as Managing Director designated as "Chief Executive Officer &

Executive Director" with effect from 1st April, 2017 to 31st October, 2017 with a substantial powers of management and affairs of the Company.

While approving the said appointment of Mr. Nobuchika Doi, the remuneration and other terms and conditions as approved by the Board of Directors and in 67th Annual General Meeting held on 9th May, 2014 and 17th July, 2014 respectively will remain unchanged upto the expiry of his term of appointment dated 31st October, 2017.

The supplementary agreement incorporating the revised terms and conditions were executed on 10th March, 2017 and the said agreement is being available for inspection by the members at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on any working day of the Company up to the date of Annual General Meeting.

None of the Directors/ Key Managerial Personnel (KMP) of the Company and their relatives except the appointee is concerned or interested in the resolution.

The Directors recommend the special resolution for your approval.

By Order of the Board

RAVINDRA V. DAMLE
Vice President (Corporate) &
Company Secretary

Regd. Office:

Kokuyo Camlin Limited
CIN : L24223MH1946PLC005434
48/2, Hilton House,
Central Road, M.I.D.C,
Andheri (East),
MUMBAI-400 093.
Dated: 27th April, 2017.



Directors' Report

To,

The Shareholders of Kokuyo Camlin Limited

Your Directors have pleasure in presenting herewith the 70th Annual Report on the Business and operations of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2017.

FINANCIAL RESULTS (STANDALONE):

| | (₹ in Lakhs) | |
|--|--------------|-----------|
| | 2016-2017 | 2015-2016 |
| Net Sales/ Income from Business Operations | 64,027.67 | 61,418.72 |
| Other Income | 290.61 | 536.58 |
| Total Income | 64,318.28 | 61,955.30 |
| Profit Before Interest and Depreciation | 2,449.33 | 2,990.18 |
| Less Interest | 1,054.77 | 1,072.91 |
| Less Depreciation | 1,240.12 | 1,186.22 |
| Profit Before Tax | 154.44 | 731.05 |
| Less Provision for Tax | | |
| - Current | - | - |
| - Deferred | 59.52 | 209.57 |
| - Prior Years (Net) | (0.62) | (4.42) |
| Net Profit after Tax | 95.54 | 525.90 |
| Balance carried to Balance Sheet | 95.54 | 525.90 |
| Earnings per share (Basic) | 0.10 | 0.52 |
| Earnings per share (Diluted) | 0.10 | 0.52 |

OPERATING PERFORMANCE:

During the year the Company reported net sale of ₹ 64,027.67 lakhs as compared to ₹ 61,418.72 lakhs for the last year representing a growth of 4.25% over the corresponding period of the previous year. The profit before tax was lower at ₹ 154.44 lakhs against ₹ 731.05 lakhs for the corresponding period of the previous year.

The year under review was a challenging year for stationery industry which took a hit on the growth rates. Continuing price stress and competitive scenario in the market has affected the bottom-line of the Company. Your Company looks forward to strengthen its performance in the coming years with focus on optimum levels of inventory, operating efficiencies and cost saving across the organisation.

Given the growth requirements of the business and absence of sufficient profits, your Directors do not recommend any dividend on equity shares for the financial year 2016-2017.

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

SHARE CAPITAL:

During the year under review, there was no change in the share capital structure and the paid up capital of the Company as on 31st March, 2017 was ₹ 1003.04 lakhs.

CONSOLIDATED FINANCIALS STATEMENTS:

As per SEBI (Listing Obligations & Disclosure Requirements) 2015, the consolidated financial statements have been prepared by the Company in accordance with the applicable Accounting Standards. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report. Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the Subsidiary, Associate Companies and Joint Venture in the prescribed Form AOC-1 is annexed to this report. Pursuant to Section 136 of the Companies Act, 2013, the financial statements of the Subsidiary, Associate and Joint Venture companies are kept for inspection by the shareholders at the Registered Office of the Company. The Company shall provide free of cost, the copy of the financial statements of its Subsidiary, Associate and Joint Venture companies to the shareholders upon their request. The statements are also available on the website of the Company www.kokuyocamlin.com under the Investor Relations section.

SUBSIDIARY:

At present, the Company does not have any material subsidiary. No New subsidiary was incorporated or acquired by the Company during the period under review.

Pursuant to the provisions of Section 129(3) Companies Act, 2013, a statement containing salient features of the financial statements of Subsidiary/ Associate Company in Form AOC-1 is attached to the financial statements of the Company.

In accordance with the section 136 of the Companies Act, 2013, the Audited Financial Statements and related information of the Company and Audited Accounts of its Subsidiary are available on the website www.kokuyocamlin.com .

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis forms an integral part of this report and is presented separately. It gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's, and their adequacy, risk management systems and other material developments during the financial year 2016-17.

DEPOSITS:

During the year under review, your Company has not accepted any deposits. There are no unclaimed deposits as on date.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There has been no Material changes and Commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate (i.e. March 31, 2017) and the date of the report. However the Board of Directors in its meeting held on 27th April, 2017 announced the date of commercial production of company's Patalganga Plant to be 28th April, 2017.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not granted any Loans, Guarantees or Investments during the financial year ended 31st March, 2017.

RELATED PARTY TRANSACTIONS:

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so



granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their review/approval on a quarterly basis.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related Party Transactions as required under Section 134 (3) (h) of the Companies Act 2013 in form AOC-2 is not applicable to your Company.

The details of transaction with Related Parties are provided in the accompanying financial statements. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

CORPORATE GOVERNANCE REPORT:

Corporate Governance is all about ethical conduct, integrity and accountability. Good Corporate Governance involves a commitment of the Company to run the business in a legal, ethical and transparent manner and runs from the top and permeates throughout the organization. It is a key element improving the economic efficiency of Organization

As per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 a separate section on corporate governance forms part of this report. A Certificate from JHR & Associates Secretarial Auditors confirming compliance of Corporate Governance forms part of this Report.

Certificate of the CEO/CFO, confirming the correctness of the financial statements, compliance with the Company's Code of Conduct and the

Audit Committee in terms of Regulation 17 of the Listing Regulation is attached in the Corporate Governance report and forms part of this report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In terms of the provisions of the Companies Act, 2013, Mr. Takuya Morikawa and Mr. Nobuchika Doi, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment, you are requested to appoint them.

Mr. Yasushi Inoue resigned as Non-Executive Director of the Company with effect from 25th October, 2016. The Board has placed on record its appreciation for the contribution made by Mr. Inoue during his tenure of office.

Pursuant to provision of Section 161 of the Companies Act, 2013 and in terms of Listing Regulations the Board of Directors at its meeting held on 13th February, 2017 appointed Ms. Junko Saito as an Additional Non- Executive Director of the Company. The requisite resolution for approval of her appointment as a Non- Executive Director is being proposed in the notice of the ensuing Annual General Meeting for the approval of the members.

The Company has received declarations from all the Independent Directors of the Company, confirming that they meet with the criteria of independence as prescribed both under Companies Act, 2013 and the Listing Regulations.

None of the Directors are disqualified from being appointed as Directors as specified in section 164 of Companies Act, 2013. The profile of Directors seeking appointment/ re-appointment forms part of the Corporate Governance Report.

Mr. Ayyadurai Srikanth Chief Executive Officer had tendered his resignation with effect from 1st April,

2017. The Board has placed on record its appreciation for the contribution made by Mr. Srikanth during his tenure of office. The Board in its meeting held on 13th February, 2017 appointed Mr. Nobuchika Doi as 'Managing Director' to be designated as 'Chief Executive Officer & Executive Director' with effect from 1st April, 2017 till 31st October 2017.

The requisite special resolution for approval of his appointment as a Managing Director to be designated as 'Chief Executive Officer & Executive Director' is being proposed in the notice of the ensuing Annual General Meeting for the approval of the members.

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, read with the Rules framed thereunder.

1. Mr. Nobuchika Doi – 'Chief Executive Officer & Executive Director'.
2. Mr. Chetan Badal - Chief Financial Officer.
3. Mr. Ravindra Damle – Vice President (Corporate) & Company Secretary.

Mr. Ayyadurai Srikanth Chief Executive Officer who was also Key Managerial Personnel resigned from the Company with effect from 1st April, 2017.

The Disclosure required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014 is annexed as "Annexure – C" forms an integral part of this report.

MEETINGS OF BOARD:

During the year four Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening

gap between the Meetings was within the period prescribed under the Companies Act, 2013.

FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

In compliance with the requirements of Listing Regulations, the Company has put in place a familiarization program for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme are explained in the Corporate Governance Report. The same is also available on the website of the Company and can be accessed by web link <https://www.kokuyocamlin.com/company-policies>

PERFORMANCE EVALUATION OF THE DIRECTORS:

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations 2015, Remuneration and Nomination Committee, has formulated framework containing the criteria for performance evaluation of the Board of Directors including Independent Directors, Key Managerial Personnel, and Committees of the Board on the basis of which they have been evaluated.

The Independent Directors had met separately on 21st March, 2017 without the presence of Non-Independent Directors and the members of management and discussed the performance evaluation of the Board Members.

REMUNERATION POLICY:

The Board has on the recommendation of the Remuneration and Nomination Committee framed a policy for selection, appointment and remuneration of Directors and KMPs. The Remuneration Policy is stated in the Corporate Governance Report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 134(3) (c) of the Companies Act, 2013, your Directors to the best of their knowledge and belief and according to the information and explanations obtained by them, hereby confirm:

- a) That in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the Directors had 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, 2017 and of the profit of the Company for the year ended on that date.
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors had prepared the annual accounts on a going concern basis; and
- e) That the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS & AUDITORS' REPORT:**STATUTORY AUDITORS:**

The term of M/s. B. K. Khare & Co. Chartered Accountants Mumbai, Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company. The provision regarding rotation of auditors as prescribed under Companies Act, 2013 are applicable to the Company, it is hence proposed to appoint M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (firm Registration No. 101248W/W-100022) as the Statutory Auditors to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of Seventy fifth Annual General Meeting. They have confirmed their eligibility and willingness for appointment as statutory auditors for the aforesaid period as per section 141 of the Companies Act, 2013. The Audit Committee and the Board of Directors recommends their appointment to the members.

The board place on record its appreciation for the services rendered by M/s. B.K.Khare & Co Chartered Accountants, Mumbai as statutory auditors of the Company for over three decades

AUDITORS' REPORT:

The observation of the Auditors in their report read, with relevant notes to the accounts are self-explanatory and therefore do not require further explanations.

SECRETARIAL AUDIT:

M/s. JHR & Associates a firm of Company Secretaries were appointed as Secretarial Auditor for the financial year 2016-17 pursuant to section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in the prescribed form MR-3 is attached as **"Annexure – E"** and forms part of this report.

There are no qualifications or observations or adverse remarks of the Secretarial Auditors in the Report issued by them for the financial year 2016-17.

RECONCILIATION OF SHARE CAPITAL AUDIT:

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control System in the Company which should be adequate and shall operate effectively. To ensure effective Internal Financial Controls (IFC) the Company has its own process driven framework for the year ended 31st March, 2017.

The Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations; wherein controls are in place and operating effectively and no material weaknesses exist. Company has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and /or improved controls wherever the effect of such gaps would have a material effect on the Company's operation.

REGISTRAR AND SHARE TRANSFER AGENT:

Your Company has appointed M/s Link Intime India Pvt. Ltd. as Registrar and Share Transfer Agent with effect from 13th May, 2016. As communicated to you separately they had shifted their office to new location the address is mentioned in the Corporate Governance Report.

INVESTOR EDUCATION AND PROTECTION FUND:

The Company had transferred a sum of ₹ 2.48 Lakhs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents unclaimed dividend for the year 2008-2009 with the Company for a period of 7 years from the due date of payment.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6(3) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 as amended on 28/2/2017 as IEPF amended Rules 2017, the Company is in the process of transfer of shares either in physical mode or in Demat mode to IEPF authority, whose dividend is unclaimed for the financial year 2008-09 and onwards for the period of seven years. The Company has already communicated individually to the concerned shareholder whose shares are liable to be transferred to IEPF account.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace, all women, permanent, temporary or contractual including those of service providers are covered under the policy. An Internal sexual Harassment Committee comprising management staff has been set up at office and factory locations, which includes three women to redress complaints relating to sexual harassment. The committee also



includes an outside women representative from an NGO. During the year under review no case was reported under the said policy.

SIGNIFICANT AND MATERIAL ORDRES PASSED BY THE REGULATORS OR COURTS:

There are no significant or material orders passed by any regulator, tribunal or court that would impact the going concern status of the Company and its future operations.

CORPORATE SOCIAL RESPONSIBILITY:

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules 2014 as amended and in accordance with the CSR Policy, the Company has spent above 2% of the average net profits of the Company during the three immediately preceding financial years. The details are provided in the Annual Report on CSR activities has been appended as “**Annexure – D**” which forms an integral part of this report.

Key Initiatives which the Company engaged are:-

Educate the Girl Child

Your Company got associated with Nanhi Kali one of the largest community programs imparting education to under privileged girls across India. This partnership provided support to girl children through academic material and social backing by identifying critical centers of education through Nanhi kali project.

Swachh Bharat Kosh

Your Company also contributed to the Swachh Bharat Kosh set-up by the Central government for promotion of sanitation through donation to the above said fund.

In addition to the above the Company has been implementing other social activities which has not been considered for arriving at the spends as per the CSR rules.

CODE OF ETHICS AND VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

The Company has adopted code of Ethics and business conduct which lays down principles and standards that should govern the actions of the Company and employees. The Company has a vigil mechanism called “Whistle Blower Policy” with a view to provide a mechanism for employees of the Company to raise concerns of any violations of any legal or regulatory requirement, incorrect or misrepresentation of any financial statement and reports etc. The Company is committed to adhere to the highest standard of ethical, moral and legal conduct of business operations.

The Company has taken steps to establish Vigil Mechanism for Directors and Employees of the Company. The details of the Policy are posted on the website of the Company.

PREVENTION OF INSIDER TRADING:

The Company has also adopted a code of conduct for prevention of insider trading. All the Directors, senior management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under report, there has been due compliance with the said code of conduct for prevention of insider trading based on the SEBI (Prohibition of Insider Trading) Regulations 2015.

The Board at its meeting held on 13th February 2017 has amended the code of Prohibition of insider trading.

INSURANCE:

The Company's plant, property, equipment's and stocks are adequately insured against major risks. The Company also has appropriate liability insurance covers particularly for product liability. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

AWARDS/ RECOGNITION/ RANKINGS:

At the National Awards for Marketing Excellence held in Mumbai in June 2016, your Company won 2 awards – 'Marketing Campaign of the Year' award for its Google Doodle, and under the head 'Marketing Communications B2C' award for the Colours of Ganesha, an extension of the award-winning Camlin Experiential App.

Kokuyo Camlin won the URS AsiaOne WHITE SWAN Education Award 2015-16 in the category – India's Most Influential Education Ancillary Brands & Leaders 2015-16. This was at the 69th India's Greatest Brands & Leaders 2015-16 organised by United Research Brands (URS) and AsiaOne magazine.

Your Company's Taloja team won three Kaizen Awards at the Annual Quality Convention organised by the Quality Circle Forum of India.

GREEN INITIATIVE IN CORPORATE GOVERNANCE:

In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send the annual report through email to those shareholders who have registered their email id with the depository participant /Company's registrar and share transfer agent, in case a shareholder wishes to receive a printed copy he/she may please send a request to the Company which will send the annual report to the shareholder.

The Company is providing e voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for e-voting are provided in the Notice.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure – A**".

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT- 9 is annexed herewith as "**Annexure - B**".

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

**ACKNOWLEDGEMENT:**

Your Directors express their gratitude to the members, bankers, customers, financial institutions and other business constituents for their continued faith, assistance and support extended to the Company. Your Directors also sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels thereby contributing largely to the growth and success of the Company.

Your Directors also wish to place on record their appreciation for the support and guidance provided by its parent Company Kokuyo Co. Ltd. Japan.

For and on behalf of the Board

**DILIP DANDEKAR
CHAIRMAN &
EXECUTIVE DIRECTOR**

Place: Mumbai

Date: 27th April, 2017

Annexure 'A' to the Board's Report

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

[Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014]

A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

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

- Install Turbo ventilator on Roofs operated on wind to reduce heat and also improve shop floor ventilation.
- In all factories we are not discharging treated effluents from ETP but it is recycle and reuse.
- Heaters temperature controller are digitalised leading to proper temperature control in process which has help to reduce excess power consumption.
- Use of gravity in some process has reduced electricity for transfer of material.
- Auto controllers on lighting for switch on/off.

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

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

(c) Impact of the above matters:

As a result of measures taken/to be taken, enumerated in (a) and (b) above there is a reduction in maintenance cost, machine



downtime and thereby savings in unit consumption which has helped in reducing the cost of production.

B) TECHNOLOGY ABSORPTION:

Research and Development (R & D):

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

| | | | (₹ in Lakhs) | |
|--|---------------|---------------|--------------|--|
| 4. Expenditure on R&D | 2016-2017 | 2015-2016 | | |
| a) Capital | - | - | | |
| b) Recurring | 342.78 | 368.51 | | |
| c) Total | 342.78 | 368.51 | | |
| d) Total R&D Expenditure as a Percentage of total turnover | 0.50 | 0.57 | | |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R&D Laboratory is recognized by the Department of Scientific and Industrial Research, Govt. of India, where continuous efforts are made to innovate new products and improve the quality of Art Material, Stationery and Adhesive products, manufactured / procured by the Company to make the manufacturing process safe, cost effective and environment friendly.
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 SAARC Countries, Middle East, Far East, CIS Regions and USA. The Company is aggressively focusing in OEM business in CIS countries and branded business in Middle East, SAARC and Far East Countries for Hobby and Fine Art products.

(b) Total Foreign Exchange used and earned:

(₹ in Lakhs)

| | 2016-2017 | 2015-2016 |
|-------------------------|-----------|-----------|
| Foreign exchange used | 5,474.90 | 4,386.67 |
| Foreign exchange earned | 1,559.05 | 1,772.51 |

For and on behalf of the Board

DILIP DANDEKAR
CHAIRMAN &
EXECUTIVE DIRECTOR

Place: Mumbai

Date: 27th April, 2017



Annexure 'B' to the Board's Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

I. REGISTRATION AND OTHER DETAIL:

| | |
|--|---|
| i) CIN:- | L24223MH1946PLC005434 |
| ii) Registration Date | 24 th December, 1946 |
| iii) Name of the Company | Kokuyo Camlin Limited |
| iv) Category / Sub-Category of the Company | Company Limited by shares Indian Non- Government Company |
| v) Address of the Registered office and contact details | 48/2, Hilton House, Central Road M.I.D.C, Andheri (East), Mumbai – 400 093 Tel: 022-66557000 Website: www.kokuyocamlin.com |
| vi) Whether listed Company Yes / No | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited C – 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel.: 91-22- 49186270 Fax: 91-22- 49186060 Email id: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

| Sl. No. | Name and Description of main products /services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Artists Colours | 303.60 | 35.88 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Camlin International Ltd. | U51900MH1993PLC075140 | Subsidiary | 100 | 2(87) |
| 2. | Colart Camlin Canvas Pvt. Ltd. | U17290MH2005PTC155976 | Associate | 40 | 2(6) |

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change During the year |
|--|---|-------------|-----------------|-------------------|---|-------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| Individuals/ HUF | 1244200 | - | 1244200 | 1.24 | 1244200 | - | 1244200 | 1.24 | - |
| Central Govt | - | - | - | - | - | - | - | - | - |
| State Govt(s) | - | - | - | - | - | - | - | - | - |
| Bodies Corp | - | - | - | - | - | - | - | - | - |
| Banks/ FI | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(1) | 1244200 | - | 1244200 | 1.24 | 1244200 | - | 1244200 | 1.24 | - |
| (2) Foreign | | | | | | | | | |
| NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| Other - Individuals | - | - | - | - | - | - | - | - | - |
| Bodies Corp | 73971750 | - | 73971750 | 73.75 | 73971750 | - | 73971750 | 73.75 | - |
| Banks/ FI | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(2) | 73971750 | - | 73971750 | 73.75 | 73971750 | - | 73971750 | 73.75 | - |
| Total shareholding of Promoter (A)=(A)(1)+(A)(2) | 75215950 | - | 75215950 | 74.99 | 75215950 | - | 75215950 | 74.99 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| Mutual Funds | - | - | - | - | - | - | - | - | - |
| Banks/ FI | 18757 | 3000 | 21757 | 0.02 | 63560 | 3000 | 66560 | 0.06 | 0.04 |
| Central Govt | - | - | - | - | - | - | - | - | - |
| State Govt(s) | - | - | - | - | - | - | - | - | - |
| Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Insurance Companies | - | - | - | - | - | - | - | - | - |
| FIs | 37500 | - | 37500 | 0.04 | - | - | - | - | (0.04) |
| Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub Total (B)(1) | 56257 | 3000 | 59257 | 0.06 | 63560 | 3000 | 66560 | 0.06 | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 3339283 | 9000 | 3348283 | 3.34 | 3229077 | - | 3229077 | 3.22 | (0.12) |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto ₹ 2 lakhs | 15359244 | 2237915 | 17597159 | 17.55 | 15658300 | 2193090 | 17851390 | 17.80 | 0.25 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs | 3625825 | - | 3625825 | 3.61 | 2779707 | - | 2779707 | 2.77 | (0.84) |



| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change During the year | |
|--|---|----------------|------------------|--------------|---|----------------|------------------|--------------|--------------------------|---|
| c) Others (Specify) | | | | | | | | | | |
| i) NRI (Non-Rep) | 80223 | - | 80223 | 0.08 | 252836 | - | 252836 | 0.25 | 0.17 | |
| ii) NRI (Rep) | 340109 | 2000 | 342109 | 0.34 | 904286 | 2000 | 906286 | 0.91 | 0.57 | |
| iii) Trust | 35000 | - | 35000 | 0.03 | 2000 | - | 2000 | - | (0.03) | |
| Sub Total (B)(2) | 22779684 | 2248915 | 25028599 | 24.95 | 22826206 | 2195090 | 25021296 | 24.95 | - | |
| Total Public Shareholding | 22835941 | 2251915 | 25087856 | 25.01 | 22889766 | 2198090 | 25087856 | 25.01 | - | |
| (B)=(B)(1)+(B)(2) | | | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 98051891 | 2251915 | 100303806 | 100 | 98105716 | 2198090 | 100303806 | 100 | - | |

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in shareholding during the Year |
|--------------|---------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1. | Kokuyo Company Limited | 73971750 | 73.74 | - | 73971750 | 73.74 | - | - |
| 2. | Shriram Sharad Dandekar | 250000 | 0.25 | - | 250000 | 0.25 | - | - |
| 3. | Dilip Digambar Dandekar | 768200 | 0.77 | - | 768200 | 0.77 | - | - |
| 4. | D D Dandekar HUF | 126000 | 0.13 | - | 126000 | 0.13 | - | - |
| 5. | Subhash Digambar Dandekar | 100000 | 0.10 | - | 100000 | 0.10 | - | - |
| TOTAL | | 75215950 | 74.99 | | 75215950 | 74.99 | | |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | Name of the promoter | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Kokuyo Co. Ltd. | | | | |
| | At the beginning of the year | 73971750 | 73.74 | 73971750 | 73.74 |
| | Purchase/Sale during the year | - | - | 73971750 | 73.74 |
| | At the end of the year | - | - | 73971750 | 73.74 |
| 2. | Shriram Sharad Dandekar | | | | |
| | At the beginning of the year | 250000 | 0.25 | 250000 | 0.25 |
| | Purchase/ Sale during the year | - | - | 250000 | 0.25 |
| | At the end of the year | - | - | 250000 | 0.25 |
| 3. | Dilip Digamber Dandekar | | | | |
| | At the beginning of the year | 768200 | 0.77 | 768200 | 0.77 |
| | Purchase/ Sale during the year | - | - | 768200 | 0.77 |
| | At the end of the year | - | - | 768200 | 0.77 |

| Sl. No. | Name of the promoter | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|----------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 4. | D D Dandekar HUF | | | | |
| | At the beginning of the year | 126000 | 0.13 | 126000 | 0.13 |
| | Purchase/ Sale during the year | - | - | 126000 | 0.13 |
| | At the end of the year | | | 126000 | 0.13 |
| 5. | Subhash Digambar Dandekar | | | | |
| | At the beginning of the year | 100000 | 0.10 | 100000 | 0.10 |
| | Purchase/ Sale during the year | - | - | 100000 | 0.10 |
| | At the end of the year | | | 100000 | 0.10 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Girish S. Apte | | | | |
| | At the beginning of the year | 848540 | 0.68 | 848540 | 0.85 |
| | Increase/ Decrease upto 31 st March, 2017 | (350) | - | 848190 | 0.85 |
| | At the end of the year | 848190 | | 848190 | 0.85 |
| 2. | Ramesh Damani | | | | |
| | At the beginning of the year | 375000 | 0.37 | 375000 | 0.37 |
| | Increase/ Decrease upto 31 st March, 2017 | - | - | 375000 | 0.37 |
| | At the end of the year | | | 375000 | 0.37 |
| 3. | Nalini N. Sekhsaria | | | | |
| | At the beginning of the year | - | - | - | - |
| | Increase/ Decrease upto 31 st March, 2017 | 350000 | 0.35 | 350000 | 0.35 |
| | At the end of the year | 350000 | 0.35 | 350000 | 0.35 |
| 4. | Shree Capital Services Limited | | | | |
| | At the beginning of the year | - | - | - | - |
| | Increase/ Decrease upto 31 st March, 2017 | 345430 | 0.34 | 345430 | 0.34 |
| | At the end of the year | 345430 | 0.34 | 345430 | 0.34 |
| 5. | Kalpana Rajiv Dandekar | | | | |
| | At the beginning of the year | 332917 | 0.33 | 332917 | 0.33 |
| | Increase/ Decrease upto 31 st March, 2017 | - | - | 332917 | 0.33 |
| | At the end of the year | - | - | 332917 | 0.33 |
| 6. | Benu Gopal Bangur | | | | |
| | At the beginning of the year | 312600 | 0.31 | 312600 | 0.31 |
| | Increase/ Decrease upto 31 st March, 2017 | - | - | 312600 | 0.31 |
| | At the end of the year | | | 312600 | 0.31 |



| Sl. No. | Top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 7. | Ganesh Srinivasan | | | | |
| | At the beginning of the year | 150000 | 0.15 | 150000 | 0.15 |
| | Increase/ Decrease upto 31 st March, 2017 | 150000 | 0.15 | 300000 | 0.30 |
| | At the end of the year | 300000 | 0.30 | 300000 | 0.30 |
| 8. | Vijay V. Wadhwa | | | | |
| | At the beginning of the year | 261000 | 0.26 | 261000 | 0.26 |
| | Increase/ Decrease upto 31 st March, 2017 | - | - | 261000 | 0.26 |
| | At the end of the year | - | - | 261000 | 0.26 |
| 9. | K. C. Holding Private Limited | | | | |
| | At the beginning of the year | 217710 | 0.22 | 217710 | 0.22 |
| | Increase/ Decrease upto 31 st March, 2017 | - | - | 217710 | 0.22 |
| | At the end of the year | - | - | 217710 | 0.22 |
| 10. | Harimohan Bangur | | | | |
| | At the beginning of the year | 193500 | 0.19 | 193500 | 0.19 |
| | Increase/ Decrease upto 31 st March, 2017 | - | - | 193500 | 0.19 |
| | At the end of the year | - | - | 193500 | 0.19 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Mr. Dilip D. Dandekar | | | | |
| | At the beginning of the year | 768200 | 0.77 | 768200 | 0.77 |
| | increase/ decrease in shareholding during the year | - | - | 768200 | 0.77 |
| | At the end of the year | | | 768200 | 0.77 |
| 2. | D D Dandekar (HUF) | | | | |
| | At the beginning of the year | 126000 | 0.13 | 126000 | 0.13 |
| | increase/ decrease in shareholding during the year | - | - | 126000 | 0.13 |
| | At the end of the year | | | 126000 | 0.13 |
| 3. | Mr. Shriram S. Dandekar | | | | |
| | At the beginning of the year | 250000 | 0.25 | 250000 | 0.25 |
| | increase/ decrease in shareholding during the year | - | - | 250000 | 0.25 |
| | At the end of the year | 250000 | 0.25 | 250000 | 0.25 |
| 4. | Mr. Takuya Morikawa | | | | |
| | At the beginning of the year | - | - | - | - |
| | increase/ decrease in shareholding during the year | - | - | - | - |
| | At the end of the year | | | - | - |

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| Sl. No. | Name of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 5. | Mr. Nobuchika Doi At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 6. | Mr. Takeo Iguchi At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 7. | Mr. Shishir B. Desai At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 8. | Mr. Ramanathan Sriram At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 9. | Mr. Hisamaro Garugu At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 10. | Mr. Devendra Kumar Arora At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 11. | Mr. Venkataraman Sriram At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 12. | Mr. Yasushi Inoue * At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 13. | Ms. Aparna D. Piramal At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |



| Sl. No. | Name of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 14. | Ms. Junko Saito** At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 15. | Mr. Ayyudarai Srikanth*** At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | - | - | - | - |
| 16. | Mr. Chetan Badal At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | 23030 | 0.02 | 23030 | 0.02 |
| 17. | Mr. Ravindra V. Damle At the beginning of the year increase/ decrease in shareholding during the year At the end of the year | 28677 | 0.03 | 28677 | 0.03 |

*Ceased to be Director w.e.f. 25th October, 2016.

** Appointed as a Director w.e.f. 13th February, 2017.

**** Ceased to be Manager w.e.f. 1st April, 2017.

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial Year | | | | |
| i) Principal Amount | 12.39 | 9866.62 | - | 9879.01 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 49.08 | - | 49.08 |
| Total (i+ii+iii) | 12.39 | 9915.70 | - | 9928.09 |

(₹ in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Change in Indebtedness during the financial year | | | | |
| · Addition | - | - | - | - |
| · Reduction | 2.93 | 50.34 | - | 53.27 |
| Net Change | 2.93 | 50.34 | - | 53.27 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 9.46 | 9843.91 | - | 9853.37 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 21.45 | - | 21.45 |
| Total (i+ii+iii) | 9.46 | 9865.36 | - | 9874.82 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | | Total Amount |
|---------|---|-------------------------|-------------------------|---------------|--------------|--------------------|---------------|
| | | Dilip Digamber Dandekar | Shriram Sharad Dandekar | Nobuchika Doi | Takeo Iguchi | Ayyadurai Srikanth | |
| 1. | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 106.75 | 89.95 | 46.99 | 46.99 | 52.76 | 343.44 |
| | (b) Value of perquisites u/s. 17(2) Income-tax Act, 1961 | 43.45 | 36.31 | 45.52 | 45.58 | 15.16 | 186.02 |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | - | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - | - |
| 4. | Commission | | | | | | |
| | - as % of profit | - | - | - | - | - | - |
| | - others, specify... | - | - | - | - | - | - |
| | Others | - | - | - | - | - | - |
| | Total (A) | 150.20 | 126.26 | 92.51 | 92.57 | 67.92 | 529.46 |



B. Remuneration to other Directors:

1. Independent Directors:

(₹ in Lakhs)

| Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|---|-------------------|-----------------|---------------|---------------------|----------------------|-------------|--------------|
| | R. Sriram | Hisamaro Garugu | Shishir Desai | Aparna Piramal Raje | Devendra Kumar Arora | V. Sriram | |
| Fee for attending board/ committee meetings | 5.00 | 2.40 | 4.60 | 1.90 | 2.80 | 4.00 | 20.70 |
| Commission | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Total (1) | 5.00 | 2.40 | 4.60 | 1.90 | 2.80 | 4.00 | 20.70 |

2. Other Non-Executive Directors:

(₹ in Lakhs)

| Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|-------------------|---------------|-------------|--------------|
| | Takuya Morikawa | Yasushi Inoue | Junko Saito | |
| Fee for attending board/ committee meetings | - | - | - | - |
| Commission | - | - | - | - |
| Others | - | - | - | - |
| Total (2) | - | - | - | - |
| TOTAL B = (1+2) | - | - | - | - |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(₹ in Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|---------------------------------------|---------------------|---------------|
| | | Ravindra Damle VP (Corporate) & CS | Chetan Badal CFO | Total |
| 1. | Gross salary | | | |
| | (a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961 | 25.64 | 45.68 | 71.32 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 13.11 | 17.72 | 30.83 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | | | |
| | - as % of profit | - | - | - |
| | - others, specify... | - | - | - |
| 5. | Others | - | - | - |
| | Total (A) | 38.75 | 63.40 | 102.15 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of The Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |

For and on behalf of the Board

DILIP D. DANDEKAR
CHAIRMAN &
EXECUTIVE DIRECTOR

Place: Mumbai
Date: 27th April, 2017



Annexure C

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Name of the Director | Designation | Ratio to median remuneration |
|----------------------|--------------------------------------|------------------------------|
| Mr. Dilip Dandekar | Chairman and Executive Director | 68.27 |
| Mr. Shriram Dandekar | Vice Chairman and Executive Director | 57.39 |
| Mr. Nobuchika Doi | CEO & Executive Director | 42.05 |
| Mr. Takeo Iguchi | Executive Director | 42.08 |

- The median remuneration of employees of the Company was ₹ 2.20 lakhs.
 - For this purpose, Sitting Fees paid to the Directors have not been considered as remuneration.
2. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

| Name of the Director/KMP | Designation | % increase in remuneration |
|--------------------------|---|----------------------------|
| Mr. Dilip Dandekar | Chairman and Executive Director | 10.08 |
| Mr. Shriram Dandekar | Vice Chairman and Executive Director | 12.20 |
| Mr. Nobuchika Doi | CEO & Executive Director | 0.84 |
| Mr. Takeo Iguchi | Executive Director | 0.90 |
| Mr. A Srikanth | Chief Executive officer | -15.50 |
| Mr. Chetan Badal | Chief Financial Officer | -6.56 |
| Mr. Ravindra Damle | Vice President(Corporate) & Company Secretary | -4.77 |

- The above increase is on the basis of actual remuneration paid for both the years.
3. The percentage increase in the median remuneration of employees in the financial year: -0.90 %
4. The number of permanent employees on the rolls of Company: 1308
5. The explanation on the relationship between average increase in remuneration and Company performance:

(₹ in Lakhs)

| | 2016-2017 | 2015-2016 | Growth |
|---|-----------|-----------|---------|
| Net revenue from operations | 67,377.26 | 64,314.09 | 4.76 % |
| Profit Before tax and exceptional Items | 154.44 | 731.05 | -78.87% |
| Profit After Tax | 95.54 | 525.90 | -80.83% |

On an Average employee received an annual increase of 6.62 %. The increase in Remuneration is in line with market trend. The Salary increase that were made were based on Organisation performance as well as Individual performance.

6. Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company :

The remuneration paid to KMPs aggregate to approximately 0.25 % of the Gross Revenue and 114.49 % of Profits.

7. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company

came out with the last public offer in case of listed Companies:

| Sr. No. | Description | Amount |
|---------|---|----------|
| 1. | Market Capitalisation variation | |
| | Market Cap at 31 st March, 2017 (in lakhs) | 91828.13 |
| | Market Cap at 31 st March, 2016 (in lakhs) | 83553.23 |
| | Variation in market cap in FY 2016 (%) | 9.90 |
| 2. | Price to earnings ratio | |
| | PE as at 31 st March, 2017 (mrkt price/ EPS) | 1017.22 |
| | PE as at 31 st March, 2016 (mrkt price/ EPS) | 160.19 |
| | Variation in PE in FY 2016 (%) | 635 |
| 3. | % Increase / Decrease from last Public Offer | |
| | Public Offer price per share (on June 1988) at present FV | 3 |
| | Market price as at 31 st March, 2017 | 91.55 |
| | % increase from last Public Offer | 3051.67 |

8. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average increase in remuneration is 7% for Employees other than Managerial Personnel and 8.5% for Managerial Personnel.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

| Sr. No. | Particulars of Remuneration | Mr. A. Srikanth CEO | Mr. C. R. Badal CFO | Mr. R. V. Damle CS |
|---------|--|------------------------|------------------------|-----------------------|
| 1. | Remuneration in FY 2017 | 67.92 | 63.40 | 38.75 |
| 2. | Total Revenue | 67377.26 | | |
| 3. | Remuneration (as % of total revenue) | 0.10 | 0.09 | 0.05 |
| 4. | Profit Before Tax | 154.44 | | |
| 5. | Remuneration (as % of profit before tax) | 43.97 | 41.05 | 25.09 |

10. The key parameters for any variable component of remuneration availed by the directors There is no Variable Component in the Remuneration of the Director.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

None.

12. Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company affirms remuneration is as per the remuneration policy of the Company General Note:

- Calculation of Market Capitalization, price to earnings and other details are based on stock price on National Stock Exchange of India Limited on relevant dates.
- Profit of the Company is calculated as per Section 198 of the Companies Act, 2013.
- Managerial Personnel includes Whole-time Director.

For and on behalf of the Board

**DILIP DANDEKAR
CHAIRMAN &
EXECUTIVE DIRECTOR**



Annexure D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company proposes to undertake the relevant activities on priority basis in the following focused areas:

- a. Promoting health care including preventive health care and sanitation including undertaking of activities related to the Government's Swachh Bharat Abhiyaan programme & contribution to the Swachh Bharat Kosh set-up by the Central Government for promotion of sanitation and making available safe drinking water;
 - b. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled, and livelihood enhancement projects;
 - c. Contribution to the Prime Minister's National Relief Fund or any other Fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
2. The Composition of the CSR Committee:

| SR. NO. | NAME | POSITION |
|---------|-----------------------|----------|
| 1 | Mr. Ramanathan Sriram | Chairman |
| 2 | Mr. Nobuchika Doi | Member |
| 3 | Mr. Shriram Dandekar | Member |

3. Average net profit of the Company for last three financial years: ₹ **176.85 Lakhs**
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ **3.54 Lakhs**
5. Details of CSR spent during the financial year 2016-17.

(a) Total amount to be spent for the financial year : ₹ **3.70 Lakhs**

(b) Amount unspent, if any; **Nil**

(c) Manner in which the amount spent during the financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|--|--|---|---|--------------------------------------|---|---|
| Sl. No. | CSR Project or activity Identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the state or district where the Projects or programs under taken | Amount outlay spent on Project or Program wise (In ₹) | Amount Spent on Project / Programmes | Cumulative expenditure up to the reporting period (in rupees) | Amount Spent: Direct or through implementing Agency |
| 1 | K. C. Mahindra Foundation Trust A/c. Nanhi Kali | EDUCATION | Maharashtra | 2,70,000/- | 2,70,000/- | 2,70,000/- | IMPLEMENTING AGENCY |
| 2 | Swachh Bharat Kosh | SANITATION | Maharashtra | 1,00,000/- | 1,00,000/- | 1,00,000/- | DIRECT |

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

Not Applicable

7. DETAILS OF CSR PROGRAMMES:

Educate the Girl Child:

Your Company got associated with Nanhi Kali one of the largest community programs imparting education to under privileged girls across India. This partnership provided support to girl children through academic material and social backing by identifying critical centers of education through Nanhi kali project.

Swachh Bharat Kosh:

Your Company also contributed to the Swach Bharat Kosh set-up by the Central government for promotion of sanitation through donation Go above said fund.

8. CSR Committee Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company is in compliance with the CSR objective and the CSR policy of the Company.

Mr. Ramanathan Sriram
Chairperson- CSR Committee
On behalf of the Board of Directors
Mr. Dilip Dandekar – Chairman & Executive Director

Place: Mumbai

Date: 27th April, 2017



Annexure E

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Kokuyo Camlin Limited
48/2, Hilton house, Central Road, M.I.D.C
Andheri (East),
Mumbai 400093.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kokuyo Camlin Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records

maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Remittance of Dividend, Foreign Direct Investment and External Commercial Borrowings.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during audit period)

- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during audit period)
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit period)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during audit period)
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during audit period)
 - i. SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
- vi. There are no laws which specifically apply to the type of activities undertaken by the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, etc. as mentioned above.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the Composition of the Board of Directors during the audit period.

Adequate notice of at least seven days is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events/actions of the Company having a major bearing on the Company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc. requiring disclosure in this report.

**For JHR & Associates
Company Secretaries**

**J. H. Ranade
Partner**

Place: Thane
Date: 26th April, 2017

(FCS: 4317, CP: 2520)



The Members,
Kokuyo Camlin Limited
48/2, Hilton house, Central Road, M.I.D.C,
Andheri (East), Mumbai 400093.

Our Secretarial Audit Report of even date for the Financial Year 2016-17 is to be read along with this letter.

MANAGEMENT'S RESPONSIBILITY

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

AUDITOR'S RESPONSIBILITY

2. Our responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on our audit.
3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

DISCLAIMER

4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **JHR & Associates**
Company Secretaries

J. H. Ranade
(Partner)

FCS: 4317, CP: 2520

Place: Thane
Date: 26th April, 2017

Management Discussion And Analysis

ECONOMIC OVERVIEW:

The global economy having grown 3.4% in 2015, witnessed a slowdown in 2016 with growth estimated at 3.1%. This was primarily attributable to the subdued performance in the advanced economies, that grew by a mere 1.7% compared to 2.1% in 2015, especially the Euro region that witnessed slowdown led by initial shocks of Brexit and the USA where growth was weaker than expected. Besides, the important ongoing realignments, particularly in the Emerging and Developing economies (EMDEs) led by China's economic rebalancing and structural adjustment of commodity exporters to a long-term decline in trade terms further contributed to weakening sentiments. In the USA, the persistent weakness in non-residential investments, fears of market volatility, significant reduction in inventories and impact of appreciating dollar on exports led to a weak growth of 1.6% in 2016 compared to 2.6% in 2015. In EMDEs, although the growth declined marginally from 4.2% to 4.1% the scenario across various economies remained rather diverse. China is slowly reviving from the initial set-backs of rebalancing as it grew 6.7% in 2016 against 6.9% in 2015 driven by continued policy stimulus and robust investments in real estate and infrastructure.

The UK's decision to leave the European Union was a significant event and popularly known as Brexit has added to the uncertainty and anxiety, leading to further nervousness in investor sentiments.

The global economic outlook remains strong with growth expected to be 3.5% in 2017 driven by remarkable turn of events in 2nd half of 2016 that

witnessed declining inventory drags and recovery in advanced economies' manufacturing activities. Globally the financial sentiments are likely to improve with stabilising of interest rates, firming of commodity prices and strengthening of major economies.

In 2016-17, the Indian economy continued to be one of the fastest growing major economies in the world with GDP growth estimated at 7.1% compared to 7.9% in 2015-16. All primary sectors of the economy performed well – the services, industrial and agricultural sectors are expected to grow 8.8%, 5.2% and 4.1% respectively in 2016-17 compared to 9.9%, 8.2% and 0.76% respectively in 2015-16. The robust growth in agriculture was primarily attributable to good monsoon during the year after a period of two years of drought resulting in a 6.5% growth in the private consumption.

Positive initiatives by the government like focus on digitalisation to promote cash-less transactions, enhancing infrastructure spending, reducing bureaucracy for fast tracking projects and decision making, implementation of Goods and Services Tax (GST), easing business scenario, relaxing FDI norms and facilitating financial inclusion through 'Jan Dhan' accounts are all expected to improve investor confidence in the country and further strengthen its fundamentals.

One of the major initiatives undertaken by the Government in 2016-17 was the demonetisation that focused on tracking black money and put a check on the country's shadow economy. Though it led to temporary cash crunch and slowdown its long term benefits are expected to put the Indian economy



in the next trajectory of growth. The move intends to bring the informal sector and shadow economy into the formal organised sector for enhancing contribution to GDP and widening tax payer base for boosting tax collections.

India's economic outlook remains mildly positive in the short-term as the country steadily adjusts to various radical changes. However, in the long run the scenario is likely to improve due to improved investor confidence, rise in private investments, consumption growth from pent-up demand and improving global scenario. As per IMF, the country's GDP is expected to grow 7.2% in 2017 and then pick-up momentum by growing at 7.7% in 2018-19.

INDUSTRY OVERVIEW:

The stationery market in India, despite wide-scale digitisation initiative and increased adoption of electronic devices still continues to maintain its prominent position. Notebook continues to be the largest category with a growth of 9.8%. Pen is the second largest category growing at 6.4%. While fountain pen and Ball pen has low growth, gel pen is growing at 8.9%. Wooden pencils are the third largest category growing at 4.5% while Mechanical pencil is growing at 5%. Markers across all categories are growing at 6%. The other segment for school children i.e. Crayons and Geometry box had growth of 5% and 6% respectively.

The exercise notebooks market in India has witnessed strong growth in the past few years maintaining a double digit CAGR during 2010 to 2015 driven by rising government thrust on education and higher education aspiration levels among the middle class. By usage type, notebooks and long books account for highest revenues and volumes. A key trend in the industry has been the growing importance of modern trade stores and online channels in tier-I cities as the key purchase points.

BUSINESS OVERVIEW:

Kokuyo Camlin Limited, head-quartered in Mumbai (India) and having a pan-India presence is amongst the leading stationery brand in India recognised for its superior quality & innovative products. The Company commenced operations as Camlin Ltd. in the 1930s with its flagship brands 'CAMEL' and 'CAMLIN', that have rich legacy of being synonymous with school, office and niche art market products. In 2011, Camlin was acquired by Kokuyo Co. Ltd (a leading Japanese stationery manufacturer) post which the Company was renamed as Kokuyo Camlin Limited.

The acquisition allowed your Company to leverage tremendous synergies of Kokuyo and Camlin. Leveraging own R&D capabilities along with Camlin's strong brand connect and pan-India marketing presence, Camlin launched a wide range of products catering to Indian markets.

The combined strengths of both the organisations enabled Kokuyo Camlin to attain leadership position in key categories like crayons, water colours, mechanical pencils, geometry box, and markers. Further, your Company now intends to strengthen its portfolio and gain market share in the pen and notebook segment as well.

Your Company continues with its tradition of promoting art and art culture in India through various events during the year. The annual Camel Art Contest (earlier known as All India Camel Colour Contest) held across various schools in India is the flagship event that enables it to deeply connect with its largest target market. Its 2011-12 contest achieved the distinction of being recognised as the world's largest Art Competition by the Guinness Book of World Records with around 48.50 lac participants across 6601 schools. The 2015-16's Art Contest witnessed a record 64.77 lac student participants across nearly 8,000 schools.

Camel Art Foundation founded in 1988 is the only one of its kind in the country which has an object to create a platform for budding artists, art college students, amateur & professional artists to bring their talent to limelight and also gives them an opportunity to travel and experience the best of works of Art displayed in the World Heritage Art Museums .

KEY DEVELOPMENTS DURING THE YEAR:

Integrated Manufacturing Plant at Patalganga:

Construction work of the Company's integrated manufacturing plant at Patalganga MIDC (Maharashtra Industrial Development Corporation) has been completed. The unit, spread over an area of 6.5 acres of the total 14 acres land has provision for future expansion. The state-of-the-art manufacturing plant adopts cutting-edge technologies and has present annual production capacity of approx. ₹250 crores. It is also currently the Group's largest stationery plant. Trial production at this new plant has already commenced and the commercial production is expected to commence from 28th April, 2017. The benefits from this plant would get reflected in the financial year 2017-18.

The integrated unit having the advantage of advanced equipment and economies of scale will enable higher manufacturing and operational efficiencies. This investment is part of your Company's long-term strategy to have a strong foundation with the right building blocks for future growth and expansion. Its proximity to the target markets and raw material suppliers would further enable reduction in logistics cost.

Market development:

Brand CAMLIN & CAMEL continues to remain the most important asset of your Company. It is focused on making CAMLIN & CAMEL brand more vibrant and contemporary to resonate well with today's millennial generation.

The Kokuyo Camlin Facebook page has crossed over 6.5 lakh fans and the Kokuyo India Facebook page has crossed 50,000 fans, surpassing many brands in the stationery space. This reflects your Company's successful efforts in connecting with new generation using digital media.

Your Company is leveraging the parent Company's R&D expertise and innovation capabilities to ensure that it continuously launches quality products to further widen its product portfolio. Supporting your Company's new products is its committed sales team that constitutes about half of its total employee strength and are critical to its sustained growth. It continues to further strengthen and empower its sales force. Your Company's sales orientation also covers modern distribution channels (online stores and partnering with e-Commerce players) to ensure deeper market penetration. To maintain leadership position and market share restructuring of sales channel was undertaken keeping customer focus and growth of product categories as prime objectives.

Kokuyo Camlin continued with its focus on launching new products in key categories during the year. New products were introduced under Kokuyo's, Camlin and Camel brands in product groups such as camel gel crayons, mechanical pencils, triangular crayons.

Your Company continues to invest in technology as part of its long-term strategy to build strong foundations of growth. It is focused on effectively leveraging technology both internally as well as externally to create a stronger, leaner and efficient organisation that is both agile and responsive to meet market challenges as well as consumer needs. Your Company believes that leveraging the power of automation in HR will enable it to unlock the true potential of its people. This will ensure best-in-class Talent and People Management.



On the sales-force front, SAMPARK, your Company's sales-force automation initiative, is today highly tech-enabled and empowered.

REVIEW OF PERFORMANCE:

The year 2016-17 has been very challenging for stationery players with growth rates across the industry being hit. The price stress, triggered during the end of 2015, continued throughout 2016. Another key factor impacting the product pricing was the significant decline in the prices of crude oil and petrochemicals (key raw materials for stationery manufacturing). As a result of these events, the revenues of the industry players took a beating.

The competitive scenario in the industry intensified further as many players entered new stationery categories considering the limited growth potential of each category. Besides, there was a sudden rise in fly-by-night players in the unorganised sector, who driven by attractive margin delta due to low import costs, began importing products directly under their brand and distributing them across the Indian markets. This was primarily prevalent in categories like erasers, sharpeners and pencils, which further ate into the market share of organised/branded players.

Finally, as the industry was reviving from the aftermaths of two sub-par monsoons that negatively impacted wholesale demand in the urban and semi-urban areas, came demonetisation. Demonetisation had a short-term affect, but by the last quarter, things were more or less normalising.

Your Company began to feel price pressures as early as in December, 2015 and it was forced to reduce the product prices during Q4 FY 2015-16. Price pressure continued throughout 2016 which impacted revenue growth and thus, it was only higher volumes that sustained the overall growth.

In terms of product performance, your Company's notebook business witnessed a stellar revenue

growth of 34% over 2015-16. The performance of other products remained more or less stable barring wooden pencils which took a hit.

Your Company continues to have strong portfolio of products catering to mass segment and premium segments. It continues to maintain leadership position in the arts & hobby materials, scholastics products and school products segment. During the year, your Company's office and artistic category have performed well.

Review of Financial Performance:

Your Company continued to focus on optimum levels of inventory, operating efficiencies and cost saving across the organisation.

The analysis of major items of the financial statements is shown below.

Revenue from operations:

| | (₹ in Lakhs) | | |
|-------------------------|--------------|----------|----------|
| | FY 2017 | FY 2016 | Change % |
| Revenue from operations | 64027.67 | 61418.72 | 4.5% |

The increase was largely due to increase in sales volume and partly due to increase in selling prices of few products.

Other Income:

| | (₹ in Lakhs) | | |
|--------------|--------------|---------|----------|
| | FY 2017 | FY 2016 | Change % |
| Other Income | 290.61 | 536.58 | -45.84% |

Decrease in current year is due to utilisation of funds raised for Patalganga project. Last year the Company had earned interest income on the funds raised through right issue of equity shares which is now fully utilised.

Cost of Material:

| (₹ in Lakhs) | | | |
|------------------|----------|----------|----------|
| | FY 2017 | FY 2016 | Change % |
| Cost of Material | 39931.67 | 38166.90 | 4.62 |

The increase is due to increase in production required for increased sales and inventory as compared to previous year.

Employee benefit expenses:

| (₹ in Lakhs) | | | |
|---------------------------|---------|---------|----------|
| | FY 2017 | FY 2016 | Change % |
| Employee benefit expenses | 6875.88 | 6659.52 | 3.25% |

The increase is due to regular annual increments given to employees.

Finance cost:

| (₹ in Lakhs) | | | |
|--------------|---------|---------|----------|
| | FY 2017 | FY 2016 | Change % |
| Finance cost | 1054.77 | 1072.91 | -1.69% |

The reduction in finance cost is due to adoption of MTM valuation of its ECB loans and reflecting the forex losses/gains under the head 'other expenses'.

Depreciation:

| (₹ in Lakhs) | | | |
|--------------|---------|---------|----------|
| | FY 2017 | FY 2016 | Change % |
| Depreciation | 1240.12 | 1186.22 | 4.54% |

Increase in depreciation is due to addition in fixed assets worth ₹ 30.70 crs in FY 16-17

Other expenses:

| (₹ in Lakhs) | | | |
|----------------|----------|----------|----------|
| | FY 2017 | FY 2016 | Change % |
| Other expenses | 15061.40 | 14138.70 | 6.53% |

The increase in other expenses is due to increased cost of services and other operating expenses, growth in scale of operation during the year.

Outlook of business:

Despite intense competition and few set-backs, the Indian stationery market continues to be attractive owing to sheer size of the market along with a niche for premium products. The domestic as well as export markets in India are expected to perform strongly driven by the following:

- Huge scope of improvement in education sector:** Though, the education scenario in the country looks encouraging with increasing number of enrolments and budgetary allocation on education, there is scope for improvement. Besides, India with 28.7 million illiterates is home to world's largest adult population lacking basic literacy skills. The country's percentage spending on education to GDP is quite low at 2.68% in 2016 compared to 5-6% in developed countries. Viewing this scenario, the government increased its 2017-18 budgetary allocation to education sector by 9.9% to ₹ 79,685.95 cr and intends to increase it further in the coming years.
- Focus on girl child education:** Government Initiatives focused on educating girl child is rapidly gaining momentum along with various social and international agencies heavily investing towards this objective, which is critical for empowering women in India.
- Rapidly growing economy:** The Indian economy is growing at rapid pace. Initiatives by the government like Make in India, Swachh Bharat Abhiyan, Digital India, easing up of FDI policies, and increased focus on the infrastructure sector is likely to generate significant employment opportunities. This is likely to boost demand for office stationery.



- **Rising affluent population:** India is witnessing a significant rise in its affluent household population which has risen from 4% of the total population in 2005 to 8% in 2015 and is expected to increase to 16% in 2025. While the share of consumer spending by these household has increased from 17% in 2005 to 26% in 2015, It is further expected to increase to 40% by 2025. With the rising aspiration level and affluent population there is a clear indication of increase in demand for premium products which is likely to reduce competition from the unorganised sector.
- **Organised sector to flourish:** With increased focus of government on digitalising economy and reducing cash transactions along with gaining importance of e-Commerce there is a strong trend of moving towards a formal economy. This is likely to benefit organised and branded players.

Your Company is well placed to capitalise on the rising industry opportunity with the addition of state-of-the-art Patalganga manufacturing plant. The plant being the largest one in the Group will enhance production capacities and enable it to widen its product portfolio and take on competition strongly, as it benefits from lower production costs. Additionally, your Company has made significant investments in IT and sales force automation will enhance its operational efficiency and enable deeper penetration in the market.

Despite facing severe challenges in the past, the successful implementation of these initiatives should have positive impact on your Company's performance in the coming years. Your Company is confident of growing both in terms of revenues and margins.

RISKS & CONCERNS:

Business cyclicality risk:

Your Company's primary business segment, the school product segment accounting for approx. 2/3 of the total revenues is highly seasonal in nature with demands peaking during the beginning of new sessions and remaining nearly flat during the rest of the year. Any setback during the peak season could adversely impact its business performance.

Mitigation: Your Company ardently tracks the school session timings across various parts of the country and accordingly launches new products, plans production and re-stocks retail stores. This ensures adequate supply and ready availability of its products during the peak season. Moreover, it also manufactures products catering to the office, art & hobby segments, that have steady demand throughout the year.

Competition risk:

With the Indian economy growing at a rapid pace there is a strong impetus to push education and generate additional employment opportunities to sustain the momentum. Coupled with this, the vastness of market and immense potential for organised players has led to the stationery market witnessing massive investments by international players making the market highly competitive. In such scenario, it becomes important for players to have brand connect and continuously focus on launching innovative products.

Mitigation: Kokuyo is amongst the most recognised and reputed players in the organised segment. Its flagship brands (Camel and Camlin) enjoy an unmatched brand recall and emotional connect. Apart from this, your Company regularly organises various art and culture events with social themes and even launches social media campaigns

to connect with its consumers. With over 2,000 stock keeping units (SKUs) and a robust pan-India distribution network and online product availability, your Company tries to ensure that its products reach across the remotest corners of the country. Further, your Company leverages its strong R&D capabilities available from the Japanese parent to develop contemporary and innovative products catering to every demographic segment, especially the children's and youth.

Production risk:

The stationery segment is primarily a mass market business denoted by high volumes and low margins. Inability of your Company to manufacture significant volume of products would make it difficult to break-even operations leading to losses.

Mitigation: Your Company, being in the business for over eight decades has a strong foothold in the market with 5 manufacturing plants across India with adequate production capacity. Further, with the addition of the Patalganga plant your Company's production capacity would enhance further placing it favourably in the market. Besides, in the past few years it has focused on enhancing the proportion of premium products, that resonates well with the next generation while generating better margins.

Marketing risk:

Inability of your Company to market and sell such huge quantity of production would lead to inventory pile-up and losses.

Mitigation: The strong brand name and trust for quality creates a ready market for your Company. This enables it to comfortably sell its production through its network of over 1,500 dealers/distributors supplying products to 300,000 retailers across the country. The rise of e-commerce has further contributed to rising sales.

Foreign exchange risk:

Your Company imports petrochemicals and fuels, the primary raw materials used in production, from international market making the prices dependent on global scenario. Any major increase or decrease in their prices or fluctuations in currency values may lead to price increase and foreign exchange losses.

Mitigation: Your Company's skilled and experienced employees regularly track the currency and raw material prices to secure best deals and reduce losses arising from foreign exchange fluctuations. Besides, it also employs cost pass-on strategies in some cases to limit margin reduction.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has a structured & well-defined internal control systems commensurate with the size and nature of business it operates in. These systems, policies, procedures and guidelines cover various operational aspects. Your Company stringently follow all procedures, ensures accuracy of financial information and compliance at all levels, and adheres to the laws, rules and statutes of the land. It periodically undertakes Internal Audit, which is under the review of its Audit Committee. Your Company's well-defined MIS systems further ensure that all expenses are within the budgetary allocations, and immediately flags off any mismatch for attention and corrective measures.

EVENTS AND AWARDS:

Events play a crucial role in keeping the CAMLIN brand, your Company's key asset, lively and active. Your Company annually organises the Camel Art Contest across the schools in India. The Camel Art Contest is now over four decades old and today involves 6.47 million children from over 8,000 schools across India. Further, your Company also leverages the power of social media to initiate various



campaigns to connect with youths and enhance brand visibility. All these have enabled it to enjoy a top-of-the-mind brand recall in the consumers' mind.

Following the overwhelming response of Camlin Arts & Crafts Studio at Kidszania, Mumbai, your Company launched a second Camlin Arts & Crafts Studio at Kidzania in the Great India Mall, Noida. It also had a prominent presence at the Delhi Book Fair. Your Company continues to engage with teachers with its popular Camlin Teachers Summit/Art Teachers Meet.

At the National Awards for Marketing Excellence held in Mumbai in June 2016, your Company won 2 awards – 'Marketing Campaign of the Year' award for its Google Doodle, and under the head 'Marketing Communications B2C' award for the Colours of Ganesha, an extension of the award-winning Camlin Experiential App.

Kokuyo Camlin won the URS AsiaOne WHITE SWAN Education Award 2015-16 in the category – India's Most Influential Education Ancillary Brands & Leaders 2015-16. This was at the 69th India's Greatest Brands & Leaders 2015-16 organised by United Research Brands (URS) and AsiaOne magazine.

Kokuyo Camlin won one more prestigious award – 1st Innovative Educational Products of the year. The award is a recognition for launching most innovative and effective products for Excellence in school education with the promise of making learning fun.

Your Company's Taloja team won three Kaizen Awards at the Annual Quality Convention organised by the Quality Circle Forum of India.

SIGNIFICANT DEVELOPMENT IN HUMAN RESOURCES:

At Kokuyo Camlin, human resources are the key assets responsible for its sustainable long term growth. Driven by your Company's philosophy of creating value for all its stakeholders, it has continuously undertaken initiatives focused on human resources development and welfare.

One of the key initiatives undertaken during the year includes digitization of Human Resource processes. Organizations are becoming increasingly digitized and automated. Everyone expects anytime, anywhere access to personal information and an easy user experience. In line with the nation's progress towards digitization, Kokuyo Camlin has also created a digital experience platform for its employees – "iHR". The "i" in iHR represents "Information", "and it also represents that as an employee, "i" have access to all my information. With this automation, most of the HR processes & related data will be available online.

Additionally it continuously focuses on enhancing personal and communication skills of employees. E-Learning is another initiative undertaken by your Company for employee development. It refers to using electronic applications and processes for learning. E-Learning gives employees the freedom to learn at their own convenience, and at a pace that is right for them. Research shows that E-Learning is the new accepted form of learning and is being adopted widely.

Your Company's HR initiatives are undergoing a significant transformation whereby it is continuously focusing on developing a performance-oriented

culture for long term business sustainability and living up to stakeholders' expectation. During the year, your Company also arranged various employee engagement activities to boost employee morale, channel their energies towards the objective of organisational goals and enhancing bonding among various departments.

The agreement for revision in wages and service conditions in respect of Tarapur and Taloja establishments has expired and negotiation are in progress.

As on March 31, 2017, your Company had a total of 1308 employees.

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.



Report On Corporate Governance

Your Director's present the Company's report on Corporate Governance as per SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (Listing Regulation) for the year ended 31st March, 2017.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes that Corporate Governance is a prerequisite for attaining sustainable growth in this competitive world. Transparency and accountability are the two basic tenets of Corporate Governance. It involves a set of relationships between a Company's Management, its Board, Shareholders and Stakeholders. It is one of the key elements in improving the economic efficiency of the enterprise. Credibility generated by sound Corporate Governance enables an enterprise in enhancing the confidence of the investors – both domestic and foreign, and in establishing productive and lasting business relationship with all stakeholders.

It is your Company's unending mission to regularly nurture and develop steadfast professionalism, astute accountability and increased disclosures by taking all steps necessary towards superior growth in its value for its stakeholders.

The Board of Directors ('The Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short term and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

2. BOARD OF DIRECTORS:

At Kokuyo Camlin, the Board is at the core of the Corporate Governance practice. Your Company has an optimum mix of eminent personalities on the Board of Directors with members from diverse experience and expertise.

The Composition of the Board as on 31st March, 2017 is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013. The Board of Directors is chaired by Executive Promoter Chairman and has an optimum combination of Executive, Non-Executive and Independent Directors.

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

DIRECTORS' ATTENDANCE RECORD AND THEIR OTHER DIRECTORSHIPS/COMMITTEE MEMBERSHIPS:

As mandated by Listing Obligations none of the Directors is a member of more than ten Board level Committees or chairman of more than five Committees across companies in which he is Director. Relevant details of the Board as on March 31, 2017 are given below:

| Name, Designation & DIN of Directors | Category | No. of Board Meetings Attended | No. of Directorships held in other Companies (+) | Attendance at last AGM | No. of Committee positions held in other Companies. | |
|---|----------|--------------------------------|--|------------------------|---|---------------------|
| | | | | | Chairman of Committee | Member of Committee |
| Mr. Dilip D. Dandekar Chairman & Executive Director (00846901) | ED(P) | 4 | 12 | Yes | Nil | 1 |
| Mr. Takuya Morikawa Sr. Vice Chairman (03599830) | NED | 4 | 0 | Yes | Nil | Nil |
| Mr. Shriram S. Dandekar Vice Chairman & Executive Director (01056318) | ED(P) | 4 | 2 | Yes | Nil | Nil |
| Mr. Nobuchika Doi Executive Director (03599835) | ED | 4 | 2 | Yes | Nil | Nil |
| Mr. Takeo Iguchi Executive Director (03599826) | ED | 4 | 1 | Yes | Nil | Nil |
| *Mr. Yasushi Inoue (06838399) | NED | 3 | 1 | Yes | Nil | Nil |
| Mr. Shishir B. Desai (01453410) | NED(I) | 4 | 3 | Yes | Nil | Nil |
| Mr. Ramanathan Sriram (00065069) | NED(I) | 4 | Nil | Yes | Nil | Nil |
| Mr. Hisamaro Garugu (00579089) | NED(I) | 4 | 1 | Yes | Nil | Nil |
| Mr. Devendra Kumar Arora (05160734) | NED(I) | 4 | Nil | Yes | Nil | Nil |
| Mr. Venkataraman Sriram (06790179) | NED(I) | 4 | Nil | Yes | Nil | Nil |
| Ms. Aparna Piramal Raje (01667835) | NED(I) | 3 | 3 | No | Nil | Nil |
| **Ms. Junko Saito (07726473) | NED | - | - | - | - | - |

*Resigned dated 25th October, 2016.

** Appointed as Non-Executive Additional Director dated 13th February, 2017.

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

+ Includes Directorship in Private Limited Companies, Companies under section 8 and Alternate Directorship.

As on 31st March, 2017, none of the Directors are related inter-se.

The Non-Executive/ Independent Directors are not holding any shares of the Company as on 31st March, 2017.

Number of Board Meetings:

During the financial year 2016-17, 4 (Four) Meetings were held and details are given below and the maximum gap between two meetings did not exceed one hundred and twenty days:

| Sr. No. | Date of Meeting | Board Strength | No. of Directors present |
|---------|---------------------------------|----------------|--------------------------|
| 1. | 12 th May, 2016 | 12 | 12 |
| 2. | 29 th July, 2016 | 12 | 11 |
| 3. | 25 th October, 2016 | 12 | 12 |
| 4. | 13 th February, 2017 | 12 | 11 |

**CODE OF CONDUCT:**

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

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

Profile of members of the Board of Directors being appointed / re-appointed:**i. Mr. Takuya Morikawa -**

Mr. Takuya Morikawa is a Sr. Vice Chairman & Non-Executive Director of the Company. He has a degree in Bachelor of Economics from Kawanasei Gakuin University. He is Associated with Kokuyo Group Since 1982. He has wide experience in the field of Projects, Research and Development and Corporate Strategy. Presently he is Director and Senior Corporate Officer of Kokuyo Company Limited.

Other Directorship-1

| Name of the Company | Position |
|----------------------------|----------|
| Kokuyo Co. Limited (Japan) | Director |

ii. Mr. Nobuchika Doi -

Mr. Nobuchika Doi is an Executive Director of the Company. He has a degree of Bachelor of Economics from Kawanasei Gakuin University. He is Associated with the Kokuyo Group since 1989. He has a wide experience in the field of Business Strategy & Marketing, Planning, Research & Development, Production Technology and Distribution Management of Stationary Products. Presently he looks after all business

aspects of Strategy, Planning & Execution of the Company.

Other Directorship-2

| Name of the Company | Position |
|--|----------|
| Camlin International Limited | Director |
| Kokuyo Riddhi Paper Products Private Limited | Director |

iii. Ms. Junko Saito -

Ms. Junko Saito was appointed as an Additional Non-Executive Director on the Board on 13th February, 2017. She is Bachelor of Arts in Law from Sophia University. She had joined Kokuyo Company Limited in the year 2013 and has approximately 21 years of work experience as an in-house lawyer in manufacturing sector. She has also acquired experience in Cross Border Transaction and new business and Dealing with a global compliance matters.

Other Directorship- NIL

Induction and Familiarisation programmes for Independent Directors:

The Company organizes an induction programme for new Directors and an ongoing familiarization programme for Independent Directors with respect to the business / working of the Company. On appointment of a Director, the concerned Director is issued a letter of appointment setting out in detail, the terms of appointment, duties, roles, rights and responsibilities. The Director is also explained the compliances required to be done by him/her under various Acts, shown a presentation on organizational set up of the Company, functioning of various divisions/ departments, Company's market share, governance and internal control processes.

As an ongoing process, the Board of Directors are updated on a quarterly basis on overall economic trends, business performance and the initiatives taken/ proposed to be taken to bring about an overall improvement in the performance of the Company. Further, training programmes are held and presentations are given to the Directors, updating them with statutory changes and compliances applicable to the Company.

The details of the familiarization programme can be accessed from the website www.kokuyocamlin.com.

3. COMMITTEES OF THE BOARD:

The committees constituted by the Board play an important role on the governance structure of the Company. The committees are in line with the Listing Obligations and Companies Act, 2013. The minutes of the Committee meetings are tabled at the Board Meetings and the chairperson of each Committee brief the members about the important deliberations and discussion.

The Minutes of Board Meeting and other committees are captured in accordance with the provisions of the Companies Act, 2013.

COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS:

Kokuyo Camlin has the following Board Level Committees:

- A) Audit Committee
- B) Remuneration and Nomination Committee
- C) Stakeholder Relationship Committee
- D) Corporate Social Responsibility Committee

Various Committees of Directors have been appointed by the Board for taking informed decisions in the best interest of the Company. These Committees monitor the activities falling within their respective terms of reference. The Board's Committees are as follows:

A. AUDIT COMMITTEE:

The Audit Committee has played an important role in ensuring the financial integrity of the Company. The Audit Committee's role includes the financial reporting process, Audit process, Related Party Transactions and other applicable laws.

The Composition of the Audit Committee is in line with the provisions of section 177 of Companies Act, 2013 and Listing Obligations. Further the Committee invites the Whole time Directors, Chief Executive Officer, Chief Financial Officer, Statutory and Internal Auditor to attend the Audit Committee Meetings. Minutes of the Audit Committee are placed and discussed in the next meeting of the Board.

The Composition of the Audit Committee along with the details of the meetings held and attended during the financial year as on March 31, 2017, are given below.

Meetings, Members and Attendance:

During the financial year 2016-17 the Audit Committee held 4 (four) meetings on 12th May, 2016, 28th July, 2016, 25th October, 2016 and 13th February, 2017. The time gap between any two meetings was less than four months. The details of attendance of Audit Committee meetings are given below:



| Name of Member | Category | Status | No. of Meetings | |
|-------------------------|----------|----------|-----------------|----------|
| | | | Held | Attended |
| Mr. Shishir Desai | NED(I) | Chairman | 4 | 4 |
| Mr. Venkataraman Sriram | NED(I) | Member | 4 | 4 |
| Mr. Ramanathan Sriram | NED(I) | Member | 4 | 4 |
| Mr. Takuya Morikawa | NED | Member | 4 | 4 |

The Board has designated Mr. Ravindra Damle, Vice president (Corporate) & Company Secretary to act as Secretary to the Committee.

Members of the Audit Committee have accounting and financial management expertise. The Chairman of the Committee attended the AGM held on 29th July, 2016 to answer the shareholders' queries.

The role of Audit Committee, the powers exercised by it pursuant to the terms of reference, and the information reviewed by it are in accordance with the requirements as specified in the Listing Regulations, Companies Act, 2013 and other applicable laws, if any. Apart from the above, the Audit Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

Terms of reference:

The terms of reference to this committee, interalia covers all the matters specified under regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as in Section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors, from time to time. These broadly includes (i) review of financial reporting processes, risk management, internal control and governance processes, (ii) develop an Audit plan for committee, (iii) risk management framework concerning critical operations of the Company, (iv) discussion on quarterly,

half yearly and Annual financial statements and the auditor's report, (v) interaction with statutory, internal auditors to ascertain their independence and effectiveness of audit process, (vi) recommendation for appointment, remuneration and terms of appointment of auditors (vii) related party transactions. 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.

B. REMUNERATION AND NOMINATION COMMITTEE :

As on March 31, 2017 the Remuneration & Nomination Committee comprises of Members as stated below. The composition of the Committee is in conformity with the Listing Regulations.

Meetings, Members and Attendance:

During the Financial Year 2016-17, the Remuneration & Nomination Committee met 3 (three) times on 10th May, 2016, 28th July, 2016, & 13th February, 2017.

The details of attendance of the Members are given below:

| Name of Member | Category | Status | No. of Meetings | |
|-------------------------|----------|----------|-----------------|----------|
| | | | Held | Attended |
| Mr. Shishir Desai | NED(I) | Chairman | 3 | 3 |
| Ms. Aparna Piramal Raje | NED(I) | Member | 3 | 2 |
| Mr. Hisamaro Garugu | NED(I) | Member | 3 | 2 |
| Mr. Dilip Dandekar | ED | Member | 3 | 3 |

The Board has designated Mr. Ravindra Damle, Vice president (Corporate) & Company Secretary to act as Secretary to the Committee.

Terms of reference:

The terms of reference to this committee, *inter alia* covers all the matters specified under regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as in Section 178 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors, from time to time. These include:

- i. Formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. Devising a policy on diversity of Board of Directors;
- iv. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- v. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

PERFORMANCE EVALUATION:

The criteria for performance evaluation cover the areas relevant to the performance, participation, conduct, effectiveness etc. The performance evaluation of Independent Directors was done by the entire Board of Directors and the Directors subject to evaluation had not participated in the

same. The Independent Directors evaluated the performance of Non-Independent Directors and Board as a whole.

Policy for Remuneration to Director/ Key Managerial Personnel:**1. Remuneration to Whole-time Directors:**

- a) The Remuneration/ Commission etc. to be paid to Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Remuneration and Nomination Committee shall make such to the Board of Directors, as it may consider appropriate with regard to remuneration to Whole-time Directors.

2. Remuneration to Non- Executive / Independent Directors:

- a. The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Remuneration and Nomination Committee and approved by the Board of Directors.
- b. All the remuneration of the Non- Executive/ Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall



be such as may be recommended by the Remuneration and Nomination Committee and approved by the Board of Directors or shareholders, as the case may be.

- c. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d. Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
- The Services are rendered by such Director in his capacity as the professional; and
 - In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3. Remuneration to key managerial personnel:

- a) The Remuneration to Key Managerial Personnel shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time in accordance with the Company's Policy.
- c) The incentive pay shall be decided based on the balance between performance of the Company and performance of the

Key Managerial Personnel, to be decided annually or at such intervals as may be considered appropriate.

The details of remuneration are given in form MGT-9 which forms part of the Directors Report. A brief of the Remuneration paid to Directors and Manager is given below:

A) Directors:

(₹ In Lakhs)

| Name of Director | Sitting fee | Salary including HRA* | Perquisites# | Total |
|--------------------------|-------------|-----------------------|--------------|--------|
| Mr. Dilip Dandekar | - | 106.75 | 43.45 | 150.20 |
| Mr. Shriram Dandekar | - | 89.95 | 36.31 | 126.26 |
| Mr. Nobuchika Doi | - | 46.99 | 45.52 | 92.51 |
| Mr. Takeo Iguchi | - | 46.99 | 45.58 | 92.57 |
| Mr. Shishir Desai | 4.60 | - | - | 4.60 |
| Mr. Hisamaro Garugu | 2.40 | - | - | 2.40 |
| Mr. Devendra Kumar Arora | 2.80 | - | - | 2.80 |
| Ms. Aparna Piramal Raje | 1.90 | - | - | 1.90 |
| Mr. Ramanathan Sriram | 5.00 | - | - | 5.00 |
| Mr. Venkataraman Sriram | 4.00 | - | - | 4.00 |

* Salary including HRA.

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

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

The Company had appointed Mr. Nobuchika Doi designated as 'Executive Director' for the period of 3 years with effect from 1st November, 2014 by passing by a Special Resolution at 67th Annual General Meeting held on 17th July, 2014 which expires on 31st October, 2017.

The Company has now re-appointed Mr. Nobuchika Doi as Managing Director designated as "Chief Executive Officer & Executive Director" with effect from 1st April, 2017 to 31st October, 2017 on same terms of remuneration. The said appointment has also been approved by the Remuneration and Nomination Committee and Board of Directors at their meeting held on 13th February, 2017 which is subject to approval of members at ensuing Annual General Meeting.

The supplementary Agreement incorporating revised terms and conditions have been executed with Mr. Nobuchika Doi on 10th March, 2017.

The Company had paid legal fees of ₹ 5.56 Lakhs for the financial year 2016-17 to M/s Desai & Chinoy, a firm of Solicitors & Advocates in which Mr. Shishir Desai is a partner. The services provided by his firm are purely of professional nature. The aforesaid professional fees paid to M/s Desai & Chinoy does not form a significant portion of the revenue of M/s Desai & Chinoy and thus is not considered material enough to impinge upon the independence of Mr. Shishir Desai. Accordingly there are no pecuniary relationship or transactions of Independent Director vis-a'-vis the Company which has potential conflict with the interest of the Company at large.

B) Manager:

Mr. Ayyadurai Srikanth, Manager and Designated as 'Chief Executive Officer' has resigned from the Company with effect from 31st March, 2017. The remuneration was paid of ₹ 67.92 Lakhs for the period ended 31st March, 2017.

C. STAKEHOLDER RELATIONSHIP COMMITTEE:

Meetings, Members and Attendance:

During the Financial Year 2016-17 the Committee met 4 (four) times on 12th May, 2016, 29th July, 2016, 25th October, 2016 and 13th February, 2017.

The details of attendance of Members are given below:

| Name of Member | Category | Status | No. of Meetings | |
|-------------------------|----------|----------|-----------------|----------|
| | | | Held | Attended |
| Mr. Ramanathan Sriram | NED(I) | Chairman | 4 | 4 |
| Mr. Devendrakumar Arora | NED(I) | Member | 4 | 4 |
| Mr. Shriram Dandekar | ED | Member | 4 | 4 |

The Board has designated Mr. Ravindra Damle, Vice President (Corporate) & Company Secretary to act as Secretary to the Committee.

Complaints received and redressed by the Company during the financial year 2016-17:

During the financial year 2016-17, One (1) complaint was received from the shareholders, which were attended promptly and resolved to the satisfaction of the concerned shareholders.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):

Meetings, Members and Attendance:

During the Financial Year 2016-17 the Committee met 2 (two) times on 24th October, 2016 and 13th February, 2017.

The details of attendance of Members are given below:

| Name of Member | Category | Status | No. of Meetings | |
|-----------------------|----------|----------|-----------------|----------|
| | | | Held | Attended |
| Mr. Ramanathan Sriram | NED(I) | Chairman | 2 | 2 |
| Mr. Nobuchika Doi | ED | Member | 2 | 2 |
| Mr. Shriram Dandekar | ED | Member | 2 | 2 |

The Board has designated Mr. Ravindra Damle, Vice president (Corporate) & Company Secretary to act as Secretary to the Committee.

Terms of Reference:

Formulate and recommend the CSR policy to the Board which shall indicate the activities to be undertaken by the Company, recommend



the amount of expenditure to be incurred on the activity and monitor the CSR policy of the Company from time to time. The Company has formulated the CSR Policy in line with Schedule VII of the Companies Act, 2013.

• **INDEPENDENT DIRECTORS MEETING:**

In accordance with provisions of the Schedule IV (code for Independent Directors) of the Companies Act, 2013 and Listing Regulations, a meeting of the Independent Directors of the Company was held on 21st February, 2017 without the attendance of Non Independent Directors and Members of the Management.

4. **GENERAL BODY MEETINGS:**

I. **Details of the annual general meeting held during the preceding 3 years and special resolutions passed thereat given below:**

| Financial year | Venue | Date & Time | Details of Special Resolutions Passed |
|----------------|--|--|--|
| 2015-16 | Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate, Mumbai-400 020 | 29 th July, 2016 at 3:00 p.m. | Keeping Register and Return at the place of M/s Link Intime India Pvt. Ltd. (Registrar and Transfer Agent) |
| 2014-15 | Textile Committee Building Auditorium, 1 st Floor, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai-400 025 | 30 th July, 2015 at 3:30 p.m. | Approval for borrowing limits from Bank(s)/ Financial Institution(s) to the extent of ₹ 300.00 Crores. |

| Financial year | Venue | Date & Time | Details of Special Resolutions Passed |
|----------------|--|--|---|
| 2013 - 14 | Textile Committee Building Auditorium, 1 st Floor, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025 | 17 th July, 2014 at 11:30 a.m | <ul style="list-style-type: none"> Alteration in Articles of Association of the Company in respect of clause on directors retiring by rotation. Approval of appointment of Executive Directors and fixing their remuneration. Approval of related party transaction. Consent for mortgaging and/or charging all immovable and movable properties of the Company upto limit of ₹ 150 crores. |

5. **MEANS OF COMMUNICATION:**

The Kokuyo Camlin Company recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes on prompt, continuous, efficient and relevant communication to all external constituencies.

i. **Website:**

The Company's website www.kokuyocamlin.com contains a separate section "Investor" for use of investors. The Quarterly, half yearly and Annual Financial Results are promptly and prominently displayed on website. Notices, Annual Report, Quarterly Shareholding Pattern and other Communication are also available on the website.

ii. Financial Results:

The Quarterly, Half yearly and Annual Results are regularly posted by the Company on its website. These are also submitted the Stock Exchanges i.e. NSE through NEAPS (NSE Electronic Application Processing System) and BSE (Corporate Compliance and Listing Centre) in accordance with Listing Regulations.

The Quarterly, Half Yearly and Annual Results are normally published in Financial Express (English) and Loksattta (Marathi) within 48 hours of Approval.

iii. Annual Report:

Annual Report Containing inter-alia, salient features of the Audited Financial Statements, Director's Report (Including Management Discussion and Analysis), Corporate Governance Report and other important information is circulated to members and others entitled thereof.

iv. Corporate Filing:

Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with BSE Ltd. and National Stock Exchange of India Ltd. and are also available on the website of the Company.

v. There were no presentations made to the institutional investor analysts during the year.

6. GENERAL SHAREHOLDER INFORMATION:

| | |
|---|---|
| Annual General meeting (Day, Date, Time and Venue) | 28 th June, 2017 at 3.00 p.m. Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg Churchgate, Mumbai - 400020 |
| Financial Year | 1 st April, 2016 – 31 st March, 2017 |
| Date of Book Closure | 24 th June, 2017 to 28 th June, 2017 |
| Financial Results Calendar | First quarter results: by 14 th August, 2017 Second quarter results: by 14 th November, 2017 Third quarter results: by 14 th February, 2018 Fourth quarter results: by 30 th May, 2018 |
| Listing on Stock Exchanges | BSE Ltd. (Scrip Code: 523207) National Stock Exchange of India Ltd. (Symbol: KOKUYOCMLN) |
| International Securities Identification Number (ISIN) | INE760A01029 |
| Corporate Identification Number (CIN) | L24223MH1946PLC005434 |

Note: The Annual Listing fees for the year 2017-18 has been paid to BSE & NSE

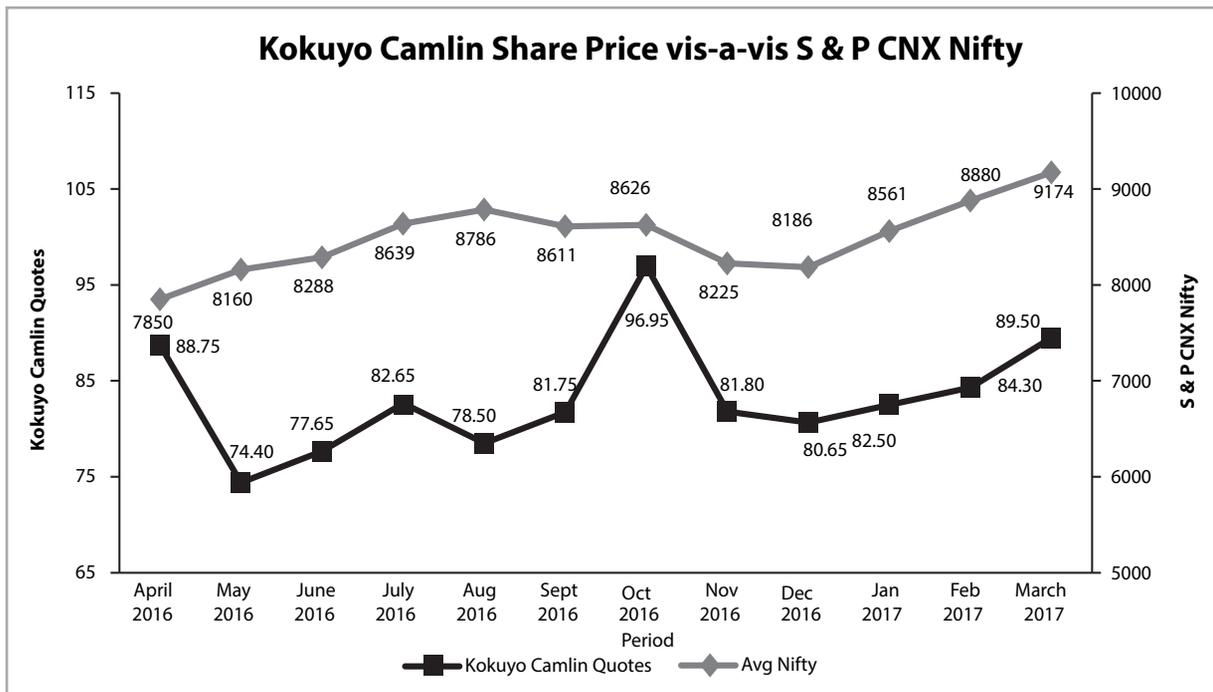
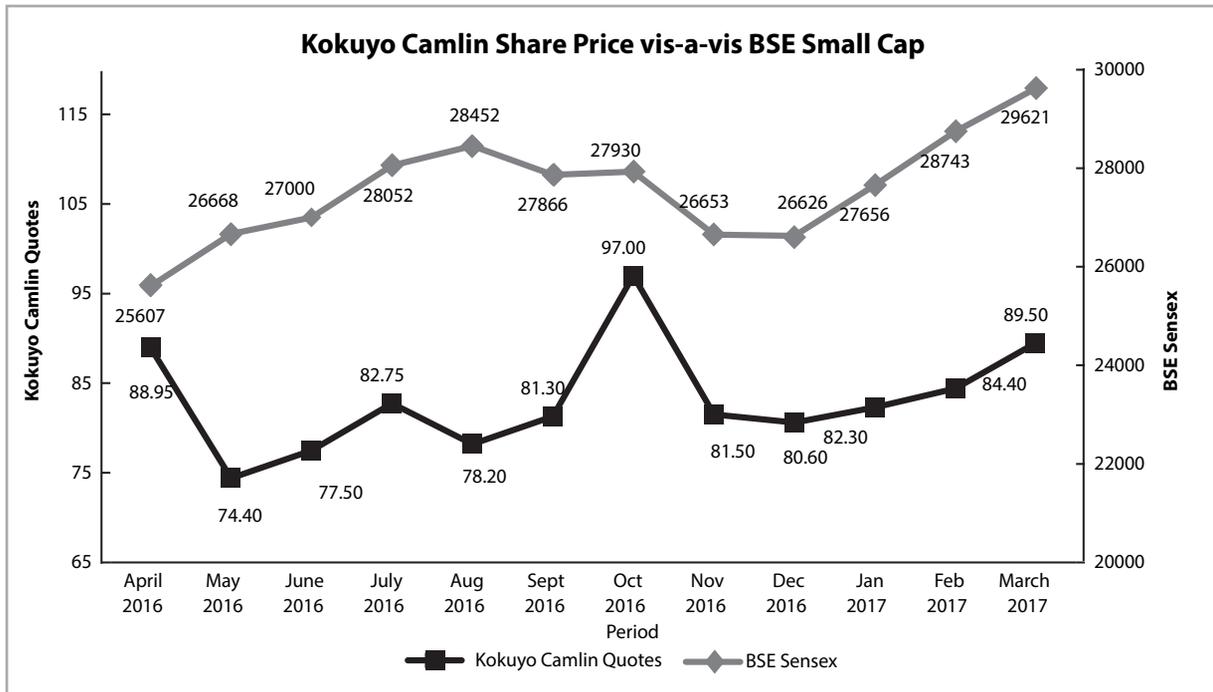
7. STOCK MARKET DATA:

Share prices (High/ Low) for the year at BSE and NSE are as follows:

| Month | BSE | | NSE | |
|-----------------|----------|---------|----------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April, 2016 | 94.40 | 81.80 | 94.40 | 81.50 |
| May, 2016 | 96.25 | 73.80 | 96.45 | 73.75 |
| June, 2016 | 79.40 | 69.10 | 79.60 | 69.00 |
| July, 2016 | 89.00 | 73.10 | 90.20 | 73.70 |
| August, 2016 | 82.75 | 75.00 | 82.40 | 74.60 |
| September, 2016 | 88.65 | 77.10 | 88.75 | 77.80 |
| October, 2016 | 99.25 | 79.00 | 99.40 | 78.75 |
| November, 2016 | 97.50 | 77.70 | 98.40 | 77.00 |
| December, 2016 | 85.95 | 77.05 | 86.40 | 78.00 |
| January, 2017 | 87.75 | 80.00 | 87.90 | 80.00 |
| February, 2017 | 86.00 | 80.50 | 85.80 | 80.00 |
| March, 2017 | 94.50 | 89.50 | 94.50 | 80.10 |



8. STOCK PERFORMANCE



9. REGISTRARS AND SHARE TRANSFER AGENTS FOR SHARES :

M/s Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083, Tel: +91 22 49186270, Fax: +91 22 49186060 email id: nt.helpdesk@linkintime.co.in are acting as Registrar & Transfer Agents (RTA) for handling the shares related matters both in Physical & Dematerialized mode.

Shareholders are advised to send all correspondence to the RTA. However for the convenience of the shareholders documents relating to shares received by the Company are forwarded to the RTA for necessary action there on.

10. SHARE TRANSFER SYSTEM:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agents (RTA) 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 stipulated time from the date of lodgment, subject to the transfer instrument being valid and complete in all respects.

11. RECONCILIATION OF SHARE CAPITAL AUDIT:

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

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2017:

| No. of Shares | No. of Shareholders | Percentage | No. of Shares | Percentage |
|------------------|---------------------|---------------|------------------|---------------|
| Up to 5000 | 19080 | 96.87 | 11707919 | 11.67 |
| 5001-10000 | 339 | 1.72 | 2502799 | 2.50 |
| 10001-20000 | 142 | 0.72 | 2036565 | 2.03 |
| 20001-30000 | 51 | 0.26 | 1246318 | 1.24 |
| 30001-40000 | 24 | 0.12 | 843172 | 0.84 |
| 40001-50000 | 15 | 0.08 | 701631 | 0.70 |
| 50001-100000 | 22 | 0.11 | 1525790 | 1.52 |
| 100001 and above | 23 | 0.12 | 79739612 | 79.50 |
| Total | 19696 | 100.00 | 100303806 | 100.00 |

13. CATEGORY OF SHAREHOLDING AS ON 31ST MARCH, 2017:

| Category of Shareholder | Total No. of Shares | Percentage of Total shares |
|--|---------------------|----------------------------|
| Promoter and Promoter Group (A) | 75215950 | 74.99 |
| Public Shareholding (B) | | |
| Financial Institutions / Banks | 66560 | 0.07 |
| Foreign Portfolio Investors (Individual) | 23175 | 0.02 |
| Bodies Corporate | 2971988 | 2.96 |
| Individuals | 20867011 | 20.81 |
| Non – Resident (Non-Rep.) | 252836 | 0.25 |
| Non – Resident (Rep.) | 904286 | 0.90 |
| Trust | 2000 | - |
| Total Public Shareholding (B) | 25087856 | 25.01 |
| Total Shareholding = (A) + (B) | 100303806 | 100.00 |

14. DEMATERIALISATION OF SHARES:

The Company's Equity Shares are held in dematerialised form by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01029. As on 31st March, 2017, 97.81% of the total shares of the Company have been dematerialised.

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

15. SUBSIDIARY COMPANY :

The Company does not have any materially unlisted Indian Subsidiary. The minutes of the subsidiary Company are placed before the Board of Directors of the Company.

**16. 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. |
| Patalganga | : Plot No. F/8, Additional Patalganga, MIDC, Village: Chavane, Tal. Panvel, Dist Raigad, Pin – 410 220 |

17. ADDRESS FOR CORRESPONDENCE:

| | |
|-------------------|--|
| Registered Office | : Hilton House, 48/2, Central Road, MIDC, Andheri (East), Mumbai - 400093. |
| Tel. No. | : 022 - 6655 7000 |
| Fax No. | : 022 - 2836 6579 |
| E.mail | : investorrelations@kokuyocamlin.com. |

18. SECRETARIAL DEPARTMENT:

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

| | |
|--------------------------------|--|
| Name of the Compliance officer | : Mr. Ravindra Damle |
| Designation | : Vice President (Corporate) & Company Secretary |
| Telephone | : 022- 6655 7000 |
| Fax No. | : 022- 2836 6579 |
| Email | : investorrelations@kokuyocamlin.com. |

19. DISCLOSURES:**i. Strictures and Penalties:**

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines of SEBI and other regulatory authorities. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authorities on any matter relating to capital markets during the last 3 years.

ii. Compliance with Accounting Standards:

In preparation of the Financial Statements, the Company has followed the Accounting standards applicable to the Company.

iii. CEO/ CFO Certification:

The Chief Executive Officer and Chief Financial Officer of the Company have furnished the requisite Certificates to the Board of Directors as per Listing Regulations.

iv. Internal Control system and their adequacy:

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has appointed Internal Auditors who audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and adequacy of internal controls and risk management.

v. 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 related party transactions entered into with the related parties as defined under the Companies Act, 2013 and as per Listing Regulations during the financial years were in the ordinary course of business and the same have been approved by the Audit Committee/ Board of Directors.

Transactions with the related parties are disclosed under Schedule 26 to the financial statements in the Annual Report. The Board of Directors has approved a policy of related party transactions which has been uploaded on the website of the Company www.kokuyocamlin.com.

vi. Risk Management :

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

vii. Vigil Mechanism (Whistle Blower Policy):

The Company has a vigil mechanism called "Whistle Blower Policy" with a view to provide a mechanism for Directors and employees of the Company to raise concerns of any violations of any legal or regulatory requirement, incorrect or misrepresentation

of any financial statement and reports etc. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

All employees have been provided direct access to the Audit committee. Further, the details of the policy are also posted on the website of the Company www.kokuyocamlin.com.

The Company has complied with all the mandatory requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Corporate Governance Report of the Company for the year ended 31st March, 2017 are in compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The status of adoption of the discretionary requirements as specified in Part E of Schedule II is as under:

- **Non-Executive Chairman's Office:**

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

- **Shareholders Rights:**

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



- **Modified opinion in Auditors Report:**

The Company's financial statement for the year ended 31st March, 2017 does not contain any modified Audit opinion.

- **Separate posts of Chairperson and Chief Executive Officer:**

The Chairman on the Board is an Executive Director. The Company has also appointed the Chief Executive Officer.

- **Reporting of Internal Auditor:**

The Internal Auditor of the Company reports to the CEO and has direct access to the Audit Committee.

For and on behalf of the Board

**Dilip D. Dandekar
Chairman & Executive Director**

Place : Mumbai

Dated : 27th April, 2017

COMPLIANCE WITH CODE OF BUSINESS CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

For Kokuyo Camlin Limited

**Nobuchika Doi
CEO & Executive Director**

Place: Mumbai

Dated : 27th April, 2017

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
Board of Directors
Kokuyo Camlin Ltd.

We have reviewed the financial statements and the cash flow statement of Kokuyo Camlin Ltd. for the year ended 31st March, 2017 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Chetan Badal
Chief Financial Officer

Nobuchika Doi
CEO & Executive Director

Place: Mumbai
Dated : 27th April, 2017



Certificate

To,
The Members of **KOKUYO CAMLIN LIMITED**

We have examined the compliance of conditions of Corporate Governance by Kokuyo Camlin Limited ('the Company') for the year ended on 31st March, 2017 as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreements of the said Company with Stock Exchanges ('the Regulations')

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 specified in the Regulations referred above.

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 JHR & Associates
Company Secretaries**

Place: Thane
Date: 26th April, 2017

**J. H. Ranade
Partner
(FCS: 4317, CP: 2520)**

Independent Auditor's Report

To the Members of Kokuyo Camlin Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of Kokuyo Camlin Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, and the related statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and

maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as

amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 15 and 16 to the financial statements.
- ii. The Company did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the standalone financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.
- iii. During the year, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- iv. The Company has provided requisite disclosures in Note 27 to the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced by to us by the Management.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number 105731

Mumbai, April 27, 2017



ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KOKUYO CAMLIN LIMITED

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 2 Management has conducted physical verification of inventory during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.
- 3 According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of para 3(iii) of the said Order are not applicable to the Company.
- 4 According to the information and explanations given to us and to the best of our knowledge and belief there are no guarantees and securities given as mentioned under section 185 and 186 of the Act. The investments made and loans given by the Company are in compliance with the provisions of section 186 of the Act.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the directives issued by the Reserve Bank of India and the provisions of Sections 73-76 of the Act apply. Accordingly, the provisions of para 3(v) of the Order are not applicable to the Company.
- 6 We have broadly reviewed the books of account relating to manufacture of stationery and stationery items maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax,

duty of customs, duty of excise, Value added tax, cess and any other applicable statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Sales tax, Excise duty, Service tax, Customs duty, Value added tax and any other applicable statutory dues that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as follows:

| Name of the Statute | Nature of dues | Amount (₹ In lakhs) | Periods to which amounts relates | Forum where the dispute is pending |
|-----------------------------|----------------------|---------------------|----------------------------------|--|
| The Income tax Act, 1961 | Income tax | 7.31 | 2005-06 | AO has passed the order CIT (appeal) is to be approached |
| Excise Duty Act | Excise duty | 20.63 | 1990-95 | Mumbai High Court |
| | Excise duty | 26.31 | 2012-13 | The Customs, Excise and Service Tax Apellate Tribunal (CESTAT) |
| | Excise duty | 9.05 | 1992-93 | The Customs, Excise and Service Tax Apellate Tribunal (CESTAT) |
| | Excise duty | 15.36 | 1992-93, 2002-03 & 2014 | Comm of Central Excise (Appeal) |
| Central Sales Tax Act, 1956 | Central Sales Tax | 310.94 | 1995- 2016 | Sales Tax Authorities |
| | Central Sales Tax | 0.23 | 2000-2001 | Sales Tax – Tribunal |
| State Sales Tax Act | Local Sales tax/ Vat | 720.72 | 1995-2014 | Dy. Comm of Sales Tax (Appeals) |
| | | 0.07 | 2000-2001 | Sales Tax - Tribunal |

8 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank or Government during the year. The Company has not issued any debentures.

9 In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied by the Company for the purposes for which they were obtained. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

10 During the course of our audit, 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.

11 Based on the records examined by us and according to the information and explanations given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12 In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, the provisions of para 3(xii) of the said Order is not applicable.

13 Based on the records examined by us and according to the information and explanations given to us, transactions with the related parties



are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14 Based on the records examined by us and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15 Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with the directors

or persons connected with him. Accordingly, the provisions of para 3(xv) of the Order is not applicable.

16 In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number 105731

Mumbai, April 27, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KOKUYO CAMLIN LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Kokuyo Camlin Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended March 31, 2017.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial

reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number 105731

Mumbai, April 27, 2017

Balance Sheet

as at March 31, 2017

| | Notes | As at 31.03.2017 (₹ in Lakhs) | As at 31.03.2016 (₹ In Lakhs) |
|--|---------|-------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Share Capital | 2.a | 1,003.04 | 1,003.04 |
| Reserves and Surplus | 2.b | 20,850.86 | 20,830.64 |
| Shareholders' Funds | 2 | 21,853.90 | 21,833.68 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 3.a | 1,523.44 | 2,581.82 |
| Other long-term liabilities | 3.b | 1,311.26 | 1,152.77 |
| Long-term provisions | 3.c | 199.86 | 317.41 |
| Non-Current liabilities | 3 | 3,034.56 | 4,052.00 |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | 4.a | 7,294.13 | 6,858.48 |
| Trade payables | 4.b | | |
| Total outstanding dues of micro enterprises and small enterprises | | 74.54 | 186.47 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 11,829.15 | 9,739.72 |
| Trade payables | 4.b | 11,903.69 | 9,926.19 |
| Other current liabilities | 4.c | 2,708.67 | 1,862.51 |
| Short-term provisions | 4.d | 217.08 | 215.04 |
| Current Liabilities | 4 | 22,123.57 | 18,862.22 |
| TOTAL | | 47,012.03 | 44,747.90 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | 5.a | | |
| Tangible Assets | 5.a.i | 12,124.90 | 10,269.93 |
| Intangible Assets | 5.a.ii | 172.41 | 241.40 |
| Capital Work-in-progress | 5.a.iii | 4,956.79 | 2,497.93 |
| Non-Current investments | 5.b | 16.88 | 16.88 |
| Deferred tax assets (Net) | 23 | 425.14 | 484.66 |
| Long-term loans and advances | 5.c | 1,762.05 | 1,630.11 |
| Other Non-current assets | 5.d | 57.94 | 21.18 |
| Non-Current assets | 5 | 19,516.11 | 15,162.09 |
| CURRENT ASSETS | | | |
| Inventories | 6.a | 14,084.75 | 12,437.19 |
| Trade receivables | 6.b | 10,634.01 | 9,099.55 |
| Cash and Bank Balances | 6.c | 1,409.23 | 6,727.50 |
| Short-term loans and advances | 6.d | 1,341.12 | 1,190.15 |
| Other current assets | 6.e | 26.81 | 131.42 |
| Current Assets | 6 | 27,495.92 | 29,585.81 |
| TOTAL | | 47,012.03 | 44,747.90 |
| Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017



Statement of Profit and Loss

for the year ended March 31, 2017

| | Notes | Year ended 31.03.2017 (₹ in Lakhs) | Year ended 31.03.2016 (₹ In Lakhs) |
|---|-------|--|--|
| INCOME | | | |
| Revenue from Operations | 7 | 67,377.26 | 64,314.09 |
| Less: Excise duty | | 3,349.59 | 2,895.37 |
| | | 64,027.67 | 61,418.72 |
| Other Income | 8 | 290.61 | 536.58 |
| TOTAL INCOME | | 64,318.28 | 61,955.30 |
| EXPENDITURE | | | |
| Cost of materials | 9 | 24,929.21 | 23,697.34 |
| Purchases of Stock-in-Trade | 10 | 16,139.00 | 14,407.48 |
| Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in-Trade | 11 | (1,136.54) | 62.08 |
| Employee Benefit Expenses | 12 | 6,875.88 | 6,659.52 |
| Finance Costs | 13 | 1,054.77 | 1,072.91 |
| Depreciation / Amortization | 5.a | 1,240.12 | 1,186.22 |
| Other Expenses | 14 | 15,061.40 | 14,138.70 |
| TOTAL EXPENDITURE | | 64,163.84 | 61,224.25 |
| Net profit before tax | | 154.44 | 731.05 |
| Less : Tax Expenses | | | |
| : Current Tax | | - | - |
| : Prior Years (Net) | | (0.62) | (4.42) |
| : Deferred Tax | 23 | 59.52 | 209.57 |
| Profit after Tax for the period | | 95.54 | 525.90 |
| Earning Per Share - Basic and Diluted of equity shares of face value of Re.1/ each (in ₹) | 24 | 0.10 | 0.52 |
| Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date annexed

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

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Chetan Badal
Chief Financial Officer

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Cash Flow Statement

for the year ended March 31, 2017

| | Year ended 31.03.2017 (₹ In Lakhs) | Year ended 31.03.2016 (₹ In Lakhs) |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit | 154.44 | 731.05 |
| Adjustments for: | | |
| Depreciation / Amortization | 1,240.12 | 1,186.22 |
| Foreign Exchange loss unrealised /MTM | (75.32) | - |
| Foreign Exchange (Unrealised) | (7.84) | 25.26 |
| (Profit)/Loss on disposal of Fixed Assets | 48.80 | (2.38) |
| Finance Costs | 1,054.77 | 1,072.91 |
| Interest/Dividend Accrued | (289.77) | (527.76) |
| Operating Profit before Working Capital changes | 2,125.20 | 2,485.30 |
| Adjustments for: | | |
| Inventories | (1,647.56) | (109.05) |
| Trade Receivables | (1,534.46) | (1,403.72) |
| Loans and Advances | (134.91) | (68.48) |
| Trade Payables | 1,977.50 | (68.13) |
| Other Current Liabilities | 6.86 | 359.47 |
| Changes in Working Capital | (1,332.57) | (1,289.91) |
| Cash generated from Operations | 792.63 | 1,195.39 |
| Direct taxes paid | 98.58 | 40.80 |
| Net cash from operating activities | 891.21 | 1,236.19 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets (including advances) | (5,472.03) | (4,106.76) |
| Sale of Fixed Assets | 7.80 | 11.30 |
| (Increase) / Decrease in bank deposits (having maturity of more than three months) | 2,471.25 | 4,430.31 |
| Interest received | 390.78 | 661.93 |
| Dividend received | 3.60 | 3.60 |
| Net cash used in Investing Activities | (2,598.60) | 1,000.38 |



Cash Flow Statement

for the year ended March 31, 2017

| | Year ended 31.03.2017 (₹ In Lakhs) | Year ended 31.03.2016 (₹ In Lakhs) |
|--|--|--|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 435.65 | 3,026.97 |
| Repayment of borrowing | (461.29) | (438.43) |
| Finance Costs paid | (1,082.40) | (1,074.25) |
| Dividend Paid | (2.67) | (2.73) |
| Net cash used in Financing Activities | (1,110.71) | 1,511.56 |
| D. UNREALISED FOREIGN EXCHANGE FLUCTUATION | 7.84 | (25.26) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (2,810.26) | 3,722.86 |
| Cash and Cash Equivalents (Opening Balance) | 4,009.35 | 286.49 |
| Cash and Cash Equivalents (Closing Balance) | 1,199.09 | 4,009.35 |
| The accompanying notes are an integral part of these financial statements. | | |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
- Figures for the previous periods have been regrouped, wherever necessary, to conform to the current period's classification.

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017

Notes

to the Financial Statement for the year ended March 31, 2017

1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

A. Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India to comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act") ("Indian GAAP").

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

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 (including contingent liabilities) on the date of financial statements and the reported amount of revenues and expenses, during the reported period. Actual results could differ from those estimates.

C. Fixed Assets :

- i. Fixed Assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat and Vat). Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation. Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System include cost of designing software, which provides significant future economic benefits over an extended period. The cost comprises of license fee, cost of system integration and initial customization. The costs are capitalised in the year in which the relevant system is ready for intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- ii. In compliance with Accounting Standard (AS-28)– "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.



Notes

to the Financial Statement for the year ended March 31, 2017

- iii. The depreciation on all assets of the Company excluding freehold land & leasehold land has been charged to write off the cost less residual value using the straight-line basis over the expected/estimated useful life in the manner as specified in Schedule II of the Companies Act 2013. Residual values have been reviewed and considered by the management. The normal expected/estimated useful lives of major categories of Fixed Assets are as follows:

| | |
|---|-----------------------|
| Freehold Land | NIL |
| Leasehold Land | Lease term |
| Site developments | 30 years |
| Buildings & sheds | 30 years and 60 years |
| Plant & Machinery & Electrical Installation | 7.5 years to 25 years |
| Office equipment | 3 to 6 years |
| ERP Hardware & Software | 5 years |
| Furniture & Fittings | 10 years |
| Vehicles | 8 to 10 years |

D. Investments :

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

E. Valuation of Inventories :

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

F. Excise Duty :

Excise duty on finished goods manufactured is accounted on clearance of goods from factory premises and also in respect of year end stocks in bonded warehouse. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant input. Input credit not recoverable is charged to the Statement of Profit and Loss.

G. Derivatives :

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value (mark to market) at the end of each reporting period.

Notes

to the Financial Statement for the year ended March 31, 2017

The Company enters into certain derivative contract to hedge risk which are not designated as hedges. Such contracts are accounted at fair value and are included in other gain/ (losses).

H. Foreign Currency Transactions :

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

I. Research and Development :

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

J. Employee Benefits :

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

K. Revenue / Expense Recognition :

- i. Revenue from sale of goods is accounted for on the basis of dispatch of goods. Sales are inclusive of excise duty and net of sales returns / Trade Discount.
- ii. Revenue in respect of overdue interest, insurance claim, etc is recognized to the extent the Company is reasonably certain of its ultimate realisation.
- iii. Remission from Excise Duty paid in respect of clearance from Jammu Plant is recognised as revenue based on legal advice obtained by the Company [Refer Note No.18].
- iv. Expenses are accounted for on accrual basis.
- v. Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.



Notes

to the Financial Statement for the year ended March 31, 2017

- vi. Lease Rentals in respect of assets taken on “operating lease” are charged to the Statement of Profit and Loss on straight line basis over the lease term.

L. Government Grants :

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

M. Borrowing Cost:

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

N. Share Issue Expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

O. 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.

P. 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 on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

Q. Earnings per share:

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

Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 2.a SHARE CAPITAL | | |
| Authorised | | |
| 20,00,00,000 (20,00,00,000) Equity Shares of Re. 1/- each | 2,000.00 | 2,000.00 |
| Issued, Subscribed & Paid-up | | |
| 10,03,03,806 (10,03,03,806) Equity Shares of Re. 1/- each fully paid | 1,003.04 | 1,003.04 |

Reconciliation of the shares outstanding at the beginning and at the end of the year

| | 31.03.2017 | | 31.03.2016 | |
|---|--------------|--------------|--------------|--------------|
| | No of shares | (₹ In Lakhs) | No of shares | (₹ In Lakhs) |
| Balance at the beginning and at the end of the year | 100,303,806 | 1,003.04 | 100,303,806 | 1,003.04 |

i) Terms/rights attached to equity shares

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

The Company declares and pays dividends in Indian Rupees. The dividend proposed by The Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.

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

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

| | 31.03.2017 | | 31.03.2016 | |
|--|---------------|--------------|---------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Name of the Holding Company | | | | |
| KOKUYO CO., Ltd. Japan (a Company incorporated in Japan) | 73,971,750 | 73.75% | 73,971,750 | 73.75% |

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

Other than Kokuyo Co. Ltd, there are no shareholders holding more than 5% shares in the Company.



Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 2 b RESERVES AND SURPLUS | | |
| i) Capital Reserve | | |
| Balance, beginning and end of the year | 52.70 | 52.70 |
| ii) Share Premium Account | | |
| Balance, beginning and end of the year | 17,901.56 | 17,901.56 |
| iii) General Reserve | | |
| Balance, beginning of the year | 2,041.62 | 2,041.62 |
| Less: Mark to Market effect of derivative (Refer Note below)* | 75.32 | - |
| Balance, at end of the year | 1,966.30 | 2,041.62 |
| iv) Surplus /(deficit) in the Statement of Profit and Loss | | |
| Balance, beginning of the year | 834.76 | 308.86 |
| Add :Profit for the year | 95.54 | 525.90 |
| Balance at the end of the year | 930.30 | 834.76 |
| | 20,850.86 | 20,830.64 |
| *Transitional effect of implementation of Guidance note on Accounting for Derivative contracts issued by the Institute of Chartered accountants of India on outstanding derivative contracts as on April 1, 2016 net of tax. | | |

Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 3 NON - CURRENT LIABILITIES | | |
| a Long-term borrowings from banks | | |
| i) Unsecured | 1,517.23 | 2,572.36 |
| ii) Secured | 6.21 | 9.46 |
| | 1,523.44 | 2,581.82 |
| b Other long term liabilities | | |
| Security Deposits | 1,196.17 | 1,152.77 |
| Foreign currency payable | 115.09 | - |
| | 1,311.26 | 1,152.77 |
| c Long-term provisions | | |
| Provisions for Employee Benefits -(Refer Note no. 25) | | |
| i) Gratuity | - | 106.23 |
| ii) Leave Encashment | 199.86 | 211.18 |
| | 199.86 | 317.41 |

a. Long term borrowing comprise

i. a) External Commercial borrowing (ECB) from Bank of Tokyo-Mitsubishi UFJ,Ltd. Singapore

The terms of the loan are as follows:

1. Rate of Interest is based on LIBOR plus agreed spread.
2. Repayable on 8 equal half yearly installments starting from April 22, 2014 with last installment payable on October 18, 2017

i. b) External Commercial borrowing (ECB) from Sumitomo Mitsui Banking Corporation

The terms of the loan are as follows:

1. Rate of Interest is based on LIBOR plus agreed spread.
2. Repayable on 8 equal half yearly installments starting from September 2, 2017 with last installment payable on March 2,2021.

ii) The secured loan from bank is a vehicle loan the key terms of which are as follows:

1. Rate of Interest is 10.25 %
2. Repayable in monthly installments starting from December 2014 with last installment payable on November 7, 2019.
3. Secured against hypothecation of vehicle.



Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 4 CURRENT LIABILITIES | | |
| a Short term borrowings | | |
| Cash Credit / Working Capital Demand Loan (Unsecured) | 7,294.13 | 6,858.48 |
| | 7,294.13 | 6,858.48 |
| Unsecured Cash Credit and working capital demand loan carry negative lien on all assets of the Company. | | |
| b Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 20) | 74.54 | 186.47 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 11,829.15 | 9,739.72 |
| Trade payables (including acceptances) | 11,903.69 | 9,926.19 |
| c Others | | |
| i) 1 Current Maturities of Long Term Borrowings - Banks (Unsecured) (Refer Note no. 3.a.i) | 1,032.55 | 435.78 |
| 2 Current Maturities of Long Term Borrowings - Banks (Secured) (Refer Note no. 3.a.ii) | 3.25 | 2.93 |
| ii) Advances from customers | 213.79 | 177.58 |
| iii) Employee Dues | 504.60 | 698.95 |
| iv) Security Deposits | 30.01 | 28.73 |
| v) Capital Creditors | 316.24 | 0.75 |
| vi) Statutory Liabilities | 557.70 | 440.16 |
| vii) Interest Accrued but not due on loans | 21.45 | 49.08 |
| viii) Investor Education and Protection fund will be credited by following amounts (as and when due) | | |
| Unclaimed Dividends | 7.55 | 10.22 |
| ix) Others | 21.53 | 18.33 |
| | 2,708.67 | 1,862.51 |
| d Short-term provisions | | |
| Provisions for Employee Benefits -(Refer Note no. 25) | | |
| i) Gratuity | 134.65 | 179.54 |
| ii) Leave Encashment | 82.43 | 35.50 |
| | 217.08 | 215.04 |

Notes

to the Financial Statement for the year ended March 31, 2017

5. a) FIXED ASSETS

i) Tangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | DEPRECIATION | | | | BALANCE | | |
|------------------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|---------------------|--|
| | Gross Block 31.03.2016 | Additions during the year | Disposals/ Adjustments | As at 31.03.2017 | Upto 31.03.2016 | For the year | Disposals/ Adjustments | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 | |
| Freehold Land | 2.73 | - | - | 2.73 | - | - | - | - | 2.73 | 2.73 | |
| Leasehold Land | 2,251.42 | - | - | 2,251.42 | 84.48 | 32.46 | - | 116.94 | 2,134.48 | 2,166.94 | |
| Site Development | 42.69 | 711.79 | - | 754.48 | 6.41 | 1.96 | - | 8.37 | 746.11 | 36.28 | |
| Building & Shed | 1,963.45 | 123.15 | 58.97 | 2,027.63 | 482.82 | 67.39 | 11.92 | 538.29 | 1,489.34 | 1,480.63 | |
| Plant, Machinery & Equipment | 12,128.10 | 2,037.39 | - | 14,165.49 | 6,164.90 | 887.40 | - | 7,052.30 | 7,113.19 | 5,963.20 | |
| Office Machinery | 802.52 | 124.98 | 66.15 | 861.35 | 471.67 | 94.63 | 64.45 | 501.85 | 359.50 | 330.85 | |
| ERP Hardware Cost | 298.57 | - | - | 298.57 | 215.99 | 22.39 | - | 238.38 | 60.19 | 82.58 | |
| Furniture & Fittings | 341.04 | 3.42 | 2.28 | 342.18 | 213.26 | 35.90 | 2.26 | 246.90 | 95.28 | 127.78 | |
| Vehicles | 205.21 | 75.97 | 45.16 | 236.02 | 126.27 | 23.00 | 37.33 | 111.94 | 124.08 | 78.94 | |
| Total | 18,035.73 | 3,076.70 | 172.56 | 20,939.87 | 7,765.80 | 1,165.13 | 115.96 | 8,814.97 | 12,124.90 | 10,269.93 | |
| Previous Year | 17,209.29 | 1,001.66 | 175.22 | 18,035.73 | 6,819.88 | 1,112.22 | 166.30 | 7,765.80 | 10,269.93 | 10,389.41 | |

ii) Intangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | AMORTISATION | | | | BALANCE | | |
|-------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|---------------------|--|
| | Gross Block 31.03.2016 | Additions during the year | Disposals/ Adjustments | As at 31.03.2017 | Upto 31.03.2016 | For the year | Disposals/ Adjustments | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 | |
| ERP Software Cost | 510.76 | 6.00 | - | 516.76 | 269.36 | 74.99 | - | 344.35 | 172.41 | 241.40 | |
| Total | 510.76 | 6.00 | - | 516.76 | 269.36 | 74.99 | - | 344.35 | 172.41 | 241.40 | |
| Previous Year | 510.76 | - | - | 510.76 | 195.36 | 74.00 | - | 269.36 | 241.40 | 315.40 | |

iii) Capital work in progress

| | | |
|-------|------------------|------------------|
| | 4,956.79 | 2,497.93 |
| Total | 17,254.10 | 13,009.26 |



Notes

to the Financial Statement for the year ended March 31, 2017

PREVIOUS YEAR

i) Tangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | DEPRECIATION | | | | BALANCE |
|------------------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|
| | Gross Block 31.03.2015 | Additions during the year | Disposals/ Adjustments | As at 31.03.2016 | Upto 31.03.2015 | For the year | Disposals/ Adjustments | As at 31.03.2016 | As at 31.03.2016 |
| Freehold Land | 2.73 | - | - | 2.73 | - | - | - | - | 2.73 |
| Leasehold Land | 2,251.42 | - | - | 2,251.42 | 52.02 | 32.46 | - | 84.48 | 2,166.94 |
| Site Development | 42.69 | - | - | 42.69 | 4.52 | 1.89 | - | 6.41 | 36.28 |
| Building & Shed | 1,945.65 | 17.80 | - | 1,963.45 | 415.69 | 67.13 | - | 482.82 | 1,480.63 |
| Plant, Machinery & Equipment | 11,396.42 | 899.75 | 168.07 | 12,128.10 | 5,490.86 | 833.78 | 159.74 | 6,164.90 | 5,963.20 |
| Office Machinery | 721.59 | 82.16 | 1.23 | 802.52 | 380.15 | 92.69 | 1.17 | 471.67 | 330.85 |
| ERP Hardware Cost | 298.57 | - | - | 298.57 | 193.60 | 22.39 | - | 215.99 | 82.58 |
| Furniture & Fittings | 339.58 | 1.95 | 0.49 | 341.04 | 177.18 | 36.31 | 0.23 | 213.26 | 127.78 |
| Vehicles | 210.64 | - | 5.43 | 205.21 | 105.86 | 25.57 | 5.16 | 126.27 | 78.94 |
| Total | 17,209.29 | 1,001.66 | 175.22 | 18,035.73 | 6,819.88 | 1,112.22 | 166.30 | 7,765.80 | 10,269.93 |

ii) Intangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | AMORTISATION | | | | BALANCE |
|-------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|
| | Gross Block 31.03.2015 | Additions during the year | Disposals/ Adjustments | As at 31.03.2016 | Upto 31.03.2015 | For the year | Disposals/ Adjustments | As at 31.03.2016 | As at 31.03.2016 |
| ERP Software Cost | 510.76 | - | - | 510.76 | 195.36 | 74.00 | - | 269.36 | 241.40 |
| Total | 510.76 | - | - | 510.76 | 195.36 | 74.00 | - | 269.36 | 241.40 |

iii) Capital work in progress

2,497.93

Total

2,497.93

Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 5 b NON-CURRENT INVESTMENTS | | |
| Investments in Equity Instruments | | |
| I Quoted | | |
| 8,00,000 Equity Shares of ₹ 1/- each (8,00,000 Equity Shares of ₹ 1/- each) Camlin Fine Sciences Ltd [Market Value ₹ 715.20 Lakhs (₹ 709.20 Lakhs)] | 9.73 | 9.73 |
| II Unquoted | | |
| A Subsidiary Companies | | |
| a) 5,000 (5,000) Equity Shares of ₹ 100/- each in Camlin International Ltd. | 5.00 | 5.00 |
| B Associates | | |
| 5,22,000 (5,22,000) Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd. | 52.20 | 52.20 |
| Less : Provision for diminution in value (as accumulated losses as on March 31, 2017 exceed the networth of the Company) | 52.20 | 52.20 |
| C Others | | |
| 2,150 (2,150) Equity Shares of ₹ 100/- each in Excella Pencils Ltd (Associate upto 30 th September, 2016) | 2.15 | 2.15 |
| | 16.88 | 16.88 |
| Aggregate amount of unquoted investments | 59.35 | 59.35 |
| Aggregate provision for diminution in value of investments | 52.20 | 52.20 |
| c Long-term Loans and Advances | | |
| i) Capital Advances | 1,315.73 | 1,067.65 |
| ii) Income Tax (net of provisions) | 113.31 | 211.27 |
| iii) Security Deposits | 335.12 | 351.19 |
| | 1,764.16 | 1,630.11 |
| Less : Allowance for Doubtful Loans and Advances | 2.11 | - |
| | 1,762.05 | 1,630.11 |
| d Other Non-current assets | | |
| Fixed Deposits maturing after twelve months | 57.94 | 21.18 |



Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 6 CURRENT ASSETS | | |
| a INVENTORIES | | |
| i) Raw Materials [includes in transit ₹ 76.72 Lakhs (₹ 83.45 Lakhs)] | 1,772.47 | 1,774.47 |
| ii) Packing Materials [includes in transit ₹ 105.40 Lakhs (₹ 122.63 Lakhs)] | 2,303.84 | 1,814.94 |
| iii) Machine Spares | 24.12 | - |
| iv) Work-in-Process | 1,120.48 | 971.34 |
| v) Finished Goods | 4,672.39 | 3790.08 |
| vi) Stock-in-Trade [includes in transit ₹ 9.96 Lakhs (₹ 34.00 lakhs)] | 4,191.45 | 4086.36 |
| | 14,084.75 | 12,437.19 |
| b Trade receivables | | |
| Unsecured | | |
| i) Outstanding for a period exceeding six months from the due date | | |
| 1 Considered Good | 85.61 | 46.32 |
| 2 Considered Doubtful | 171.45 | 182.07 |
| ii) Other Debts - Considered Good | 10,548.40 | 9,053.23 |
| | 10,805.46 | 9,281.62 |
| Less: Allowance for doubtful receivables | 171.45 | 182.07 |
| | 10,634.01 | 9,099.55 |
| c Cash and Bank Balances | | |
| i) Cash and Cash Equivalents | | |
| Balances with Banks | | |
| 1. In Current Accounts | 275.07 | 506.84 |
| 2. In EEFC Accounts | 113.36 | 129.60 |
| 3. Deposits with maturity of less than three months | 801.63 | 3,360.53 |
| Cash on Hand | 9.03 | 12.38 |
| | 1,199.09 | 4,009.35 |
| ii) Other Bank Balances | | |
| Deposits with original maturity of more than three months but less than twelve months | 202.11 | 2,706.10 |
| Staff Security Deposits | 0.48 | 1.83 |
| Earmarked for payment of Dividends / Interest on Fixed Deposits | 7.55 | 10.22 |
| | 210.14 | 2,718.15 |
| | 1,409.23 | 6,727.50 |
| d Short term Loans and Advances | | |
| Unsecured (Considered Good) | | |
| i) Advances to Related Parties | 0.01 | 0.51 |
| ii) Advances to suppliers | 392.10 | 422.68 |
| iii) Prepaid Expenses | 175.93 | 145.72 |
| iv) Deposits, balances and input credits for other taxes and duties | 648.63 | 510.92 |
| v) Other advances | 124.45 | 110.32 |
| | 1,341.12 | 1,190.15 |
| e Other Non-current assets | | |
| Interest accrued on Deposits | 26.81 | 131.42 |
| | 26.81 | 131.42 |

Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 7 REVENUE FROM OPERATIONS (GROSS) | | |
| Sale of Products [Ref. Note No 21-i]] | 67,222.36 | 64,197.49 |
| Add : Other Operating Revenues | 154.90 | 116.60 |
| Revenue from Operations (Gross) | 67,377.26 | 64,314.09 |
| Less : Excise Duty-[Net of Rebate] [Refer Note No.16] | 3,349.59 | 2,895.37 |
| Revenue from Operations (Net) | 64,027.67 | 61,418.72 |
| 8 OTHER INCOME | | |
| i) Interest | 286.17 | 524.16 |
| ii) Dividend-On Trade Investments | 3.60 | 3.60 |
| iii) Profit on Sale of Assets | 0.84 | 8.79 |
| iv) Miscellaneous Receipts | - | 0.03 |
| | 290.61 | 536.58 |
| 9 COST OF MATERIALS | | |
| Colours / Pigments | 2,588.97 | 2,573.52 |
| Chemicals | 2,912.72 | 2,890.85 |
| Components | 5,416.75 | 5,498.48 |
| Containers | 2,971.26 | 3,260.93 |
| Others | 11,039.51 | 9,473.56 |
| | 24,929.21 | 23,697.34 |
| 10 PURCHASE OF STOCK-IN TRADE | | |
| i) Stationery Items | 15,118.32 | 13,405.54 |
| ii) Chemical and Chemical Products | 1,020.68 | 1,001.94 |
| | 16,139.00 | 14,407.48 |
| 11 CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE | | |
| Stocks as per last Balance Sheet | | |
| Work in Process | 971.34 | 819.12 |
| Stock-in-Trade | 4,086.36 | 4,252.77 |
| Finished Goods | 3,790.08 | 3,837.97 |
| | 8,847.78 | 8,909.86 |
| Less : Closing Stock as at year end | | |
| Work in Process | 1,120.48 | 971.34 |
| Stock-in-Trade | 4,191.45 | 4,086.36 |
| Finished Goods | 4,672.39 | 3,790.08 |
| | 9,984.32 | 8,847.78 |
| | (1,136.54) | 62.08 |



Notes

to the Financial Statement for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 12 EMPLOYEE COST | | |
| Salaries, Wages and Bonus | 6,160.31 | 5,961.55 |
| Contribution to Provident & other funds [Refer Note no.25] | 537.76 | 513.36 |
| Staff and Labour Welfare | 177.81 | 184.61 |
| | 6,875.88 | 6,659.52 |
| 13 FINANCE COSTS | | |
| Interest Expense on Debts and Borrowings | 783.64 | 792.88 |
| Interest Expense relating to Taxes and Duties | 1.96 | 4.57 |
| Other Borrowing Costs | 269.17 | 275.46 |
| | 1,054.77 | 1,072.91 |
| 14 OTHER EXPENSES | | |
| Power and Fuel | 578.95 | 563.72 |
| Job work charges | 2,657.23 | 2,435.70 |
| Repairs | | |
| - Building | 6.71 | 21.71 |
| - Machinery | 137.64 | 111.88 |
| Rent | 881.86 | 927.81 |
| Rates and Taxes | 33.89 | 27.13 |
| Net losses/(gains) in respect of translations of foreign currencies | 69.57 | 147.55 |
| Insurance | 78.97 | 78.90 |
| Advertisement and Sale Promotion | 3,034.74 | 2,967.10 |
| Transport & Forwarding Charges | 2,421.37 | 2,198.84 |
| Commission/Discount/Service Charges on Sales | 1,786.25 | 1,734.03 |
| Travelling & Conveyance | 1,091.41 | 1,055.74 |
| Payment to auditors | 43.04 | 37.63 |
| CSR Expenses | 3.70 | - |
| Miscellaneous Expenses | 2,236.07 | 1,830.96 |
| | 15,061.40 | 14,138.70 |
| Payment to Auditors | | |
| a For Audit | 23.00 | 23.00 |
| b Taxation matters | 8.00 | 8.00 |
| c Others | 12.04 | 6.63 |
| | 43.04 | 37.63 |

Notes

to the Financial Statement for the year ended March 31, 2017

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

i. Contingent Liabilities:

1. Claims against the Company not acknowledged as debts ₹ 1,160.85 lakhs (₹ 293.06 lakhs).
2. Other money for which the Company is contingently liable is Nil (₹ Nil)
3. Bank Guarantees as at March 31, 2017 ₹ 159.93 lakhs (₹ 93.93 lakhs)

ii. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,011.07 lakhs (₹ 4,474.35 lakhs)

16 EXCISE REMISSION AT JAMMU :

- a. The Jammu and Kashmir High Court delivered a judgment dated December 23, 2010 quashing the Excise Notification, applicable to the undertakings set up in Jammu, which restricted the quantum of excise duty remission and upheld the entitlement to total exemption from excise duty. In view of the legal advice confirming the Company's right to such total exemption on the grounds laid down in the judgment of the High Court, rebate of excise duty being the duty on assessable value of goods, net of Cenvat Credit has been recognized in the books till Feb 2013.
- b. A writ petition was filed by the Company praying the quashing of the impugned notification in its case. Pending final disposal of the petition filed by the Company, the Hon'ble High Court had modified the earlier interim order, passed on May 4, 2011, in OWP 601/2011 on March 11, 2013. Consequently the Hon'ble High Court has directed the department to release 50% of the amount due to the manufacturers, subject to the approval of Jurisdictional Commissioner of Excise for manufacturers' solvency. Post such order the Company has claimed excise rebate as per the earlier quashed notification. The Excise duty remission of ₹322.19 lakhs (₹293.09 Lakhs) for the year is recognized as revenue and accrued as income from operations. The cumulative amount of remission as on March 31, 2017, so recognized is ₹2,400.60 lakhs (₹2,078.41 lakhs).

17 DERIVATIVES INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE :

- a. The hedged exposure of foreign currency transaction is as follows.

| On Account of | Currency | (Amt. in lakhs) | |
|-------------------------------|----------|-----------------|---------|
| | | 2016-17 | 2015-16 |
| Loan from - Banks (Unsecured) | (USD) | 39.32 | 47.45 |



Notes

to the Financial Statement for the year ended March 31, 2017

b. The unhedged exposure of foreign currency transaction is as follows.

| On Account of | | Currency | (Amt. in lakhs) | |
|---------------|-------------------|----------|-----------------|---------|
| | | | 2016-17 | 2015-16 |
| (i) | Trade Receivables | (USD) | 8.23 | 8.81 |
| (ii) | Trade Payables | (YEN) | 888.96 | 657.04 |
| | Trade Payables | (USD) | 1.61 | 1.05 |
| | Trade Payables | (EUR) | 0.60 | - |
| | Trade Payables | (GBP) | 0.13 | - |

18 UTILISATION OF PROCEEDS OF RIGHTS ISSUES :

On September 2, 2013, the Company pursuant to its right issue of equity shares allotted 31,283,831 Equity Shares of face value of Re. 1/- each to the eligible equity shareholders in the ratio of 14 equity shares for every 29 equity shares held on the record date i.e. August 2, 2013 at a price of ₹ 33/- per share (inclusive of Share Premium of ₹ 32/- per share). The aggregate amount collected pursuant to the rights issue was ₹ 10,323.66 lakhs.

The utilisation of funds received by way of Right Issue

| Particulars | (₹ in Lakhs) | |
|--|------------------|------------------|
| | 2016-17 | 2015-16 |
| Right issue expenditure | 167.23 | 167.23 |
| Capital Expenditure | 10,156.43 | 6,163.69 |
| Amount kept in Banks in Fixed Deposits & current Account | - | 3,992.74 |
| Total funds raised from Rights issue of equity shares | 10,323.66 | 10,323.66 |

The Company has received Building Completion Certificate for its Patalganga Plant on April 24th, 2017 and it proposes to commence commercial production at this plant from April 28th, 2017.

19 EXPENDITURE ON RESEARCH AND DEVELOPMENT :

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

| Sr. No. Particulars | | (₹ in Lakhs) | |
|---------------------|-------------------|---------------|---------------|
| | | 2016-17 | 2015-16 |
| 1. | Employee Cost | 317.33 | 336.55 |
| 2. | Cost of Materials | 0.86 | 2.33 |
| 3. | Other Expenses | 24.60 | 29.63 |
| Total | | 342.78 | 368.51 |

Notes

to the Financial Statement for the year ended March 31, 2017

20 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 :

The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at March 31, 2017 are as under:

| Sr. No. | Description | (₹ in Lakhs) | |
|---------|--|--------------|---------|
| | | 2016-17 | 2015-16 |
| 1. | Principal amount remaining unpaid beyond due date, to suppliers as at the end of accounting year. | 8.73 | 186.47 |
| 2. | Interest due thereon remaining unpaid to suppliers as at the end of accounting year | 0.12 | 2.10 |
| 3. | Amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year 2016-17 | Nil | Nil |
| 4. | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | 3.67 | 10.51 |
| 5. | Amount of interest accrued and remaining unpaid at the end of accounting year. | 3.79 | 12.61 |
| 6. | The amount of further interest due and payable even in the succeeding year until such date when the interest due as above are actually paid to the suppliers for the purpose of disallowance as a deductible expenditure under Section 23. | Nil | Nil |



Notes

to the Financial Statement for the year ended March 31, 2017

21 i) BREAK UP OF SALES AND STOCKS

(₹ in Lakhs)

| CLASS OF GOODS | Sales | Inventory | |
|---|--|------------------------------------|--------------------------------------|
| | | Work -in-Progress | Finished Goods |
| A) MANUFACTURED ITEMS | | | |
| 1 Chemical & Chemical Products Gum / Paste / Adhelin / Artist Colours | 22,974.00 (21,958.05) | 518.94 (509.35) | 1,989.34 (1,815.02) |
| 2 Stationery Items (A) S.P. Ink / Writing Ink | 3,278.73 (3,009.42) | 139.03 (130.65) | 205.87 (161.62) |
| Stationery Items (B) Wooden Pencils / Markers / Hi- polymer Leads / Others | 21,751.02 (19,813.48) | 462.51 (331.34) | 2,477.18 (1,813.44) |
| B) TRADING ITEMS | | | |
| 1 Chemical & Chemical Products Gum / Paste / Adhelin / Artist Colours | 1,732.93 (1,552.03) | | 610.70 (722.56) |
| 2 Stationery Items (B) Mathematical instrument / Writing instruments / Others | 19,043.60 (18,831.91) | | 3,580.75 (3,363.80) |
| 3 Others - Being sale of exhibition materials, Painting, etc. | - (0.00) | | - (0.00) |
| Less : Trade Discount | 1,557.92 (967.40) | | |
| | 67,222.36 (64,197.49) | 1,120.48 (971.34) | 8,863.84 (7,876.44) |

(₹ in Lakhs)

| | 2016-17 | 2015-16 |
|--|-----------------|-----------------|
| (ii) Earnings in Foreign Exchange | | |
| Exports at F.O.B. Value (Excluding Nepal) | 1,559.05 | 1,772.51 |
| | 1,559.05 | 1,772.51 |
| (iii) Expenditure in Foreign Currency | | |
| Travelling | 32.73 | 34.76 |
| Others | 90.82 | 95.58 |
| | 123.55 | 130.34 |
| (iv) Value of Imports on C.I.F. Basis | | |
| a) Raw Materials | 1,595.61 | 1,572.84 |
| b) Components and Spare Parts | 2,701.75 | 2,043.67 |
| c) Capital Goods | 178.32 | 369.06 |
| d) Purchases of Traded Products | 875.67 | 270.76 |
| | 5,351.35 | 4,256.33 |

Notes

to the Financial Statement for the year ended March 31, 2017

| | (₹ in Lakhs) | |
|---|------------------|------------------|
| | 2016-17 | 2015-16 |
| (v) Value of consumption of Raw Materials and Stores | | |
| a) Indigenous | 20,035.02 | 19,051.27 |
| b) Imported (Landed Cost) - Raw Material, Components & Spare Parts | 4,894.19 | 4,646.07 |
| | 24,929.21 | 23,697.34 |
| (vi) Percentage of Consumption of Raw Materials & Stores | | |
| a) Indigenous | 80.37 | 80.39 |
| b) Imported (Landed Cost) - Raw Material, Components & Spare Parts | 19.63 | 19.61 |
| | 100.00 | 100.00 |

22. LEASES:

The Company has taken various office premises/godowns/residential flats (including furniture & fixtures) under leave and license agreements ranging under 12 months to 3 years on leave and license. These arrangements are renewable by mutual consent on mutually agreed terms. These lease payments are recognized in the statement of profit and loss under rent.

23 DEFERRED TAXES :

| Particulars | Opening Balance as on 01.04.2016 | Increase / (Decrease) during the year | (₹ in Lakhs) |
|--|--|---|--|
| | | | Closing Balance as on 31.03.2017 |
| Liability: | | | |
| Difference between book and tax depreciation | 738.70 | 32.10 | 770.80 |
| Sub-total | 738.70 | 32.10 | 770.80 |
| Assets: | | | |
| Provision for doubtful debts/ Leave Encashment | 141.76 | 8.26 | 150.02 |
| Gratuity | 94.48 | (49.96) | 44.52 |
| Expenses deductible in tax on actual payment | 335.06 | 87.38 | 422.44 |
| Unabsorbed Depreciation | 652.06 | (73.10) | 578.96 |
| Sub-total | 1,223.36 | (27.41) | 1,195.95 |
| Net Deferred Tax Liability / (Asset) | (484.66) | 59.52 | (425.14) |



Notes

to the Financial Statement for the year ended March 31, 2017

24 EARNINGS PER SHARE (BASIC & DILUTED):

| | 2016-17 | 2015-16 |
|--|--------------|--------------|
| Net Profit available for equity shareholders – ₹ Lakhs | 95.54 | 525.90 |
| Issued and Paid-up Equity Shares of face value of Re. 1/- each (Nos.) | 10,03,03,806 | 10,03,03,806 |
| Weighted average of Numbers of Equity Shares used in computing basic earnings per share (Nos.) | 10,03,03,806 | 10,03,03,806 |
| Weighted average of Numbers of Equity Shares used in computing diluted earnings per share (Nos.) | 10,03,03,806 | 10,03,03,806 |
| Earnings per Share- Basic ₹ | 0.10 | 0.52 |
| Earnings per Share- Diluted ₹ | 0.10 | 0.52 |

25 RETIREMENT BENEFITS:

Defined Contribution Plans

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

Defined Benefit Plan

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

Retirement Benefits

Gratuity

Description of the Plan

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

Notes

to the Financial Statement for the year ended March 31, 2017

Principal actuarial assumptions:

| | 2016-17 | 2015-16 |
|--------------------------------|---------|---------|
| Discount rate | 7.51% | 7.81% |
| Expected return on plan assets | 7.51% | 7.81% |

Reconciliation of Benefit Obligation:

| | 2016-17 | 2015-16 |
|---|----------|--------------|
| | | (₹ in Lakhs) |
| Liability at the beginning of the year | 1,117.46 | 929.42 |
| Interest Cost | 87.27 | 73.89 |
| Current Service Cost | 56.97 | 44.05 |
| Past Service Cost | 0.00 | 0.00 |
| Benefit Paid | (141.95) | (131.45) |
| Actuarial (Gain) / Loss on Obligations | 63.60 | 201.55 |
| Liability at the end of the year | 1,183.35 | 1,117.46 |
| Value of Plan Assets at the end of the year | 1,048.70 | 831.69 |

Reconciliation of value of Plan Assets:

| | 2016-17 | 2015-16 |
|---|----------|--------------|
| | | (₹ in Lakhs) |
| Value of Plan Assets at the beginning of the year | 831.69 | 578.89 |
| Expected return on plan assets | 64.95 | 46.02 |
| Contributions by the employer | 299.98 | 224.94 |
| Benefit Paid | (141.95) | (131.45) |
| Actuarial (Gain) / Loss on Obligations | (5.97) | 113.30 |
| Value of Plan Assets at the end of the year | 1,048.70 | 831.69 |

The Company expects to contribute ₹ 200.00 lakhs to gratuity fund in the next year (₹ 299.97 lakhs)

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



Notes

to the Financial Statement for the year ended March 31, 2017

| | 2016-17 | 2015-16 |
|---|---------|---------|
| Current Service Cost | 56.97 | 44.05 |
| Past Service Cost | 0.00 | 0.00 |
| Interest Cost | 87.27 | 73.89 |
| Return on Plan Assets | (64.95) | (46.02) |
| Net Actuarial (Gain) / Loss recognized | 69.56 | 88.26 |
| Expenses recognised in the Statement of Profit and Loss | 148.85 | 160.18 |

(₹ in Lakhs)

The amount of experience adjustments on plan assets and plan liabilities for the current and previous four years are as follows

| | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|-----------------------------------|---------|---------|---------|---------|
| Experience adjustment | | | | |
| On plan liability(gains) / losses | 50.27 | 194.99 | 278.08 | 105.28 |
| On plan assets (losses) / gains | (5.97) | 113.30 | 1.34 | (5.67) |

(₹ in Lakhs)

Leave encashment:

The accumulated balance of leave encashment (unfunded) provided in the books as at year end is ₹ 282.29 lakhs (₹ 246.68 lakhs) determined on actuarial basis using projected unit credit method.

Notes

to the Financial Statement for the year ended March 31, 2017

26 RELATED PARTIES DISCLOSURES : (AS CERTIFIED BY THE MANAGEMENT)

a Name of related parties and nature of relationship

| | | |
|---|---------------------------|-----------------|
| 1 | Kokuyo Co. Ltd. | Holding Company |
| 2 | Camlin International Ltd. | Subsidiary |

b Name of other related parties and nature of relationship where there are transactions with related parties

| | | |
|----|-------------------------------------|---|
| 3 | Kokuyo Commerce (Shanghai) Co. Ltd. | |
| 4 | Kokuyo Vietnam Trading Co. Ltd. | Fellow Subsidiary |
| 5 | Kokuyo Vietnam Co., Ltd. | |
| 6 | Kokuyo Co. Ltd., Hongkong | |
| 7 | Excella Pencils Ltd.* | |
| 8 | Camlin Fine Sciences Ltd. | Entities over which KMPs /directors and/or their relatives are able to exercise significant influence |
| 9 | Nilmac Packaging Industries Ltd. | |
| 10 | Triveni Pencils Ltd. | |
| 11 | Dandekar Inks & Adhesives Ltd. | |

* Associate Company upto 30th September 2016.

c Key Management Personnel and their Relatives

| Name of the Person | Nature of Relationship |
|---------------------------------|---|
| Key Management Personnel | |
| Mr. Dilip Dandekar | Chairman & Executive Director (C& ED) |
| Mr. Shriram Dandekar | Vice Chairman & Executive Director (VC & ED) |
| Mr. Nobuchika Doi [#] | Chief Executive Officer and Executive Director |
| Mr. Takeo Iguchi | Executive Director |
| Mr. A. Srikanth* | Chief Executive Officer |
| Mr. Chetan Badal | Chief Financial Officer |
| Mr. Ravindra Damle | V.P. (Corporate) & Company Secretary |
| Relatives | |
| Mr. Subhash. Dandekar | Chairman Emeritus and brother of C & ED |
| Mrs. Aditi Dighe | General Manager -Marketing (Colour Group 2) and daughter of C& ED |

[#] Appointed as CEO & Executive Director w.e.f. April 01, 2017

* Ceases to be CEO w.e.f. April 01, 2017.



Notes

to the Financial Statement for the year ended March 31, 2017

d) Transactions with Associate Companies

| Particulars | Entities over which KMPs / directors and/or their relatives are able to exercise significant influence | (₹ in lakhs) |
|----------------------------------|--|-----------------|
| | | 2016-17 |
| Purchase of goods | | |
| | Total | - |
| | | (0.14) |
| Sale of Goods | | |
| | Total | - |
| | | (0.08) |
| Purchase of Fixed Assets | | |
| | Total | - |
| | | (20.10) |
| Receiving Services | Dandekar Inks & Adhesives Ltd. | 13.74 |
| | Nilmac Packaging Industries Ltd. | 701.76 |
| | Excella Pencils Ltd. | 771.61 |
| | Total | 1,487.11 |
| | | (1,698.88) |
| Dividend Received | Camlin Fine Sciences Ltd. | 3.60 |
| | Total | 3.60 |
| | | (3.60) |
| Net Amount Payable | Excella Pencils Ltd. | 13.57 |
| | Nilmac Packaging Industries Ltd. | 0.81 |
| | Dandekar Inks & Adhesives Ltd. | 16.96 |
| | Total | 31.34 |
| | | (66.12) |
| Net Amount Receivable | Camlin Fine Sciences Ltd. | 0.01 |
| | Total | 0.01 |
| | | (0.51) |
| Reimbursement of expenses | Excella Pencils Ltd. | 139.66 |
| | Triveni Pencils Ltd. | 12.82 |
| | Nilmac Packaging Industries Ltd. | 19.07 |
| | Total | 171.55 |
| | | (169.36) |

Notes

to the Financial Statement for the year ended March 31, 2017

e) Payments to Key Management Personnel and their relatives

| | | (₹ in Lakhs) |
|---------------------|-----------------------|---------------|
| Remuneration | Mr. Dilip Dandekar * | 150.20 |
| | Mr. Sriram Dandekar * | 126.26 |
| | Mr. Nobuchika Doi | 92.51 |
| | Mr. Takeo Iguchi | 92.57 |
| | Mr. A. Srikanth | 67.92 |
| | Mr. Chetan Badal | 63.40 |
| | Mr. Ravindra Damle | 38.75 |
| | Ms. Aditi Dighe | 24.31 |
| | Total | 655.92 |
| | | (649.72) |

* Due to inadequacy of profits, the Company has filed an application with Central Government for approval of revised Managerial Remuneration effective from 1st February 2016 and is awaiting approval. As per Notification dated 12th September 2016, no approval is required for the aforesaid application.

| | | (₹ in Lakhs) |
|------------------------------|-------------------------------------|--------------|
| Particulars | Fellow Subsidiary Company | 16-17 |
| Purchase of goods | Kokuyo Vietnam Trading Co. Ltd. | 4.40 |
| | Total | 4.40 |
| | | (83.02) |
| Sale of Goods | Kokuyo Co.Ltd., Hongkong | 65.12 |
| | Kokuyo Commerce (Shanghai) Co. Ltd. | 11.96 |
| | Kokuyo Vietnam Trading Co. Ltd. | 4.40 |
| | Total | 81.47 |
| | | (5.13) |
| Net Amount Receivable | Kokuyo Vietnam Co.,Ltd. | 3.67 |
| | Total | 3.67 |
| | | (5.13) |

f) Transaction with Holding Company

| | | (₹ in Lakhs) |
|---------------------------------------|-----------------|--------------|
| Particulars | Holding Company | 16-17 |
| Purchase of goods | Kokuyo Co. Ltd | 5.97 |
| | Total | 5.97 |
| | | (62.44) |
| Sale of Goods | Kokuyo Co. Ltd | 1.71 |
| | Total | 1.71 |
| | | (11.39) |
| Reimbursement of Expenses paid | Kokuyo Co. Ltd | 4.50 |
| | Total | 4.50 |
| | | (1.50) |
| Net Amount Payable | Kokuyo Co. Ltd | 0.09 |
| | Total | 0.09 |
| | | - |
| Net Amount Receivable | Kokuyo Co. Ltd | - |
| | Total | - |
| | | (6.07) |

Figures in brackets are for the previous year.



Notes

to the Financial Statement for the year ended March 31, 2017

27 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs):

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars | SBNs* | Other denomination notes | Total |
|---------------------------------------|-------|--------------------------|-------|
| Closing cash in hand as on 08.11.2016 | 18.89 | 2.18 | 21.07 |
| (+) Permitted receipts** | 0.20 | 17.04 | 17.24 |
| (-) Permitted payments | 0.97 | 15.65 | 16.62 |
| (-) Amount deposited in Banks | 18.12 | - | 18.12 |
| Closing cash in hand as on 30.12.2016 | - | 3.57 | 3.57 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016."

** Permitted receipts pertains to SBN's returned by contract workers from wages paid by the Company to them as on 7th November 2016.

28 SEGMENT REPORTING – BASIS OF INFORMATION:

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

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

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017

Form AOC – I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A” : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ in lakhs)

| 1 | Name of the subsidiary | Camlin International Ltd. |
|----|--|---------------------------|
| 2 | Reporting period for the subsidiary concerned, if different from the holding Company's reporting period | NA |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA |
| 4 | Share capital | 5.00 |
| 5 | Reserve & surplus | 1.49 |
| 6 | Total assets | 10.78 |
| 7 | Total Liabilities | 10.78 |
| 8 | Investments | - |
| 9 | Turnover | - |
| 10 | Profit before taxation | 0.16 |
| 11 | Provision for taxation | 0.03 |
| 12 | Profit after taxation | 0.13 |
| 13 | Proposed Dividend | - |
| 14 | % of shareholding | 100% |



Form AOC – I

Part “B” : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| | |
|--|--------------------------------|
| Name of Associates / Joint Ventures | Colart Camlin Canvas Pvt. Ltd. |
| Balance Sheet Date | March 31, 2017 |
| Shares of Associate/Joint Ventures held by the Company on the year end | |
| Number of Equity Shares | 522000 |
| Amount of Investment in Associates/Joint Venture | 52.20 |
| Extend of Holding % | 40% |
| Description of how there is significant influence | Equity Ownership |
| Reason why the associate/ Joint venture is not consolidated | Negative Networth |
| Networth attributable to shareholding as per latest audited Balance Sheet | Nil |
| Profit /(Loss) for the year | (41.23) |
| Considered in Consolidation | Yes |
| Not Considered in Consolidation | - |

Note: The information pertaining to Excella Pencils Limited is not provided above as the same is not an Associate Company as defined under section 2(6) of the Companies Act, 2013.

Chetan Badal
Chief Financial Officer

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

Mumbai
Dated: April 27, 2017

| | |
|------------------|--|
| Dilip Dandekar | Chairman & Executive Director |
| Shriram Dandekar | Vice Chairman & Executive Director |
| Nobuchika Doi | Chief Executive Officer & Executive Director |
| Takeo Iguchi | Executive Director |
| Shishir B. Desai | Director |

Independent Auditor's Report

To the Members of Kokuyo Camlin Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of Kokuyo Camlin Limited (hereinafter referred to as "the Holding Company") its subsidiary (the Holding Company and its subsidiary are hereinafter referred to as "the Group") and its investment in its associate companies, comprising the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

(as amended). The respective Board of Directors of the companies included in the Group and of its associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and of its associate companies as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

OTHER MATTER

9. (a) We did not audit the financial statements of the Company's subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 10.78 lakhs as at March 31, 2017, total revenues (before consolidation adjustments) of Rs. 0.27 lakhs and net cash flows amounting to Rs. 0.13 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiary have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Group's share of net profit of Rs. 1.67 lakhs for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far

as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary and associate companies and the operating effectiveness of such controls, refer our separate report in Annexure I.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 15 and 16 to the consolidated financial statements.



- ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the standalone financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company's subsidiary company incorporated in India.
- iv. The Group has provided requisite disclosures in Note 28 to the consolidated financial statements as to holdings as

well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the company and as produced by us by the Management.

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

Himanshu Chapsey
Partner
Membership Number 105731
Mumbai, April 27, 2017

ANNEXURE I TO OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KOKUYO CAMLIN LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of Kokuyo Camlin Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Kokuyo Camlin Limited (hereinafter referred to as "the Holding Company"), its subsidiary company incorporated in India and its 2 associate companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company and its subsidiary company and associate companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control sated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a



basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its subsidiary company which is incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Company's subsidiary company incorporated in India, is based on the corresponding reports of the auditors of such companies.

Our report under Section 143(3)(i) of the Act does not cover the financial statements of the Company's investments in its associate companies as their respective financial statements as at March 31, 2017 are unaudited. In our opinion and according to the information and explanations given to us by the management, the financial statements of these associates are not material to the Group.

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

Himanshu Chapsey
Partner
Membership Number 105731
Mumbai, April 27, 2017

Consolidated Balance Sheet

as at March 31, 2017

| | Notes | As at 31.03.2017 (₹ in Lakhs) | As at 31.03.2016 (₹ In Lakhs) |
|--|---------|-------------------------------------|-------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Share Capital | 2.a | 1,003.04 | 1,003.04 |
| Reserves and Surplus | 2.b | 20,894.78 | 20,872.75 |
| Shareholders' Funds | 2 | 21,897.82 | 21,875.79 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 3.a | 1,523.44 | 2,581.82 |
| Other long-term liabilities | 3.b | 1,311.26 | 1,152.77 |
| Long-term provisions | 3.c | 199.86 | 317.41 |
| Non-Current liabilities | 3 | 3,034.56 | 4,052.00 |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | 4.a | 7,294.13 | 6,858.48 |
| Trade payables | 4.b | | |
| Total outstanding dues of micro enterprises and small enterprises | | 74.54 | 186.47 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 11,829.29 | 9,739.83 |
| | | 11,903.83 | 9,926.30 |
| Other current liabilities | 4.c | 2,708.67 | 1,862.55 |
| Short-term provisions | 4.d | 217.08 | 215.04 |
| Current Liabilities | 4 | 22,123.71 | 18,862.37 |
| TOTAL | | 47,056.09 | 44,790.16 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | 5.a | | |
| Tangible Assets | 5.a.i | 12,124.90 | 10,269.93 |
| Intangible Assets | 5.a.ii | 172.41 | 241.40 |
| Capital Work-in-progress | 5.a.iii | 4,956.79 | 2,497.93 |
| Non-Current investments | 5.b | 54.29 | 52.62 |
| Deferred tax assets (Net) | 22 | 425.14 | 484.66 |
| Long-term loans and advances | 5.c | 1,763.86 | 1,631.92 |
| Other Non-current assets | 5.d | 57.93 | 21.18 |
| Non-Current assets | 5 | 19,555.32 | 15,199.64 |
| CURRENT ASSETS | | | |
| Inventories | 6.a | 14,084.75 | 12,437.19 |
| Trade receivables | 6.b | 10,634.01 | 9,099.55 |
| Cash and cash equivalents | 6.c | 1,414.06 | 6,732.20 |
| Short-term loans and advances | 6.d | 1,341.14 | 1,190.16 |
| Other current assets | 6.e | 26.81 | 131.42 |
| Current Assets | 6 | 27,500.77 | 29,590.52 |
| TOTAL | | 47,056.09 | 44,790.16 |
| Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017



Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

| | Notes | Year ended 31.03.2017 (₹ in Lakhs) | Year ended 31.03.2016 (₹ In Lakhs) |
|---|-------|--|--|
| INCOME | | | |
| Revenue from Operations | 7 | 67,377.26 | 64,314.09 |
| Less: Excise duty | | 3,349.59 | 2,895.37 |
| | | 64,027.67 | 61,418.72 |
| Other Income | 8 | 290.88 | 536.78 |
| TOTAL INCOME | | 64,318.55 | 61,955.50 |
| EXPENDITURE | | | |
| Cost of materials | 9 | 24,929.21 | 23,697.34 |
| Purchases of Stock-in-Trade | 10 | 16,139.00 | 14,407.48 |
| Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in Trade | 11 | (1,136.54) | 62.08 |
| Employee Benefit Expenses | 12 | 6,875.88 | 6,659.52 |
| Finance Costs | 13 | 1,054.77 | 1,072.91 |
| Depreciation / Amortisation | 5.a | 1,240.12 | 1,186.22 |
| Other Expenses | 14 | 15,061.51 | 14,138.79 |
| TOTAL EXPENDITURE | | 64,163.95 | 61,224.35 |
| Net Profit /(Loss) before Exceptional Items | | 154.60 | 731.15 |
| Exceptional Items | | - | - |
| Net profit / (Loss) before tax | | 154.60 | 731.15 |
| Less : Tax expenses | | | |
| : Current Tax | | 0.03 | 0.02 |
| : Minimum Alternate Tax | | - | - |
| : Prior Years (Net) | | (0.62) | (4.42) |
| : Deferred Tax | 22 | 59.52 | 209.57 |
| Profit /(Loss) after Tax for the period | | 95.67 | 525.98 |
| Share of profits/(losses) of Associate | | 1.67 | (2.42) |
| Profit after Tax and Share of profits of Associates for the period | | 97.34 | 523.56 |
| Earning Per Share - Basic and Diluted of equity shares of face value of Re.1/ each (in ₹) | 23 | 0.10 | 0.52 |
| Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017

Consolidated Cash Flow Statement

for the year ended March 31, 2017

| | Year ended 31.03.2017 (₹ In Lakhs) | Year ended 31.03.2016 (₹ In Lakhs) |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit including Share of Profit of Associate | 156.27 | 728.73 |
| Adjustments for: | | |
| Depreciation / Amortisation | 1,240.12 | 1,186.22 |
| Foreign Exchange loss unrealised /MTM | (75.32) | - |
| Foreign Exchange (Unrealised) | (7.84) | 25.26 |
| (Profit)/Loss on disposal of Fixed Assets | 48.80 | (2.38) |
| Finance Costs | 1,054.77 | 1,072.91 |
| Interest/Dividend Accrued | (290.04) | (527.96) |
| Operating Profit before Working Capital changes | 2,126.76 | 2,482.78 |
| Adjustments for: | | |
| Inventories | (1,647.56) | (109.05) |
| Trade Receivables | (1,534.46) | (1,403.72) |
| Loans and Advances | (134.91) | (68.48) |
| Trade Payables | 1,977.53 | (68.13) |
| Other Current Liabilities | 6.82 | 359.44 |
| Share of Income of Associates | (1.67) | 2.42 |
| Changes in Working Capital | (1,334.25) | (1,287.52) |
| Cash generated from Operations | 792.51 | 1,195.26 |
| Direct taxes paid | 98.55 | 40.75 |
| Net cash from operating activities | 891.06 | 1,236.01 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets (including advances) | (5,472.03) | (4,106.74) |
| Sale of Fixed Assets | 7.80 | 11.30 |
| (Increase) / Decrease in bank deposits (having maturity of more than three months) | 2,471.26 | 4,434.72 |
| Interest received | 391.05 | 662.27 |
| Dividend received | 3.60 | 3.60 |
| Net cash used in Investing Activities | (2,598.32) | 1,005.15 |



Consolidated Cash Flow Statement

for the year ended March 31, 2017

| | Year ended 31.03.2017 (₹ In Lakhs) | Year ended 31.03.2016 (₹ In Lakhs) |
|--|--|--|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from borrowing | 435.65 | 3,026.97 |
| Repayment of borrowing | (461.29) | (438.43) |
| Finance Costs paid | (1,082.40) | (1,074.25) |
| Dividend Paid | (2.67) | (2.73) |
| Net cash used in Financing Activities | (1,110.71) | 1,511.56 |
| D. UNREALISED FOREIGN EXCHANGE FLUCTUATION | 7.84 | (25.26) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (2,810.13) | 3,727.46 |
| Cash and Cash Equivalents (Opening Balance) | 4,014.05 | 286.59 |
| Cash and Cash Equivalents (Closing Balance) | 1,203.92 | 4,014.05 |
| The accompanying notes are an integral part of these financial statements. | | |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
- Figures for the previous periods have been regrouped, wherever necessary, to conform to the current period's classification.

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Kokuyo Camlin Limited (the Company), and its subsidiary (collectively referred to as "the Group") and associate companies. The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS -21) "Consolidated Financial Statement" and Accounting standard (AS -23) "Accounting for Investment in Associate in Consolidated Financial Statement" specified under Section 133 of the Companies Act, 2013("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The consolidated financial statements have been prepared on the following basis.

- i. The financial statements of the Company and its subsidiary have been consolidated on a line by line basis by adding the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and unrealised profits/ losses on intra-group transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements. The financial statements of all entities used for consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2017.
- ii. The excess/ lower of costs to the Company of its investments in the subsidiary is recognised in the financial statements as goodwill/capital reserve.
- iii. Investments in associate Companies are accounted under the equity method as per the Accounting Standard – 23 (AS -23) "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. The statement of profit and loss includes the Group's share of the results of operations of the associates.

B. Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India to comply with the accounting standards specified under Section 133 of the Companies Act, 2013("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Act.

The accounting policies adopted in the preparation of the Financial Statements are consistent with those of the previous year.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

The subsidiary company considered in the consolidated financial statements is:

| Name of the Company | Country of Incorporation | % of voting power held on 31 st March 2017 |
|---------------------------|--------------------------|---|
| Camlin International Ltd. | India | 100% |

C. Fixed Assets:

- i. Fixed Assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of Cenvat and Vat). Interest on project loans and all direct expenses attributable to acquisition of Fixed Assets are capitalised, upto the date of installation. Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System include cost of designing software, which provides significant future economic benefits over an extended period. The cost comprises of license fee, cost of system integration and initial customization. The costs are capitalised in the year in which the relevant system is ready for intended use. The upgradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.
- ii. In compliance with Accounting Standard (AS- 28) – “Impairment of Assets” issued by the Institute of Chartered Accountants of India (ICAI), the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.
- iii. The depreciation on all assets of the Company excluding freehold land & leasehold land has been charged to write off the cost less residual value using the straight-line basis over the expected/estimated useful life in the manner as specified in Schedule II of the Companies Act 2013. Residual values have been reviewed and considered by the management. The normal expected/estimated useful lives of major categories of Fixed Assets are as follows:

| | |
|---|-----------------------|
| Freehold Land | NIL |
| Leasehold Land | Lease term |
| Site developments | 30 years |
| Buildings & sheds | 30 years and 60 years |
| Plant & Machinery & Electrical Installation | 7.5 years to 25 years |
| Office equipment | 3 to 6 years |
| ERP Hardware & Software | 5 years |
| Furniture & Fittings | 10 years |
| Vehicles | 8 to 10 years |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

D. Investments

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

E. Valuation of Inventories

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

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

G. Derivatives :

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value (mark to market) at the end of each reporting period.

The Company enters into certain derivative contract to hedge risk which are not designated as hedges. Such contracts are accounted at fair value and are included in other gain/ (losses).

H. Foreign Currency Transactions

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.

- i. 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.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

- ii. Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

I. Research & Development

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

J. Employee Benefits

- i. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii. Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered 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 Statement of Profit and Loss.

K. Revenue /Expense Recognition

- i. Revenue from sale of goods is accounted for on the basis of dispatch of goods. Sales are inclusive of excise duty and net of sales return/trade discount.
- ii. Revenue in respect of overdue interest, insurance claim, etc. is recognised to the extent the Company is reasonably certain of its ultimate realisation.
- iii. Remission from Excise Duty paid in respect of clearance from Jammu Plant is recognised as revenue based on legal advice obtained by the Company.
- iv. Expenses are accounted for on accrual basis.
- v. Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated
- vi. Lease Rentals in respect of assets taken on "operating lease" are charged to the Statement of Profit & Loss on straight line basis over the lease term.

L. Government Grants

- i. Where the grants are of the nature of promoters' contribution with reference to total investment in the undertaking or total capital outlay, they are treated as capital reserve.
- ii. Grants related to specific fixed assets are deducted from the book value of the related asset.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

- iii. Grants related to revenue are credited to the Statement of Profit and Loss and presented as income from operations.

M. 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.

N. Share Issue expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against securities premium reserve in the year in which they are incurred.

O. Contingent Liabilities

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

P. 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 on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

Q. Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS-20), Earning Per Share issued by the Institute of Chartered Accountants of India (ICAI). Basic earnings per equity share are 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.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 2.a SHARE CAPITAL | | |
| Authorised | | |
| 20,00,00,000 (20,00,00,000) Equity Shares of Re. 1/- each | 2,000.00 | 2,000.00 |
| Issued, Subscribed & Paid-up | | |
| 10,03,03,806 (10,03,03,806) Equity Shares of Re. 1/- each fully paid | 1,003.04 | 1,003.04 |

Reconciliation of the shares outstanding at the beginning and at the end of the year

| | 31.03.2017 | | 31.03.2016 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | No of shares | (₹ In Lakhs) | No of shares | (₹ In Lakhs) |
| Outstanding at the beginning of the year | 100,303,806 | 1,003.04 | 100,303,806 | 1,003.04 |
| Outstanding at the end of the year | 100,303,806 | 1,003.04 | 100,303,806 | 1,003.04 |

Terms/rights attached to equity shares

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

The Company declares and pays dividends in Indian Rupees. The dividend proposed by The Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.

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

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

| Name of the Holding Company | 31.03.2017 | | 31.03.2016 | |
|--|---------------|--------------|---------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| KOKUYO CO., Ltd. Japan (a Company incorporated in Japan) | 73,971,750 | 73.75% | 73,971,750 | 73.75% |

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

Other than Kokuyo Co. Ltd, there are no shareholders holding more than 5% shares in the Company.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 2 b RESERVES AND SURPLUS | | |
| i) Capital Reserve | | |
| Balance, beginning and end of the year | 52.70 | 52.70 |
| ii) Share Premium Account | | |
| Balance, beginning and end of the year | 17,901.56 | 17,901.56 |
| iii) General Reserve | | |
| Balance, beginning of the year | 2,018.14 | 2,018.14 |
| Less: Mark to Market effect of derivative (Refer Note below)* | 75.32 | - |
| Balance, at end of the year | 1,942.82 | 2,018.14 |
| iv) Surplus /(deficit) in the Statement of Profit and Loss | | |
| Balance, beginning of the year | 900.35 | 376.79 |
| Add : Profit for the year | 97.34 | 523.56 |
| Add : Profit on disposal of Alphakids Learning & Activity Centre Ltd. | | - |
| Balance at the end of the year | 997.70 | 900.35 |
| | 20,894.78 | 20,872.75 |
| *Transitional effect of implementation of Guidance note on Accounting for Derivative contracts issued by the Institute of Chartered accountants of India on outstanding derivative contracts as on April 1, 2016 net of tax. | | |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 3 NON - CURRENT LIABILITIES | | |
| a Long-term borrowings from banks | | |
| i) Unsecured | 1,517.23 | 2,572.36 |
| ii) Secured | 6.21 | 9.46 |
| | 1,523.44 | 2,581.82 |
| b Other long term liabilities | | |
| Security Deposits | 1,196.17 | 1,152.77 |
| Foreign currency payable | 115.09 | - |
| | 1,311.26 | 1,152.77 |
| c Long-term provisions | | |
| Provisions for Employee Benefits -(Refer Note no. 24) | | |
| Gratuity | - | 106.23 |
| Leave Encashment | 199.86 | 211.18 |
| | 199.86 | 317.41 |

a Long term borrowing comprise

i) External Commercial borrowing (ECB) from Bank of Tokyo-Mitsubishi UFJ, Ltd. Singapore

The terms of the loan are as follows:

1. Rate of Interest is based on LIBOR plus agreed spread.
2. Repayable in 8 equal half yearly installments starting from April 22,2014 with last installment payable on October 18, 2017

External Commercial borrowing (ECB) from Sumitomo Mitsui Banking Corporation

The terms of the loan are as follows:

1. Rate of Interest is based on LIBOR plus agreed spread.
2. Repayable in 8 equal half yearly installments starting from September 2, 2017 with last installment payable on March 2, 2021.

ii) The secured loan from bank is a vehicle loan the key terms of which are as follows:

1. Rate of Interest is 10.25 %
2. Repayable in monthly installments starting from December 2014 with last installment payable on November 7, 2019.
3. Secured against hypothecation of vehicle.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 4 CURRENT LIABILITIES | | |
| a Short term borrowings | | |
| Bank Overdrafts/Working Capital Demand Loan (Unsecured) | 7,294.13 | 6,858.48 |
| Unsecured Bank Overdrafts and working capital demand loan carry negative lien on all assets of the Company. | | |
| b Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 20) | 74.54 | 186.47 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 11,829.29 | 9,739.83 |
| Trade payables (including acceptances) | 11,903.83 | 9,926.30 |
| c Others | | |
| i) Current Maturities of Long Term Borrowings - Banks (Unsecured) (Refer Note no. 3.a.i) | 1,032.55 | 435.78 |
| Current Maturities of Long Term Borrowings - Banks (Secured) (Refer Note no. 3.a.ii) | 3.25 | 2.93 |
| ii) Advances from customers | 213.79 | 177.58 |
| iii) Employee Dues | 504.60 | 698.95 |
| iv) Security Deposits | 30.01 | 28.73 |
| v) Capital Creditors | 316.24 | 0.75 |
| vi) Statutory Liabilities | 557.70 | 440.16 |
| vii) Interest Accrued but not due on loans | 21.45 | 49.08 |
| viii) Investor Education and Protection fund will be credited by following amounts (as and when due) | | |
| Unclaimed Dividends | 7.55 | 10.22 |
| Unclaimed Fixed Deposits | - | - |
| Unclaimed Interest on Fixed Deposits | - | - |
| ix) Others | 21.53 | 18.37 |
| | 2,708.67 | 1,862.55 |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| d Short-term provisions | | |
| Provisions for Employee Benefits -(Refer Note no. 24) | | |
| Gratuity | 134.65 | 179.54 |
| Leave Encashment | 82.43 | 35.50 |
| | 217.08 | 215.04 |

5. a) FIXED ASSETS

i) Tangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | DEPRECIATION | | | | BALANCE | | |
|---------------------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|---------------------|--|
| | Gross Block 31.03.2016 | Additions during the year | Disposals/ Adjustments | As at 31.03.2017 | Upto 31.03.2016 | For the year | Disposals/ Adjustments | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 | |
| Freehold Land | 2.73 | - | - | 2.73 | - | - | - | - | 2.73 | 2.73 | |
| Leasehold Land | 2,251.42 | - | - | 2,251.42 | 84.48 | 32.46 | - | 116.94 | 2,134.48 | 2,166.94 | |
| Site Development | 42.69 | 711.79 | - | 754.48 | 6.41 | 1.96 | - | 8.37 | 746.11 | 36.28 | |
| Building & Shed | 1,963.45 | 123.15 | 58.97 | 2,027.63 | 482.82 | 67.39 | 11.92 | 538.29 | 1,489.34 | 1,480.63 | |
| Plant, Machinery & Equipment | 12,128.10 | 2,037.39 | - | 14,165.49 | 6,164.90 | 887.40 | - | 7,052.30 | 7,113.19 | 5,963.20 | |
| Office Machinery | 802.52 | 124.98 | 66.15 | 861.35 | 471.67 | 94.63 | 64.45 | 501.85 | 359.50 | 330.85 | |
| ERP Hardware Cost | 298.57 | - | - | 298.57 | 215.99 | 22.39 | - | 238.38 | 60.19 | 82.58 | |
| Furniture & Fittings | 341.04 | 3.42 | 2.28 | 342.18 | 213.26 | 35.90 | 2.26 | 246.90 | 95.28 | 127.78 | |
| Vehicles | 205.21 | 75.97 | 45.16 | 236.02 | 126.27 | 23.00 | 37.33 | 111.94 | 124.08 | 78.94 | |
| Total | 18,035.73 | 3,076.70 | 172.56 | 20,939.87 | 7,765.80 | 1,165.13 | 115.96 | 8,814.97 | 12,124.90 | 10,269.93 | |
| Previous Year | 17,209.29 | 1,001.66 | 175.22 | 18,035.73 | 6,819.88 | 1,112.22 | 166.30 | 7,765.80 | 10,269.93 | 10,389.41 | |

ii) Intangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | AMORTISATION | | | | BALANCE | | |
|-------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|---------------------|--|
| | Gross Block 31.03.2016 | Additions during the year | Disposals/ Adjustments | As at 31.03.2017 | Upto 31.03.2016 | For the year | Disposals/ Adjustments | As at 31.03.2017 | As at 31.03.2017 | As at 31.03.2016 | |
| ERP Software Cost | 510.76 | 6.00 | - | 516.76 | 269.36 | 74.99 | - | 344.35 | 172.41 | 241.40 | |
| Total | 510.76 | 6.00 | - | 516.76 | 269.36 | 74.99 | - | 344.35 | 172.41 | 241.40 | |
| Previous Year | 510.76 | - | - | 510.76 | 195.36 | 74.00 | - | 269.36 | 241.40 | 315.40 | |

iii) Capital work in progress

(₹ in Lakhs)

| | | |
|-------|------------------|------------------|
| Total | 4,959.79 | 2497.93 |
| | 17,254.10 | 13,009.26 |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

PREVIOUS YEAR

i) Tangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | DEPRECIATION | | | | BALANCE | |
|------------------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|--|
| | Gross Block 31.03.2015 | Additions during the year | Disposals/ Adjustments | As at 31.03.2016 | Upto 31.03.2015 | For the year | Disposals/ Adjustments | As at 31.03.2016 | As at 31.03.2016 | |
| Freehold Land | 2.73 | - | - | 2.73 | - | - | - | - | 2.73 | |
| Leasehold Land | 2,251.42 | - | - | 2,251.42 | 52.02 | 32.46 | - | 84.48 | 2,166.94 | |
| Site Development | 42.69 | - | - | 42.69 | 4.52 | 1.89 | - | 6.41 | 36.28 | |
| Building & Shed | 1,945.65 | 17.80 | - | 1,963.45 | 415.69 | 67.13 | - | 482.82 | 1,480.63 | |
| Plant, Machinery & Equipment | 11,396.42 | 899.75 | 168.07 | 12,128.10 | 5,490.86 | 833.78 | 159.74 | 6,164.90 | 5,963.20 | |
| Office Machinery | 721.59 | 82.16 | 1.23 | 802.52 | 380.15 | 92.69 | 1.17 | 471.67 | 330.85 | |
| ERP Hardware Cost | 298.57 | - | - | 298.57 | 193.60 | 22.39 | - | 215.99 | 82.58 | |
| Furniture & Fittings | 339.58 | 1.95 | 0.49 | 341.04 | 177.18 | 36.31 | 0.23 | 213.26 | 127.78 | |
| Vehicles | 210.64 | - | 5.43 | 205.21 | 105.86 | 25.57 | 5.16 | 126.27 | 78.94 | |
| Total | 17,209.29 | 1,001.66 | 175.22 | 18,035.73 | 6,819.88 | 1,112.22 | 166.30 | 7,765.80 | 10,269.93 | |

ii) Intangible assets

(₹ in Lakhs)

| PARTICULARS | COST | | | | AMORTISATION | | | | BALANCE | |
|-------------------|---------------------------|---------------------------------|---------------------------|---------------------|--------------------|-----------------|---------------------------|---------------------|---------------------|--|
| | Gross Block 31.03.2015 | Additions during the year | Disposals/ Adjustments | As at 31.03.2016 | Upto 31.03.2015 | For the year | Disposals/ Adjustments | As at 31.03.2016 | As at 31.03.2016 | |
| ERP Software Cost | 510.76 | - | - | 510.76 | 195.36 | 74.00 | - | 269.36 | 241.40 | |
| Total | 510.76 | - | - | 510.76 | 195.36 | 74.00 | - | 269.36 | 241.40 | |

(₹ in Lakhs)

| | |
|--------------------------------------|-----------------|
| iii) Capital work in progress | 2,497.93 |
| Total | 2,497.93 |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 5 b NON-CURRENT INVESTMENTS | | |
| Investments in Equity Instruments | | |
| I Quoted | | |
| 8,00,000 Equity Shares of ₹ 1/- each (8,00,000 Equity Shares of ₹ 1/- each) Camlin Fine Sciences Ltd [Market Value ₹ 715.20 Lakhs (₹ 709.20 Lakhs)] | 9.73 | 9.73 |
| II Unquoted | | |
| a) 2,150 (2,150) Equity Shares of ₹ 100/- each in Excella Pencils Ltd Add : Share of post acquisition profit | 2.15 42.41 | 2.15 40.74 |
| b) 5,22,000 (5,22,000) Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd. \$ | - | - |
| ₹ Nil as accumulated losses as on March 31, 2017 exceed the net worth of the Company | | |
| | 54.29 | 52.62 |
| Aggregate amount of unquoted investments | 2.15 | 2.15 |
| c Long-term Loans and Advances | | |
| i) Capital Advances | 1,315.73 | 1,067.65 |
| ii) Income Tax (net of provisions) | 115.12 | 213.08 |
| iii) Security Deposits | 335.12 | 351.19 |
| | 1,765.97 | 1,631.92 |
| Less : Allowance for doubtful Loans and Advances | 2.11 | - |
| | 1,763.86 | 1,631.92 |
| d Other Non-current assets | | |
| Fixed Deposits with banks with maturity of more than twelve months | 57.93 | 21.18 |
| | 57.93 | 21.18 |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 6 CURRENT ASSETS | | |
| a Inventories | | |
| i) Raw Materials [includes in transit ₹ 76.72 Lakhs (₹ 83.45 Lakhs)] | 1,772.47 | 1,774.47 |
| ii) Packing Materials [includes in transit ₹ 105.40 Lakhs (₹ 122.63 Lakhs)] | 2,303.84 | 1,814.94 |
| iii) Machine Spares | 24.12 | - |
| iv) Work-in-Process | 1,120.48 | 971.34 |
| v) Finished Goods | 4,672.39 | 3,790.08 |
| vi) Stock-in-Trade [includes in transit ₹ 9.96 Lakhs (₹ 34.00 lakhs)] | 4,191.45 | 4,086.36 |
| | 14,084.75 | 12,437.19 |
| b Trade receivables | | |
| Unsecured | | |
| i) Outstanding for a period exceeding six months from the due date | | |
| Considered Good | 85.61 | 46.32 |
| Considered Doubtful | 171.45 | 182.07 |
| ii) Other Debts - Considered Good | 10,548.40 | 9,053.23 |
| | 10,805.46 | 9,281.62 |
| Less: Allowance for doubtful receivables | 171.45 | 182.07 |
| | 10,634.01 | 9,099.55 |
| c Cash and cash equivalents | | |
| i) Balances with Banks | | |
| In Current Accounts | 279.90 | 511.54 |
| In EEFC Accounts | 113.36 | 129.60 |
| Deposits with maturity of less than three months | 801.63 | 3360.53 |
| Cash on Hand | 9.03 | 12.38 |
| | 1,203.92 | 4014.05 |
| ii) Other Bank Balances | | |
| Deposits with original maturity of more than three months but less than twelve months | 202.11 | 2706.10 |
| Staff Security Deposits | 0.48 | 1.83 |
| Earmarked for payment of Dividends / Interest on Fixed Deposits | 7.55 | 10.22 |
| | 210.14 | 2,718.15 |
| | 1,414.06 | 6,732.20 |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| d Short term Loans and Advances | | |
| Unsecured (Considered Good) | | |
| i) Advances to Related Parties | 0.01 | 0.51 |
| ii) Advances to suppliers | 392.10 | 422.68 |
| iii) Prepaid Expenses | 175.93 | 145.72 |
| iv) Deposits, balances and input credits for other taxes and duties | 648.63 | 510.92 |
| v) Other advances | 124.47 | 110.33 |
| | 1,341.14 | 1,190.16 |
| e Other current assets | | |
| Interest accrued on Deposits | 26.81 | 131.42 |
| | 26.81 | 131.42 |
| 7 REVENUE FROM OPERATIONS (GROSS) | | |
| Sale of Products | 67,222.36 | 64,197.49 |
| Add : Other Operating Revenues | 154.90 | 116.60 |
| Revenue from Operations (Gross) | 67,377.26 | 64,314.09 |
| Less : Excise Duty-[Net of Rebate] [Refer Note No.16] | 3,349.59 | 2,895.37 |
| Revenue from Operations (Net) | 64,027.67 | 61,418.72 |
| 8 OTHER INCOME | | |
| i) Interest | 286.44 | 524.36 |
| ii) Dividend-On Trade Investments | 3.60 | 3.60 |
| iii) Profit on Sale of Assets | 0.84 | 8.79 |
| iv) Miscellaneous Receipts | - | 0.03 |
| | 290.88 | 536.78 |
| 9 COST OF MATERIALS | | |
| Colours / Pigments | 2,588.97 | 2,573.52 |
| Chemicals | 2,912.72 | 2,890.85 |
| Components | 5,416.75 | 5,498.48 |
| Containers | 2,971.26 | 3,260.93 |
| Others | 11,039.51 | 9,473.56 |
| | 24,929.21 | 23,697.34 |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|--|----------------------------|----------------------------|
| 10 PURCHASE OF STOCK-IN TRADE | | |
| i) Stationery Items | 15,118.32 | 13,405.54 |
| ii) Chemical and Chemical Products | 1,020.68 | 1,001.94 |
| | 16,139.00 | 14,407.48 |
| 11 CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN TRADE | | |
| Stocks as per last Balance Sheet | | |
| Work in Process | 971.34 | 819.12 |
| Stock-in-Trade | 4,086.36 | 4,252.77 |
| Finished Goods | 3,790.08 | 3,837.97 |
| | 8,847.78 | 8,909.86 |
| Less : | | |
| Closing Stock as at year end | | |
| Work in Process | 1,120.48 | 971.34 |
| Stock-in-Trade | 4,191.45 | 4,086.36 |
| Finished Goods | 4,672.39 | 3,790.08 |
| | 9,984.32 | 8,847.78 |
| | (1,136.54) | 62.08 |
| 12 EMPLOYEE COST | | |
| Salaries, Wages and Bonus | 6,160.31 | 5,961.55 |
| Contribution to Provident & other funds [Refer Note no. 24] | 537.76 | 513.36 |
| Staff and Labour Welfare | 177.81 | 184.61 |
| | 6,875.88 | 6,659.52 |
| 13 FINANCE COSTS | | |
| Interest Expense on Debts and Borrowings | 783.64 | 792.88 |
| Interest Expense relating to Taxes and Duties | 1.96 | 4.57 |
| Other Borrowing Costs | 269.17 | 275.46 |
| | 1,054.77 | 1,072.91 |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| | 31.03.2017 (₹ In Lakhs) | 31.03.2016 (₹ In Lakhs) |
|---|----------------------------|----------------------------|
| 14 OTHER EXPENSES | | |
| Power and Fuel | 578.95 | 563.72 |
| Job work charges | 2,657.23 | 2,435.70 |
| Repairs | | |
| - Building | 6.71 | 21.71 |
| - Machinery | 137.64 | 111.88 |
| Rent | 881.86 | 927.81 |
| Rates and Taxes | 33.89 | 27.13 |
| Net losses/(gains) in respect of translations of foreign currencies | 69.57 | 147.55 |
| Insurance | 78.97 | 78.90 |
| Advertisement and Sale Promotion | 3,034.74 | 2,967.10 |
| Transport & Forwarding Charges | 2,421.37 | 2,198.84 |
| Commission/Discount/Service Charges on Sales | 1,786.25 | 1,734.03 |
| Travelling & Conveyance | 1,091.41 | 1,055.74 |
| Payment to auditors | 43.08 | 37.67 |
| CSR Expenses | 3.70 | - |
| Miscellaneous Expenses | 2,236.14 | 1,831.01 |
| | 15,061.51 | 14,138.79 |
| Payment to Auditors | | |
| For Audit | 23.04 | 23.04 |
| Taxation matters | 8.00 | 8.00 |
| Others | 12.04 | 6.63 |
| | 43.08 | 37.67 |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

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

i. Contingent Liabilities

1. Claims against the Company not acknowledged as debts ₹ 1, 160.85 lakhs (₹ 293.06 lakhs).
2. Other money for which the Company is contingently liable ₹ Nil (₹ Nil)
3. Bank Guarantees as at March 31, 2017 ₹ 159.93 lakhs (₹ 93.93 lakhs)

ii. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1, 011.07 lakhs (₹ 4474.35 lakhs)

16. EXCISE REMISSION AT JAMMU

- i. The Jammu and Kashmir High Court delivered a judgment dated December 23, 2010 quashing the Excise Notification, applicable to the undertakings set up in Jammu, which restricted the quantum of excise duty remission and upheld the entitlement to total exemption from excise duty. In view of the legal advice confirming the Company's right to such total exemption on the grounds laid down in the judgment of the High Court, rebate of excise duty being the duty on assessable value of goods, net of Cenvat Credit has been recognized in the books till Feb 2013.
- ii. A writ petition was filed by the Company praying the quashing of the impugned notification in its case. Pending final disposal of the petition filed by the Company, the Hon'ble High Court had modified the earlier interim order, passed on May 4, 2011, in OWP 601/2011 on March 11, 2013. Consequently the Hon'ble High Court has directed the department to release 50% of the amount due to the manufacturers, subject to the approval of Jurisdictional Commissioner of Excise for manufacturers' solvency. Post such order the Company has claimed excise rebate as per the earlier quashed notification. The Excise duty remission of ₹322.19 lakhs (₹293.09 Lakhs) for the year is recognized as revenue and accrued as income from operations. The cumulative amount of remission as on March 31, 2017, so recognized is ₹ 2,400.60 lakhs (₹ 2,078.41 lakhs).

17. DERIVATIVES INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

- i. The hedged exposure of foreign currency transaction is as follows:

| On Account of | Currency | (Amount lakhs) | |
|---------------------------|----------|----------------|---------|
| | | 2016-17 | 2015-16 |
| Loan from Bank –Unsecured | (USD) | 39.32 | 47.45 |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

ii. The unhedged exposure of foreign currency transactions is as follows:

| On Account of | Currency | 2016-17 | 2015-16 |
|----------------------|----------|---------|---------|
| i) Trade Receivables | (USD) | 8.23 | 8.81 |
| ii) Trade Payables | (YEN) | 888.96 | 657.04 |
| Trade Payables | (USD) | 1.61 | 1.05 |
| Trade Payables | (EUR) | 0.60 | - |
| Trade Payables | (GBP) | 0.13 | - |

18 UTILISATION OF PROCEEDS OF RIGHTS ISSUE

On September 2, 2013, the Company pursuant to its rights issue of equity shares allotted 312,83,831 Equity Shares of face value of Re. 1/- each to the eligible equity shareholders in the ratio of 14 equity shares for every 29 equity shares held on the record date i.e. August 2, 2013 at a price of ₹ 33/- per share (inclusive of Share Premium of ₹ 32/- per share). The aggregate amount collected pursuant to the rights issue was ₹ 10,323.66 lakhs.

The utilisation of funds received by way of Rights issue:

| Particulars | 2016-17 | 2015-16 |
|--|-----------|-----------|
| Right issue expenditure | 167.23 | 167.23 |
| Actual utilised till date for objects of the issue | 10,156.35 | 6,163.69 |
| Amount kept with Banks in Fixed Deposits & Current Account | 0.08 | 3,992.74 |
| Total funds raised from Rights issue of equity Shares | 10,323.66 | 10,323.66 |

19 EXPENDITURE ON RESEARCH AND DEVELOPMENT

| Sr. No. | Particulars | 2016-17 | 2015-16 |
|--------------|-------------------|---------------|---------------|
| 1. | Employee Cost | 317.33 | 336.55 |
| 2. | Cost of Materials | 0.86 | 2.33 |
| 3. | Other Expenses | 24.60 | 29.63 |
| Total | | 342.78 | 368.51 |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

20 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at March 31, 2017 are as under:

| Sr. No. | Description | ₹ In Lakhs) | |
|---------|--|-------------|---------|
| | | 2016-17 | 2015-16 |
| 1. | Principal amount remaining unpaid beyond due date, to suppliers as at the end of accounting year. | 8.73 | 186.47 |
| 2. | Interest due thereon remaining unpaid to suppliers as at the end of accounting year | 0.12 | 2.10 |
| 3. | Amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year 2016-17 | Nil | Nil |
| 4. | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | 3.67 | 10.51 |
| 5. | Amount of interest accrued and remaining unpaid at the end of accounting year. | 3.79 | 12.61 |
| 6. | The amount of further interest due and payable even in the succeeding year until such date when the interest due as above are actually paid to the suppliers for the purpose of disallowance as a deductible expenditure under Section 23. | Nil | Nil |

21 LEASES:

The Company has taken various office premises/godowns/residential flats (including furniture & fixtures) under lease and license agreements ranging under 12 months to 3 years on lease and license. These arrangements are renewable by mutual consent on mutually agreed terms. These lease payments are recognized in the statement of profit and loss under rent.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

22 DEFERRED TAXES:

Major items of Deferred Tax Liabilities and Deferred Tax Assets

| Particulars | Opening balance as on 31.03.2016 | Increase / (Decrease) during the year | (₹ In Lakhs) |
|--|--|---|--|
| | | | Closing balance as on 31.03.2017 |
| Liability : | | | |
| Difference between book and tax depreciation | 738.70 | 32.10 | 770.80 |
| Sub-total | 738.70 | 32.10 | 770.80 |
| Assets : | | | |
| Provision for doubtful debts/ Leave Encashment | 141.76 | 8.26 | 150.02 |
| Gratuity | 94.48 | (49.96) | 44.52 |
| Expenses deductible in tax on actual payment | 335.06 | 87.38 | 422.44 |
| Unabsorbed Depreciation | 652.06 | (73.10) | 578.96 |
| Unabsorbed business loss | 0.00 | 0.00 | 0.00 |
| Sub-total | 1,223.36 | (27.41) | 1,195.95 |
| Net Deferred Tax Liability / (Asset) | (484.66) | 59.52 | (425.14) |

23 EARNINGS PER SHARE (BASIC & DILUTED)

| | 2016-17 | 2015-16 |
|--|--------------|--------------|
| Net Profit /(Loss) available for equity shareholders – ₹ Lakhs | 97.34 | 523.56 |
| Issued and Paid-up Equity Shares of face value of Re 1/- each (Nos.) | 10,03,03,806 | 10,03,03,806 |
| Weighted average of Number of Equity Shares used in computing basic earnings per share. (Nos.) | 10,03,03,806 | 10,03,03,806 |
| Weighted average of Number of Equity Shares used in computing diluted earnings per share. (Nos.) | 10,03,03,806 | 10,03,03,806 |
| Earnings/(loss) per Share – Basic and diluted ₹ | 0.10 | 0.52 |

24 RETIREMENT BENEFITS

Defined contribution Plans:

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

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

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 measure each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Retirement Benefits

Gratuity

Description of the Plan

All Employees at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Plan assets of the gratuity fund comprise entirely of amounts invested in a Group Gratuity Policy issued by LIC of India. The information on the allocation of gratuity fund into major asset classes and the expected return on each major class is not readily available. The management understands the assets in the fund are well diversified.

Principal actuarial assumptions:

| | 2016-17 | 2015-16 |
|-------------------------------|---------|---------|
| Discount rate | 7.51% | 7.81% |
| Rate of Return on Plan Assets | 7.51% | 7.81% |

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

Reconciliation of Benefit Obligation:

| | (₹ In Lakhs) | |
|---|--------------|----------|
| | 2016-17 | 2015-16 |
| Liability at the beginning of the year | 1,117.46 | 929.42 |
| Interest Cost | 87.27 | 73.89 |
| Current Service Cost | 56.97 | 44.05 |
| Past Service Cost | 0.00 | 0.00 |
| Benefit Paid | (141.95) | (131.45) |
| Actuarial (Gain) / Loss on Obligations | 63.60 | 201.55 |
| Liability at the end of the year | 1,183.35 | 1,117.46 |
| Value of Plan Assets at the end of the year | 1,048.70 | 831.69 |

Reconciliation of value of Plan Assets:

| | (₹ In Lakhs) | |
|---|--------------|----------|
| | 2016-17 | 2015-16 |
| Value of Plan Assets at the beginning of the year | 831.69 | 578.89 |
| Expected Return on Plan Assets | 64.95 | 46.02 |
| Contributions | 299.98 | 224.94 |
| Benefit Paid | (141.95) | (131.45) |
| Actuarial (Gain) / Loss on Obligations | (5.97) | 113.30 |
| Value of Plan Assets at the end of the year | 1,048.70 | 831.69 |

The Company expects to contribute to gratuity fund ₹ 200 lakhs in the next year. (₹ 299.97 lakhs)

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

| | (₹ In Lakhs) | |
|---|--------------|---------|
| | 2016-17 | 2015-16 |
| Current Service Cost | 56.97 | 44.05 |
| Past Service Cost | 0.00 | 0.00 |
| Interest Cost | 87.27 | 73.89 |
| Return on Plan Assets | (64.95) | (46.02) |
| Net Actuarial (Gain) / Loss recognised | 69.56 | 88.26 |
| Expenses recognised in the Statement of Profit and Loss | 148.85 | 160.18 |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

The amount of defined benefit obligations, plan assets and experience adjustments on plan assets and plan liabilities for the current year and previous four years are as follows:

| | (₹ In Lakhs) | | | | |
|---------------------------------|--------------|---------|---------|---------|---------|
| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| Experience adjustment | | | | | |
| On plan liability(gains)/losses | 50.27 | 194.99 | 278.08 | 105.28 | 162.08 |
| On plan assets(losses)/gains | (5.97) | 113.30 | 1.34 | (5.67) | 2.23 |

Leave Encashment

The accumulated balance of leave encashment (unfunded) provided in the books as at year end is ₹ 282.29 lakhs (₹ 246.68 lakhs) determined on actuarial basis using projected unit credit method.

25 RELATED PARTIES DISCLOSURES : (AS CERTIFIED BY THE MANAGEMENT)

a) Name of related parties and nature of relationship

| | | |
|----|--------------------------------------|-------------------|
| 1 | Kokuyo Co. Ltd. | Holding Company |
| 2 | Kokuyo Vietnam Trading Co. Ltd. | |
| 3 | Kokuyo Vietnam Co., Ltd. | |
| 4 | Kokuyo Co. Ltd., Hongkong | Fellow Subsidiary |
| 5 | Kokuyo Commerce (Shanghai) Co., Ltd. | |
| 6 | Excella Pencils Ltd. && | |
| 7 | Camlin Fine Sciences Ltd. | |
| 8 | Nilmac Packaging Industries Ltd. | Associate |
| 9 | Triveni Pencils Ltd. | |
| 10 | Dandekar Inks & Adhesives Ltd. | |

&& Associate Company upto 30th September 2016.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

b) Key Management Personnel and their Relatives

| Name of the Person | Nature of Relationship |
|---------------------------------|---|
| Key Management Personnel | |
| Mr. Dilip Dandekar | Chairman & Executive Director (C& ED) |
| Mr. Shriram Dandekar | Vice Chairman & Executive Director (VC & ED) |
| Mr. Nobuchika Doi [#] | Chief Executive Officer and Executive Director |
| Mr. Takeo Iguchi | Executive Director |
| Mr. A. Srikanth [*] | Chief Executive Officer |
| Mr. Chetan Badal | Chief Financial Officer |
| Mr. Ravindra Damle | V.P. (Corporate) & Company Secretary |
| Relatives | |
| Mr. Subhash Dandekar | Chairman Emeritus and brother of C & ED |
| Mrs. Aditi Dighe | General Manager -Marketing (Colour Group 2) and daughter of C& ED |

[#] Appointed as CEO & Executive Director w.e.f. April 01, 2017

^{*} Ceases to be CEO w.e.f. April 01, 2017.

c) Transactions with Associate Companies

| Particulars | Entities over which KMPs / directors and/or their relatives are able to exercise significant influence | (₹ In Lakhs) |
|---------------------------------|--|-----------------|
| | | 2016-17 |
| Purchase of goods | Camlin Fine Sciences Ltd | - |
| | Total | (0.14) |
| Sale of goods | Excella Pencils Ltd. | - |
| | Camlin Fine Sciences Ltd. | - |
| | Total | (0.08) |
| Purchase of Fixed Assets | Mayur Colours Limited | - |
| | Total | (20.10) |
| Receiving Services | Dandekar Inks & Adhesives Ltd. | 13.74 |
| | Nilmac Packaging Industries Ltd. | 701.76 |
| | Excella Pencils Ltd. | 771.61 |
| | Total | 1,487.11 |
| | | (1,698.88) |

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

| Particulars | Entities over which KMPs / directors and/or their relatives are able to exercise significant influence | (₹ In Lakhs) |
|----------------------------------|--|---------------|
| | | 2016-17 |
| Dividend Received | Camlin Fine Sciences Ltd. | 3.60 |
| | Total | 3.60 |
| | | (3.60) |
| Net Amount Payable | Excella Pencils Ltd. | 13.57 |
| | Nilmac Packaging Industries Ltd. | 0.81 |
| | Dandekar Inks & Adhesives Ltd. | 16.96 |
| | Total | 31.34 |
| | | (66.12) |
| Net Amount Receivable | Camlin Fine Sciences Ltd. | 0.01 |
| | Total | 0.01 |
| | | (0.51) |
| Reimbursement of expenses | Excella Pencils Ltd. | 139.66 |
| | Triveni Pencils Ltd. | 12.82 |
| | Nilmac Packaging Industries Ltd. | 19.07 |
| | Total | 171.55 |
| | | (169.36) |

d) Payments to Key Management Personnel and their relatives

| | | (₹ In Lakhs) |
|--------------|------------------------|---------------|
| Remuneration | Mr. Dilip Dandekar * | 150.20 |
| | Mr. Shriram Dandekar * | 126.26 |
| | Mr. Nobuchika Doi | 92.51 |
| | Mr. Takeo Iguchi | 92.57 |
| | Mr. A. Srikanth | 67.92 |
| | Mr. Chetan Badal | 63.40 |
| | Mr. Ravindra Damle | 38.75 |
| | Others | 24.31 |
| | Total | 655.92 |
| | | (649.72) |

* Due to inadequacy of profits, the Company has filed an application with Central Government for approval of revised Managerial Remuneration effective from 1st February 2016 and is awaiting approval. As per Notification dated 12th September 2016, no approval is required for the aforesaid application.



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

e) Transaction with Fellow Subsidiary Companies

| | | (₹ In Lakhs) |
|------------------------------|-------------------------------------|--------------|
| Particulars | Fellow Subsidiary Company | 16-17 |
| Purchase of goods | Kokuyo Vietnam Trading Co. Ltd. | 4.40 |
| | Total | 4.40 |
| | | (83.02) |
| Sale of Goods | Kokuyo Co. Ltd., Hongkong | 65.12 |
| | Kokuyo Commerce (Shanghai) Co. Ltd. | 11.96 |
| | Kokuyo Vietnam Trading Co. Ltd. | 4.40 |
| | Total | 81.48 |
| | | (5.13) |
| Net Amount Receivable | Kokuyo Vietnam Co.,Ltd. | 3.67 |
| | Total | 3.67 |
| | | (5.13) |

f) Transaction with Holding Company

| | | (₹ In Lakhs) |
|---|-----------------|--------------|
| Particulars | Holding Company | 16-17 |
| Purchase of goods | Kokuyo Co. Ltd | 5.97 |
| | Total | 5.97 |
| | | (62.64) |
| Sale of Goods | Kokuyo Co. Ltd | 1.71 |
| | | 1.71 |
| | | (11.39) |
| Reimbursement of Expenses paid | Kokuyo Co. Ltd | 4.50 |
| | Total | 4.50 |
| | | (1.50) |
| Reimbursement of Expenses received | | - |
| | Total | - |
| | | (0) |
| Net Amount Payable | Kokuyo Co. Ltd | 0.09 |
| | Total | 0.09 |
| | | (0) |
| Net Amount Receivable | Kokuyo Co. Ltd | - |
| | Total | - |
| | | (6.07) |

Figures in brackets are for the previous year.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

26 THE FOLLOWING ARE THE DETAILS OF THE INVESTMENTS IN ASSOCIATES MADE BY THE COMPANY

| Name of the Associates | Principal Activities | Ownership Interest and voting power | Original cost of Investment | Amount of Goodwill / (Capital Reserve) included in original cost | Accumulated profit/(loss) at the year end | Carrying amount of Investments at the year end |
|--------------------------------|--|-------------------------------------|-----------------------------|--|---|--|
| Excella Pencils Ltd. | Manufacturing of writing/drawing instruments | 14.33% | 2.15 | Nil | 42.41 | 44.56 |
| Colart Camlin Canvas Pvt. Ltd. | Manufacturing and export of Canvas Products | 40.00% | 52.20 | Nil | (52.20) | Nil |

27 SHARE OF NET ASSETS AND PROFIT/LOSS OF SUBSIDIARY AND ASSOCIATES:

| Name of the Company | Net Assets i.e. total assets minus total liabilities | | Share in profits or loss | |
|----------------------------|--|------------------|-------------------------------------|------------------|
| | As % of consolidated Net Assets | Amount (₹ Lakhs) | As % of consolidated profit or loss | Amount (₹ Lakhs) |
| Subsidiary Company | | | | |
| Camlin International Ltd | 0.03% | 6.49 | 0.13% | 0.13 |
| Associate Companies | | | | |
| 1) Excella Pencils Ltd. | - | - | 1.72% | 1.67 |
| 2) Colart Canvas Pvt. Ltd. | - | - | - | - |
| Total | 0.03% | 6.49 | 1.85% | 1.80% |



Notes

to the Consolidated Financial Statements for the year ended March 31, 2017

28. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs) :

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars | SBNs* | Other denomination notes | Total |
|---------------------------------------|-------|--------------------------|--------------|
| Closing cash in hand as on 08.11.2016 | 18.89 | 2.18 | 21.07 |
| (+) Permitted receipts** | 0.20 | 17.04 | 17.24 |
| (-) Permitted payments | 0.97 | 15.65 | 16.62 |
| (-) Amount deposited in Banks | 18.12 | - | 18.12 |
| Closing cash in hand as on 30.12.2016 | - | 3.57 | 3.57 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

** Permitted receipts pertains to SBN's returned by contract workers from wages paid by the Company to them as on 7th November 2016.

29 SEGMENT REPORTING :

The holding Company, its subsidiary Camlin International Ltd. and all associates are engaged in the business of dealing in "Consumer Products". Hence, separate segment reporting has not been made under Accounting Standard (AS-17) – "Segment Reporting" issued by the Institute of Chartered Accountants of India (ICAI). The Operations of the Group and its associates comprise a single geographical segment, India.

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

As per our report of even date annexed

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

Chetan Badal
Chief Financial Officer

Dilip Dandekar
Shriram Dandekar
Nobuchika Doi
Takeo Iguchi
Shishir B. Desai

Chairman & Executive Director
Vice Chairman & Executive Director
Chief Executive Officer & Executive Director
Executive Director
Director

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
Dated: April 27, 2017

Ravindra Damle
V.P. (Corporate) &
Company Secretary
Mumbai
Dated: April 27, 2017



KOKUYO CAMLIN LIMITED

CIN : L24223MH1946PLC005434

Regd. Office: 48/2, Hilton House, Central Road, MIDC, Andheri (E), Mumbai – 400 093

E-mail: investorrelations@kokuyocamlin.com website www.kokuyocamlin.com

Tel: 022-6655 7000 Fax: 022-28366579

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | | | |
|------------------------|--|-----------------------------|--|
| Name of the member(s): | | E-mail id: | |
| Registered Address: | | Folio No./ Client Id/ DP Id | |

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint:

Name: _____ Email: _____

Address: _____ Signature : _____ or failing him / her

Name: _____ Email: _____

Address: _____ Signature : _____ or failing him / her

Name: _____ Email: _____

Address: _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me / us and on my /our behalf at the 70th Annual General Meeting of the Company, to be held on Wednesday the 28th June, 2017 at 3.00 p.m. at Walchand Hirachand Hall, IMC Building, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020, Maharashtra, India and at any adjournment thereof in respect of the following resolutions:

| Sr. No | Resolutions |
|-------------------------------------|--|
| ORDINARY BUSINESS | |
| 1. | Adoption of financial statements (including audited consolidated financial statements) for the financial year ended 31 st March, 2017 and Report of Board of Directors and Auditors thereon. |
| 2. | Re-appointment of Mr. Takuya Morikawa (DIN: 03599830), as Director who retires by rotation. |
| 3. | Re-appointment of Mr. Nobuchika Doi (DIN: 03599835), as Director who retires by rotation. |
| 4. | Appointment of M/s. B S R & Co., LLP, Chartered Accountants, Mumbai (FRN. 101248W/W-100022) as Statutory Auditors and fixing their remuneration, in place of B. K. Khare & Co., Chartered Accountants, Mumbai. |
| SPECIAL BUSINESS | |
| Ordinary/Special Resolutions | |
| 5. | Appointment of Ms. Junko Saito (DIN: 07726473) as Director whose term of office shall be liable to retire by rotation. |
| 6. | Appointment of Mr. Nobuchika Doi (DIN: 03599835), as Managing Director designated as 'Chief Executive Officer & Executive Director' for the period from 1 st April, 2017 to 31 st October, 2017. |

Signed this _____ day of _____ 2017.

Signature of the member_____
Signature of the proxy holder(s)Affix
Revenue
stamp of
₹ 1/-**Notes:**

- This form, in order to be effective should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.
- A person can act as Proxy on behalf of Members upto and not exceeding 50 and holding in the aggregate not more than 10% of share capital of the Company. Further, a Member holding more than 10% of the total share capital of the Company carrying voting rights, may appoint single person as Proxy and such person shall not act as Proxy for any other person or Member.
- Appointing a Proxy does not prevent a member from attending the meeting in person if he/she so wishes.

Route Map to the venue of the AGM





KOKUYO CAMLIN LIMITED

A SUBSIDIARY OF KOKUYO CO. LTD., JAPAN

CIN - L24223MH1946PLC005434

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

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