



## Kokuyo Camlin Limited

CIN: L24223MH1946PLC005434

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

NOTICE is hereby given that the 67<sup>th</sup> Annual General Meeting of the Members of KOKUYO CAMLIN LIMITED, will be held on Thursday the 17<sup>th</sup> July, 2014 at 11.30 a.m. at Textile Committee Building Auditorium, 1<sup>st</sup> Floor, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai - 400025, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March 2014 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Takeo Iguchi** (DIN 03599826), who retires by rotation and being eligible offers himself for re-appointment.
3. **"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee, M/s. B. K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

#### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Ramanathan Sriram (DIN 00065069), Director of the Company who retires by rotation at this Annual General Meeting and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the provisions of the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of

Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019."

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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Shishir B. Desai (DIN 01453410), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019."

6. 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Hisamaro Garugu (DIN 00579089), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019."



7. 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Devendra Kumar Arora (DIN 05160734) Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160, 161 and any other applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Venkataraman Sriram (DIN 06790179), who was appointed by the Board of Directors as a Director with effect from 31<sup>st</sup> January, 2014 in the casual vacancy caused by the resignation of Mr. Ravindra Chandra Bhargava (DIN 00007620) and who holds office upto the date of this Annual General Meeting of the Company and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from members proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director to hold office for the five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019."

9. 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 149, 150, 152, 160, 161 and any other applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Noriyuki Watanabe (DIN 06391818),

who was appointed by the Board of Directors as a Director with effect from 17<sup>th</sup> October, 2012 in casual vacancy caused by the resignation of Mr. Hiroaki Takayama (DIN 02917548) and who holds office upto the date of this Annual General Meeting of the Company and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from members proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director to hold office for the five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019."

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

**"RESOLVED THAT** Mr. Yasushi Inoue (DIN 06838399), who was appointed by the Board of Directors as a Director of the Company with effect from 20<sup>th</sup> March, 2014 in casual vacancy caused by the resignation of Mr. Hirofumi Iwatsu (DIN 03602291) and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) and re-enactment thereof for time being in force) the existing Articles of Association of the Company be altered in the manner as set out herein below:

128(d) – deletion of the word "2 (two) Kokuyo Directors shall be appointed as Permanent Members of the Board and shall not be liable to retire by rotation."

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

**"RESOLVED THAT** in pursuant to the Article No. 128(d) of Articles of Association of the Company, Mr. Takuya Morikawa (DIN 03599830) appointed as a Director of the Company on 19<sup>th</sup> October, 2011 whose term of office was not liable to retire by rotation be and is hereby appointed as a Director whose term of office shall be liable to retire by rotation."

13. 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 Article No. 128(d) of Articles of Association of the Company, Mr. Nobuchika Doi (DIN 03599835) appointed as a Director of the Company on 19<sup>th</sup> October, 2011 whose term of office was not liable to retire by rotation be and is hereby appointed as a Director whose term of office shall be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force) (hereinafter referred to as "Act") and subject to approval of the Central Government, if required, the approval of the Company be and is hereby accorded to the appointment of Mr. Nobuchika Doi (DIN 03599835) as a Director in the whole-time employment of the Company and designated as "Executive Director" (whose term of office shall be liable to retirement by rotation) for a period of 3 (three) years with effect from 1<sup>st</sup> November, 2014 or from the effective date of permission under an employment visa/work permit obtained from Indian Authorities whichever is later (the said date) and he shall be entitled to receive a monthly salary of ₹ 3,12,440/- plus special allowances, rent free furnished accommodation, perquisites and other allowances and benefits (collectively called "Total Remuneration") payable on the terms and conditions as set out in the explanatory statement annexed hereto and also in the Agreement to be executed between the Company and Mr. Nobuchika Doi, copy whereof has been initialed by the Chairman for the sake of identification is placed before the meeting, with liberty to the Board of Directors to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Nobuchika Doi.

**RESOLVED FURTHER THAT** in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Nobuchika Doi, the remuneration mentioned in the preceding part of the resolution and the said agreement shall be paid to Mr. Nobuchika Doi, as minimum remuneration and the same shall be subject to the limits as set out in Section II and Section IV of Part II of Schedule V of the Act.

**RESOLVED FURTHER THAT** so long as Mr. Nobuchika Doi functions as Whole-time Director of the Company, he shall not be paid any sitting fees for

attending meeting of the Board of Directors and Committee thereof.

**RESOLVED LASTLY THAT** any one of the Directors of the Company namely Mr. Dilip D. Dandekar, Chairman & Executive Director, Mr. Shriram S. Dandekar, Vice Chairman & Executive Director, Mr. Ravindra V. Damle, Vice President (Corporate) and 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 to remove any difficulty in implementation of this resolution and accept any modifications/conditions that may be prescribed by the Central Government while according its approval if any."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force) (hereinafter referred to as "Act") and subject to approval of the Central Government, if required, the approval of the Company be and is hereby accorded to the appointment of Mr. Takeo Iguchi (DIN 03599826) as a Director in the whole-time employment of the Company and designated as "Executive Director" (whose term of office shall be liable to retirement by rotation) for a period of 3 (three) years with effect from 1<sup>st</sup> November, 2014 or from the effective date of permission under an employment visa/work permit obtained from Indian Authorities whichever is later (the said date) and he shall be entitled to receive a monthly salary of ₹ 3,12,440/- plus special allowances, rent free furnished accommodation, perquisites and other allowances and benefits (collectively called "Total Remuneration") payable on the terms and conditions as set out in the explanatory statement annexed hereto and also in the Agreement to be executed between the Company and Mr. Takeo Iguchi, copy whereof has been initialed by the Chairman for the sake of identification is placed before the meeting, with liberty to the Board of Directors to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Takeo Iguchi.

**RESOLVED FURTHER THAT** in the event of inadequacy or absence of profits in any financial year of the Company during the term of Mr. Takeo Iguchi, the remuneration mentioned in the preceding part of the resolution and the said agreement shall be paid to Mr. Takeo Iguchi, as minimum remuneration and the same shall be subject to the limits as set out in section II and section IV of Part II of Schedule V of the Act.





**RESOLVED FURTHER THAT** so long as Mr. Takeo Iguchi functions as Whole-time Director of the Company, he shall not be paid any sitting fees for attending meeting of the Board of Directors and Committee thereof.

**RESOLVED LASTLY THAT** any one of the Directors of the Company namely Mr. Dilip D. Dandekar, Chairman & Executive Director, Mr. Shiram S. Dandekar, Vice Chairman & Executive Director, Mr. Ravindra V. Damle, Vice President (Corporate) and 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 to remove any difficulty in implementation of this resolution and accept any modifications/ conditions that may be prescribed by the Central Government while according its approval if any."

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

**"RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 (hereinafter referred to as "the Act"), and other applicable provisions, if any, of the Act, and such other approvals, sanctions, consents and permissions as may be deemed necessary and pursuant to the prior approval given by the Board of Directors at its meeting held on 20<sup>th</sup> March, 2014, for the sale of 1300000 Equity Shares of ₹10/- each and 1000000, 7% Redeemable non-cumulative Preference Shares of ₹10/- each representing 100% of the equity and preference share capital of Alphakids Learning and Activity Centre limited (previously known as Camlin Alphakids Limited), held by the Company to Mrs. Aditi D. Dighe, Mr. Rahul D. Dandekar, Mr. Dilip D. Dandekar, Mrs. Smita D. Dandekar, Ms. Akshada Joshi, Mr. Dhanraj Dighe and DDI Consultants Private Limited (hereinafter collectively referred to as the "Related Parties"), for a cash consideration of ₹50,00,000/- (Rupees Fifty Lacs Only) in accordance with the terms and conditions mutually agreed to between the Company and the said Related Parties and that the Company hereby approves, ratifies and confirms the said sale agreement entered into with the said Related Parties.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof, be and are hereby authorized to execute the documents, deeds or writings required to be executed in relation to the transfer of the said shares and other incidental documents and to do all such acts, deeds and things as may be deemed necessary to give effect to this resolution."

17. 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 148 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹1,50,000/- plus service tax as applicable and reimbursement of out of pocket expenses as approved by the Board of Directors of the Company, to be paid to M/s. Vinay Mulay & Co. as Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015 be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

**"RESOLVED THAT** consent of the Company, be and is hereby accorded in terms of section 180 (1)(a) and other applicable provisions, if any, of the Companies Act, 2013, for mortgaging and/or charging by the Board of Directors of the Company of all immovable and movable properties of the Company or any part thereof in such form and manner as may be stipulated by the Banks/Financial Institutions (hereinafter called the 'Lenders') in consultation with the Company, wheresoever situate present and future and the whole of the undertaking of the Company, and/or conferring power to enter upon and to take possession of the assets of the Company in certain events to or in favour of them, for securing term loans/borrowings up to ₹150 Crores, which the Lenders may sanction to the Company from time to time, together with interest at an agreed rate, additional interest, liquidated damages, commitment charges, cost, charges, expenses and all other monies payable by the Company to the Lenders in terms of Agreement to be entered into by the Company in respect of the said term loans/borrowings.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorised to finalise with the Lenders, the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be necessary from time to time, for giving effect to this resolution."

**By Order of the Board**

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

Place : Mumbai  
Dated : 9<sup>th</sup> May, 2014.

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 in respect of the business referred to under Item Nos. 4 to 18 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer books will remain closed from 11<sup>th</sup> July, 2014 to 17<sup>th</sup> July, 2014.
4. Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.
5. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 all dividends which remained unpaid or unclaimed upto the financial year ended 31<sup>st</sup> March, 1994, have been transferred to the General Revenue Account of the Central Government. Concerned members are requested to claim the amount from the Office of the Registrar of Companies, Maharashtra, C.G.O Complex, 2<sup>nd</sup> Floor, A Wing, CBD - Belapur, Navi Mumbai-400 614.
6. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31<sup>st</sup> March, 2004, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claims in respect of their un-encashed dividend with regard to the above dividend.
7. Members who have not encashed their dividend warrants for the financial year ended 31<sup>st</sup> March 2007 and thereafter, may immediately approach the R&T Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the "Investors Education and Protection Fund" as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
8. The Company in compliance with Clause 5 A II of the Listing Agreement has send first reminder to the members in respect of shares which are lying unclaimed with the Company. The same shall be transferred to unclaimed Suspense Account in case no response is received after sending three reminders at the address given and shall be dematerialized.
9. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company atleast seven working days prior to the meeting, so that the required information can be made available at the meeting.
10. The Annual Report 2013-14 of the Company circulated to the Member of the Company, will be made available on the Company's website [www.kokuyocamlin.com](http://www.kokuyocamlin.com) and also on the website of the respective Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
11. 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.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the 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.
13. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rules 20 of Companies (Management and Administration) Rule, 2014, the Company is pleased to provide members facility to exercise their right to vote at 67<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The complete details of the Instructions for e-Voting is enclosed with the notice.
14. The Ministry of Corporate Affairs has announced a "Green Initiative in Corporate Governance" thereby allowing paperless compliance through electronic mode. The Company supports this environment friendly initiative of the Government of India and proposes to send notices for General meetings/Annual Reports/Other Shareholder Communication through electronic mode to the e-mail addresses which are registered for this purpose from time to time. Members are requested to take advantage of this initiative and register their e-mail address with the Company.





## **ANNEXURE FORMING PART OF THE NOTICE EXPLANATORY STATEMENT**

(Pursuant to Section 102(1) of the Companies Act, 2013)

### **SPECIAL BUSINESS:**

#### **ITEM NO. 4:**

Mr. Ramanathan Sriram is a Non-Executive Independent Director joined the Board of Directors of the Company on the 28<sup>th</sup> July, 2008. Details regarding the proposed appointment of Mr. Sriram and his brief resume has been given in the Corporate Governance Report for the information of members.

Mr. Sriram retires by rotation at the forthcoming Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Sriram being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Sriram as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Sriram fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A copy of draft letter for appointment of Mr. Sriram as an Independent Director setting out the terms and conditions would be 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 upto the date of Annual General Meeting.

The Board considers that his continued association would be immense benefit to the Company and it is desirable to continue to avail services of Mr. Sriram as an Independent Director.

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

The Directors recommend the Ordinary Resolution for your approval.

#### **ITEM NO. 5:**

Mr. Shishir B. Desai is a Non-Executive Independent Director joined the Board of Directors of the Company on the 28<sup>th</sup> July, 2008. Details regarding the proposed appointment of Mr. Desai and his brief resume has been given in the Corporate Governance Report for the information of members.

Mr. Desai is a Director whose period of Office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and

Clause 49 of the Listing Agreement, Mr. Desai being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Desai as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Desai fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A copy of draft letter for appointment of Mr. Desai as an Independent Director setting out the terms and conditions would be 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 upto the date of Annual General Meeting.

The Board considers that his continued association would be immense benefit to the Company and it is desirable to continue to avail services of Mr. Desai as an Independent Director.

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

The Directors recommend the Ordinary Resolution for your approval.

#### **ITEM NO. 6:**

Mr. Hisamaro Garugu is a Non-Executive Independent Director joined the Board of Directors of the Company on the 19<sup>th</sup> October, 2011. Details regarding the proposed appointment of Mr. Garugu and his brief resume has been given in the Corporate Governance Report for the information of members.

Mr. Garugu is a Director whose period of Office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Garugu being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Garugu as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Garugu fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A copy of draft letter for appointment of Mr. Garugu as an Independent Director setting out the terms and conditions would be 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 upto the date of Annual General Meeting.

The Board considers that his continued association would be immense benefit to the Company and it is

desirable to continue to avail services of Mr. Garugu as an Independent Director.

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

The Directors recommend the Ordinary Resolution for your approval.

**ITEM NO. 7:**

Mr. Devendra Kumar Arora is a Non-Executive Independent Director joined the Board of Directors of the Company on the 17<sup>th</sup> January, 2012. Details regarding the proposed appointment of Mr. Arora and his brief resume has been given in the Corporate Governance Report for the information of members.

Mr. Arora is a Director whose period of Office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Arora being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Arora as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Arora fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A copy of draft letter for appointment of Mr. Arora as an Independent Director setting out the terms and conditions would be 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 upto the date of Annual General Meeting.

The Board considers that his continued association would be immense benefit to the Company and it is desirable to continue to avail services of Mr. Arora as an Independent Director.

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

The Directors recommend the Ordinary Resolution for your approval.

**ITEM NO. 8:**

Mr. Venkataraman Sriram is a Non-Executive Independent Director joined the Board of Directors of the Company on the 31<sup>st</sup> January, 2014 in a casual vacancy caused by resignation of Mr. Ravindra Chandra Bhargava. As per the provisions of Section 161 of the Companies Act, 2013 ("Act"), he holds office only upto the date of forthcoming Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member alongwith a

deposit of ₹1,00,000/- proposing the candidature of Mr. V. Sriram for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013 as Director not liable to retire by rotation.

Details regarding the proposed appointment of Mr. V. Sriram and his brief resume has been given in the Corporate Governance Report for the information of members.

Mr. V. Sriram retires by rotation at the forthcoming Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. V. Sriram being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019.

In the opinion of the Board, Mr. V. Sriram fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A copy of draft letter for appointment of Mr. V. Sriram as an Independent Director setting out the terms and conditions would be 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 upto the date of Annual General Meeting.

The Board considers that his continued association would be immense benefit to the Company and it is desirable to continue to avail services of Mr. V. Sriram as an Independent Director.

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

The Directors recommend the Ordinary Resolution for your approval.

**ITEM NO. 9:**

Mr. Noriyuki Watanabe is a Non-Executive Independent Director joined the Board of Directors of the Company on the 17<sup>th</sup> October, 2012 in a casual vacancy caused by resignation of Mr. Hiroaki Takayama. As per the provision of Section 161 of the Companies Act, 2013 ("Act"), he holds office only upto the date of forthcoming Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member alongwith a deposit of ₹1,00,000/- proposing the candidature of Mr. Noriyuki Watanabe for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013 as Director not liable to retire by rotation.

Details regarding the proposed appointment of Mr. Watanabe and his brief resume has been given in the Corporate Governance Report for the information of members.





Mr. Watanabe retires by rotation at the forthcoming Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Watanabe being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five (5) consecutive years for a term upto 31<sup>st</sup> March, 2019.

In the opinion of the Board, Mr. Watanabe fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management. A copy of draft letter for appointment of Mr. Watanabe as an Independent Director setting out the terms and conditions would be 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 upto the date of Annual General Meeting.

The Board considers that his continued association would be immense benefit to the Company and it is desirable to continue to avail services of Mr. Watanabe as an Independent Director.

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

The Directors recommend the Ordinary Resolution for your approval.

#### **ITEM NO. 10:**

Mr. Yasushi Inoue was appointed as a Director in casual vacancy caused by resignation of Mr. Hirofumi Iwatsu on 20<sup>th</sup> March, 2014. As per the provisions of Section 161 of the Companies Act, 2013 ("Act"), he holds office only upto the date of forthcoming Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member alongwith a deposit of ₹1,00,000/- proposing the candidature of Mr. Yasushi Inoue for the office of Director, liable to retire by rotation.

The details regarding the proposed appointment of Mr. Inoue as Director and his brief resume has been given in the Corporate Governance report for the information to the members.

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

The Directors recommend the Ordinary Resolution for your approval.

#### **ITEM NO. 11:**

The Company proposes to amend the existing provision in Article No. 128(d) of Articles of Association of the Company in respect of re-designating two permanent Directors as Directors liable to retire by rotation. The

aforesaid amendment is necessary in view of new provisions under the Companies Act, 2013.

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

The Directors recommend the Special Resolution for your approval.

#### **ITEM NO. 12:**

Mr. Takuya Morikawa, Non-Executive Director joined the Board of Directors of the Company on 19<sup>th</sup> October, 2011. In view of new provisions of Companies Act 2013, the Company proposes amendment in Article 128(d), of Article of Association of Company and to appoint Mr. Morikawa as a Director whose term of office being liable to retire by rotation.

Details regarding the proposed appointment of Mr. Morikawa and his brief resume has been given in the Corporate Governance Report for the information of members.

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

The Directors recommend the Ordinary Resolution for your approval.

#### **ITEM NO. 13:**

Mr. Nobuchika Doi, Executive Director joined the Board of Directors of the Company on 19<sup>th</sup> October, 2011. In view of new provisions of Companies Act 2013, the Company proposes amendment in Article 128(d), of Article of Association of Company and to appoint Mr. Doi as a Director whose term of office being liable to retire by rotation.

Details regarding the proposed appointment of Mr. Doi and his brief resume has been given in the Corporate Governance Report for the information of members.

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

The Directors recommend the Ordinary Resolution for your approval.

#### **ITEM NOS. 14 TO 15:**

The Company had appointed Mr. Nobuchika Doi and Mr. Takeo Iguchi as Directors in Whole-time employment designated as Executive Directors for the period of 3 (three) years with effect from 1<sup>st</sup> November, 2011 by passing an Ordinary Resolutions through Postal Ballot on 11<sup>th</sup> January, 2012 which expires on 31<sup>st</sup> October, 2014.



The Company now proposes to re-appoint Mr. Nobuchika Doi and Mr. Takeo Iguchi as Directors in Whole-time employment designated as Executive Directors for the further period of 3 (three) years with effect from 1<sup>st</sup> November, 2014 or from the effective date of permission under an employment visa/work permit obtained from Indian Authorities whichever is later (the said date) and to their receiving remuneration for a period of 3 (three) years from the said date. The said appointment and their remuneration were also approved by the Remuneration and Nomination Committee and the Board of Directors at their meeting held on 9<sup>th</sup> May, 2014.

Details regarding the persons proposed to be appointed as Executive Directors and their briefed resume has been given in the Corporate Governance Report for the information of the member.

The terms of remuneration for the period of three (3) years from 1<sup>st</sup> November, 2014 to 31<sup>st</sup> October, 2017 are as under:

I. **Salary:**

Sr. No.	Name & Designation of The Whole-Time Directors	Salary Per Month (₹)
1.	Mr. Nobuchika Doi	3,12,440/-
2.	Mr. Takeo Iguchi	3,12,440/-

Such respective salaries shall be increased annually by 7% for each of the Whole-time Directors effective from 1<sup>st</sup> November, 2015.

II. **Special Allowance:**

Special Allowance of ₹53,500/- per month shall be paid in addition to salary to each of the Whole-time Director. Special Allowances shall be annually increased by 7% for each of the Whole-time Director effective from 1<sup>st</sup> November, 2015.

III. **Rent Free Furnished Accommodation:**

The Company will provide Rent Free Furnished Accommodation with the monthly rentals for premises not exceeding ₹2,50,000/- per month to each of the Whole-time Director.

IV. **Perquisites and Other Allowances:**

In addition to the Salary, Special Allowance and Rent Free Furnished Accommodation, each of the Wholetime Director shall be entitle to.

- Gas Electricity & Water limited to 10% of monthly Salary. (i.e. ₹31,244/- per month)
- Leave Travel Concession of ₹6,42,000/- per annum.
- Education Allowance of ₹26,750/- per month.
- Medical Allowance limited to 10% of monthly Salary (i.e. ₹31244/- per month)

In addition to the above the Whole-time Directors shall be entitled to meal vouchers for themselves and their families, provision of car with driver, telephone/Fax facilities and benefit of personal accident insurance scheme and such other perquisites and other allowances in accordance with the rules of the Company.

Such respective Perquisites and Other Allowances shall be increased annually by 7% for each of the Whole-time Director effective from 1<sup>st</sup> November, 2015.

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

V. **Provident/Gratuity Fund and Leave Encashment:**

Company's contribution to Provident Fund, Employee Pension Scheme as per rules of the Company. Gratuity and encashment of leave at the end of their tenure.

VI. **Total Remuneration:**

The aggregate of the remuneration including contribution towards Provident Fund, Employee Pension Scheme, and Gratuity Fund, payable to each of the Whole-time Director of the Company taken together shall be calculated in accordance with the provisions of Sections 197 of the Companies Act, 2013 read with Schedule V thereof.

VII. **Minimum Remuneration:**

In the event of inadequacy or absence of profit in any financial year of the Company during the term of Whole-time Directors, the minimum remuneration payable respectively to each of them shall be by way of Salary, Special Allowance, Rent Free Furnished Accommodation, Perquisites and other allowances as set above subject to the provisions of Section 197 of the Companies Act, 2013 and subject to compliances required under Schedule V of the Companies Act, 2013 including such approval as may be required from the Central Government and in addition thereto they shall also be respectively eligible to the perquisites provided in Section IV of Schedule V of the Companies Act, 2013 as may be amended from time to time.

**ANNEXURE - A**

The information relevant to the appointment of Mr. Nobuchika Doi and Mr. Takeo Iguchi as Whole-time Directors as required as per Part II Section II of Schedule V of the Companies Act, 2013.





I. **General Information:**

i. **Nature of Industry:**

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

ii. **Date of commencement of commercial production:**

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

iii. **Financial Performance based on given indicators – (₹ In Lacs)**

Sr. No.	Particulars	2013-2014	2012-2013
1	Total Income (Including net sales and non-recurring items)	<b>47,396.60</b>	43,616.99
2	Profit / (Loss) before tax	<b>(1,323.49)</b>	(1,878.00)
3	Profit / (Loss) after tax	<b>(1,158.30)</b>	(1,343.69)

iv. **Foreign Investments or Collaborations, if any.**

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

II. **Information About The Whole-time Directors:**

i. **Background Details:**

Mr. Nobuchika Doi, (48) Bachelor of Economics joined the Company as Executive Director since October 2011.

Mr. Takeo Iguchi, (46) Bachelor of Arts, joined the Company as Executive Director since October 2011.

ii. **Past Remuneration:**

Sr. No.	Name of Whole-time Directors	₹ In Lacs
1.	Mr. Nobuchika Doi – Executive Director	83.43
2.	Mr. Takeo Iguchi – Executive Director	83.94

iii. **Job Profile and his suitability:**

Nobuchika Doi, aged 46 years, is an Executive Director of the Company. He has a degree in Bachelor of Economics. He joined Kokuyo Co. Ltd. in the year 1989. He has approximately 23 years of work experience in the field of business strategy and marketing, planning, research and development, production technology and distribution management, of stationery products. Presently, he looks after all the business aspects of strategy, planning and execution of the Company.

Takeo Iguchi, aged 44 years, is an Executive Director of our Company. He has a degree in Bachelor of Arts. He joined Kokuyo Co. Ltd. in the year 1991 and was the department manager of the business planning department of Kokuyo S&T, Asia Pacific marketing division. He has approximately 21 years of experience in the field of production, planning and control in the stationery business. He has been instrumental in setting up stationery manufacturing plants of Kokuyo S&T in Vietnam and China as well as expanding the existing stationery manufacturing operations in Thailand. Iguchi looks after the business aspects with respect to production, planning and control of the Company.

Mr. Nobuchika Doi and Mr. Takeo Iguchi are the part of the Senior Management considering their vast experience in the relevant field, the Whole-time Directors are best suited for the responsibilities assigned to them by the Board of Directors.

iv. **Remuneration Proposed:**

As stated in the Explanatory Statement at Item Nos. 14 & 15.

v. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

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

vi. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the contract of employment is proposed Mr. Nobuchika Doi and Mr. Takeo Iguchi do not have any other pecuniary relationship with the Company and its managerial personnel.

**Mr. Nobuchika Doi**

Name of the Company	Position
Kokuyo Riddhi Paper Products Private Limited	Director

**Mr. Takeo Iguchi**

Name of the Company	Position
Kokuyo Riddhi Paper Products Private Limited	Director

Mr. Nobuchika Doi and Mr. Takeo Iguchi are not holding any shares in the Company.

**III. Other Information:**

**(a) Reasons for loss or inadequate profits:**

In spite of growth in sales volume, the Company incurred losses for last 2 years due to increased manpower cost, input cost, sales and marketing spends and operative expenses some of which Company had strategically planned looking into future long term benefits.

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

For improving profitability, the Company has initiated measures like introduction of new products with higher value addition, control over the overheads, and increase in capacities, aggressive advertising and marketing of products to reposition the brands. Such steps when adopted will enable the Company to come out from the losses.

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

During the financial year 2013-14, the Company raised ₹ 10,323.66 Lacs by way of rights issue with an object to set up a new fully integrated manufacturing plant situated at Patalganga. This plant will help to improve production efficiency and also reduce factory and other overheads. All these measures will put the Company back on the course of profitability and growth.

**IV. Disclosures:**

The Agreement to be entered into between the Company and Mr. Nobuchika Doi and Mr. Takeo Iguchi respectively which set out the terms and conditions of their appointments are available for inspection of the members of the Company at its Registered Office situated at 48/2, Hilton House, Central House, MIDC, Andheri (E), Mumbai - 400 093 between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of Annual General Meeting of the Company.

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

The Directors recommend the Special Resolutions for your approval.

**ITEM NO. 16:**

M/s. Alphakids Learning and Activity Centre Limited (formerly known as Camlin Alphakids Limited) 100%

Subsidiary incorporated in the year 2009 with an object to carry the pre-school activities. Since inception, the business of the Subsidiary has been incurring huge losses and had never turned around. The present financials have a negative EBIDTA and as a result till date the Subsidiary was provided continuous funding by your Company to meet Working Capital requirements. Till F.Y. 2013-14, your Company has invested ₹ 535.32 Lacs by way of Equity, Preference Capital and advances. The Continuing losses of Subsidiary and its inability to give return in foreseeable future are diverting the attention of your management from the Stationery business to a non-core business of pre-school activity. In order to arrest the losses and erosion of shareholders value especially at this stage when the Company's performance is not as per expectation. Your Management also explored the alternative of closure of Subsidiary but in view of certain foreclosure clauses in the agreements and cost of closing the Subsidiary, the Management decided to exit from the business of pre-school by looking for a interested buyer for acquiring the entire stake. Since the Company could not get any buyer and with an interest shown by one of our Director who is a related party, the Board took a decision to divest its entire holding by selling its Equity and Preference Capital to the Related Parties. The Company has taken an independent valuation while arriving at the consideration amount.

The entire shareholding in Alphakids Learning and Activity Centre Limited is held by the Company. The shares have been sold for consideration of ₹ 50.00 Lacs to Mrs. Aditi D. Dighe, Mr. Rahul D. Dandekar, Mr. Dilip D. Dandekar, Mrs. Smita D. Dandekar, Ms. Akshada Joshi, Mr. Dhanraj Dighe and DDI Consultants Private Limited who are related parties and therefore, this transaction is a Related Party Transaction and in terms of Section 188 of the Companies Act, 2013 and the applicable rules thereunder requires either prior approval or ratification is required within three months by the members by passing a Special Resolution.

Your Board of Directors has already given approval to the said sale of shares on 20<sup>th</sup> March 2014, while the agreement was executed on 21<sup>st</sup> April, 2014 and in terms of Section 188(3) of the Act, is seeking ratification of the said related party transaction.

The particulars of transaction pursuant to Para 3 of explanation (1) to Rule 15 of Companies (meeting of Board and its powers) Rules, 2014 are as under:

<b>Name of the Related Party</b>	: Mr. Dilip D. Dandekar, Mrs. Aditi D. Dighe, Mr. Rahul D. Dandekar, Mrs. Smita D. Dandekar, Ms. Akshada Joshi, Mr. Dhanraj Dighe and DDI Consultants Private Limited ("Related Parties")
<b>Name of Director or Key Managerial Personnel</b>	: Mr. Dilip D. Dandekar





<b>Nature of relationship</b>	: Mr Dilip. D Dandekar is a Chairman and Executive Director of the Company . The relationship of the acquirers are as under: (i) Aditi D Dighe - Daughter (ii) Rahul D Dandekar - Son (iii) Smita D Dandekar - Wife (iv) Dhanaraj Dighe - Son-in-law (v) Akshada Joshi - Daughter-in-law (vi) DDI Consultants Pvt. Ltd. - Promoter
<b>Nature, Material Term, Monetary value and Particulars of Contract or Arrangement</b>	: Sale Consideration - ₹ 50.00 Lacs Agreement for sale of Equity Shares executed between the company and related parties for sale of Investment in Equity/Preference shares of face value of ₹ 230.00 lacs.
<b>Any other information relevant or important for the members to take decision on the propose resolution.</b>	: None

Further, in terms of Section 188 of the Companies Act, 2013, Related Parties will not vote on the special resolution as shareholders of the Company.

Except Mr. D. D. Dandekar, no other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested in this Special Resolution.

The Agreement for Sale, is available for inspection by the members on any working day of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m.

The Directors recommended the Special Resolution for your approval.

#### ITEM NO.17:

In pursuant to provisions of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, the Board shall appoint an individual who is a cost accountant in practice on the recommendation of the Audit Committee, which shall also recommend remuneration for such Cost Auditor. The Remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified by the members.

On the recommendation of the Audit Committee at its meeting held on 9<sup>th</sup> May, 2014, the Board has considered and approved the appointment of M/s. Vinay Mulay

& Co. as Cost Accountants to conduct the cost audit of the Company at a remuneration of ₹ 1,50,000/- plus service tax as applicable and reimbursement of out of pocket expenses for the financial year ending 31<sup>st</sup> March, 2015.

The Resolution at Item No. 17 of the Notice as set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out at item No. 17 of the Notice.

The Directors recommend the Ordinary Resolutions for your approval.

#### ITEM NO. 18:

Section 180 (1) (a) of the Companies Act, 2013, provides inter alia that the Board of Directors of the Company, shall not without consent of the members in General Meeting, sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the Company.

For meeting growing needs for working capital and capital expenditure, the Company may be required to approach the Banks/Financial Institutions for sanction of loans/borrowings. As a security, the Company may also be required to create Mortgage/Charge on Fixed Assets in favour of the said Banks/Financial Institutions. Since mortgaging and/or charging by the Company on all its immovable and movable properties or part thereof, may deemed to be disposal of the whole or substantially the whole of undertaking of the Company within meaning of section 180(1) (a) of the Companies Act, 2013, the consent of the members is required for limit of ₹ 150 Crores proposed under the resolution which is considered adequate for the time being for meeting future requirements.

None of the Directors/Key Managerial personnel (KMP) of the Company and their relatives are concerned or interested in the resolution.

The Directors recommend the Special resolution for your approval.

**By Order of the Board**

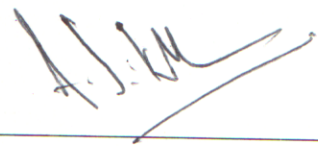


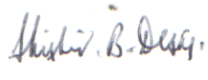
**RAVINDRA V. DAMLE**  
Vice President  
(Corporate) &  
Company Secretary

Place : Mumbai

Dated : 9<sup>th</sup> May, 2014.

**FORM A**

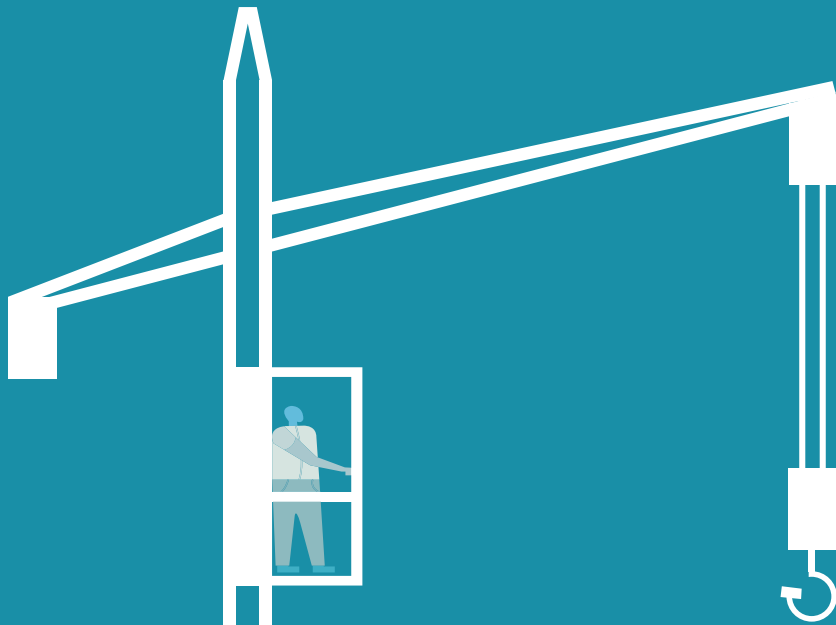
**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGE**

1	Name of the Company	Kokuyo Camlin Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	-
5	To be signed by -	
	• CEO/Managing Director	
	• CFO	
	• Auditor of the Company	
	• Audit Committee Chairman	





**BUILDING**  
CAPACITY. CAPABILITY. COMPETENCY.



9	Director's Report including Management Discussion and Analysis
22	Corporate Governance Report
34	Auditors' Report
38	Balance Sheet
39	Statement of Profit & Loss
40	Cash Flow Statement
42	Notes forming part of Financial Statements
63	Auditors' Report on Consolidated Financial Statement
64	Consolidated Balance Sheet
65	Consolidated Statement of Profit & Loss
66	Consolidated Cash Flow Statement
68	Notes forming part of the Consolidated Financial Statements

While growth is always exciting,  
it can also be challenging.



These challenges come in the form of changes – changes in the economy, industry and market, changes in manufacturing process and technology, changes in products and applications, and changes in customer demands.

These changes re-shape the market landscape with shifts, swings and shake-outs. Old leaders fade, and new leaders emerge.

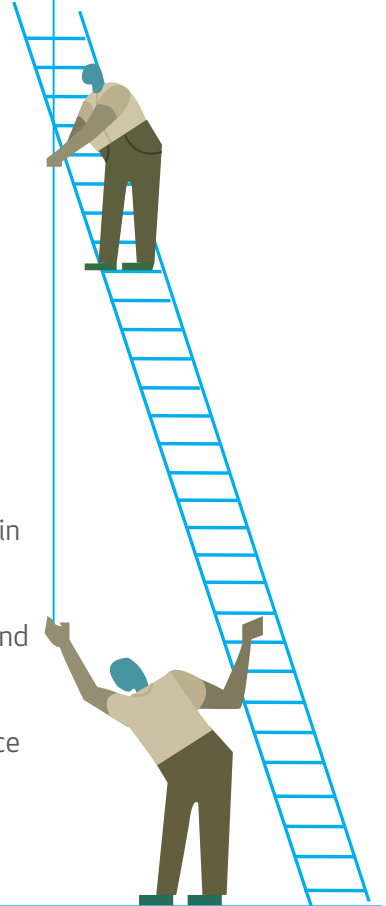
At Kokuyo Camlin, we have been delivering growth consistently since decades.

As times change, we have re-strategised and re-structured to re-emerge as leaders in our business.

We are going through a similar phase.  
We are reinforcing our foundation to  
ensure we get ready for the next phase  
of sustainable high-growth.

# BUILDING

CAPACITY. CAPABILITY. COMPETENCY.





# CAPACITY

Manufacturing remains at the heart of all that we do at Kokuyo Camlin. Manufacturing is also one of our key competitive advantages that has sustained our continuous growth and dominance in the stationery market over the years.

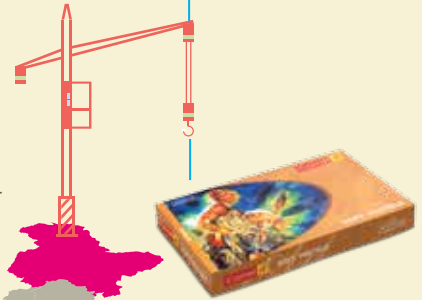
As we entered new market segments and expanded our product range, we also ramped up our manufacturing capacity. Today, we have one of the largest product-portfolios in the industry spanning over 2000 SKUs. These products are made at our five manufacturing sites :

Taloja, Maharashtra  
Inks and Adhesives

Tarapur, Maharashtra  
Hi-Polymer Leads, Colours

Vasai, Maharashtra  
Markers, Ball pens,  
Correction Products and  
Adhesives

With a view to integrate our manufacturing and assembling capacity, we are building a state of art manufacturing facility at Patalganga Industrial Area of MIDC. Spread over spacious 14 acres, this facility will become the strong foundation to power our next phase of growth. Once completed in 2016, this state of art integrated plant will help us gain leverage in terms of economies of size, scale and scope. Not only will this make us efficient, competitive and increase our production, but will also open up new areas of synergy like sharing of skilled resources, R&D, cross-fertilisation of new ideas and an overall sense of unity and purpose.



Gangyal and Samba, J&K Colours

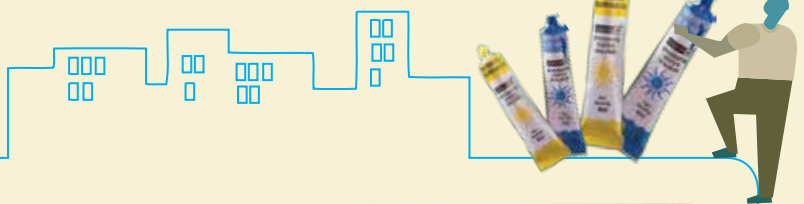


# CAPABILITY

While building capacity is crucial to our long-term plan, it is much more than a mere increase in production or reduction in costs, BUILDING CAPACITY needs to be matched with BUILDING CAPABILITY.

The dynamics of the stationery market-place have changed : from uni-dimensional, cost-driven market, it is today driven by multiple factors like branding and marketing, innovation, supply-chain efficiencies and R&D. At Kokuyo Camlin, we are taking assured steps to ensure we BUILD CAPABILITY in harmony with BUILDING CAPACITY.

Leveraging the power of IT, we have initiated right steps to understand our customers' demand more accurately, plan our supplies more efficiently and stock our inventories more judiciously through SAMPARK, a web based portal for our distributors.



# 2013

Kokuyo Camlin is moving towards more professionally managed organisation that values, respects and safeguards the enduring values and rich legacy of its founders.



Kokuyo Camlin realises that to achieve sustainable high growth we need to invest in R&D. This year a major step was taken by inaugurating a R&D centre. The purpose is to strengthen the capability of our R&D efforts beyond its traditional strong areas. We have recruited experienced and qualified people for our R&D.

For the first time in 2013, the All India Camel Colour Contest (AICCC), the flagship art competition of the Company, was integrated with the marketing initiatives of the Company. Using the digital platform, the marketing team of the Company took judging of the AICCC on-line.

We have launched a new packaging for our extremely popular Colour Products. During the year, we also re-vamped and re-launched our corporate website, making it much more interesting and interactive with online, real-time puzzles and paintbrushes.



## COMPETENCY

At Kokuyo Camlin, we are in a transition phase. To fully leverage and capitalise the BUILD UP of our capacity and capability, we are BUILDING COMPETENCY.

In 2013, Kokuyo Camlin is moving towards more professionally managed organisation that values, respects and safeguards the enduring values and rich legacy of its founders.

In our HR initiatives, we have started with Key Performance Indicators and 360 degree evaluation. We have also integrated senior management and restructured the product stream of stationery business and the colour business under one head.

Communication and decision-making in the Company have been re-structured during the year. De-layering has resulted in better and swifter decisions, taken more collectively and transparently.

Our alliance with Kokuyo S&T Co. Ltd., Japan, has given us unique synergy and strengths. On the manufacturing front, we have introduced the concept of KAIZEN – the Japanese philosophy and concept of continuous improvement, especially in manufacturing processes. We have taken KAIZEN beyond our plants by involving our suppliers through KAIZEN Melas, which ensure that our continuous improvement extends to our suppliers and their manufacturing units.

On the customer front, we have introduced the famous Kokuyo Notebooks and Staplers during the year in selected Indian markets. Kokuyo is the undisputed leader in notebooks. Introduction of Kokuyo notebooks into the Indian markets showcases the synergy of this alliance : a new, world-class product launched in India through the existing distribution network, leveraging the CAMLIN brand.

This is a prelude, the sign of things to come from the Kokuyo Camlin alliance in the future.





## CHILDREN'S DAY

100 - 175 children from Mumbai-based NGOs had a day of fun and laughter as they came to the Head Office and interacted with the CEO. They were all given colour kits and t-shirts, and went sight-seeing in the city in two open double-decker buses.

- Revamped the Paediatric section of Oncology Ward at Tata Hospital, Mumbai. To make the ward more colourful, cheerful and playful for the kids, the TATA hospital staff painted cartoon characters with CAMLIN brushes and colours.



## IDEAL SCHOOL PROJECT

The Tarapur unit has associated with Quality Circle Forum of India (Mumbai) and the Lions Club of Tarapur to promote cleanliness and hygiene at schools in the Tarapur area. Guidance programmes are regularly conducted to improve overall education and personality.



Mr Dilip Dandekar  
Chairman & Executive  
Director



Mr Takuya Morikawa  
Sr Vice Chairman &  
Non Executive Director



Mr Shriram Dandekar  
Vice Chairman &  
Executive Director



Mr Yasushi Inoue  
Non Executive Director



Mr Takeo Iguchi  
Executive Director



Mr Nobuchika Doi  
Executive Director



Mr Shishir Desai  
Independent Director



Mr Ramanathan Sriram  
Independent Director



Mr Devendra Kumar Arora  
Independent Director



Mr Hisamaro Garugu  
Independent Director



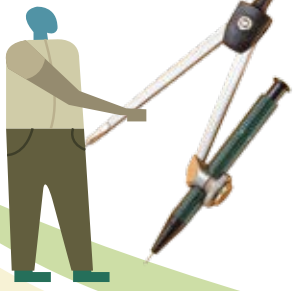
Mr Noriyuki Watanabe  
Independent Director



Mr Venkataraman Sriram  
Independent Director

## BOARD OF DIRECTORS





**VAST  
PRODUCT  
RANGE**





# 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 Yasushi Inoue (Non Executive Director)  
Mr Takeo Iguchi (Executive Director)  
Mr Nobuchika Doi (Executive Director)

## Independent Directors

Mr Shishir Desai  
Mr Ramanathan Sriram  
Mr Devendra Kumar Arora  
Mr Hisamaro Garugu  
Mr Noriyuki Watanabe  
Mr Venkataraman Sriram

## Chief Executive Officer

Mr Ayyadurai Srikanth

## 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.

## Works

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

## Auditors

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

## Bankers

Mizuho Corporate Bank Ltd.  
The Bank of Tokyo-Mitsubishi UF J Ltd.

## Registrars & Transfer Agents

M/s. Sharepro Services (India) Pvt. Ltd.  
Unit: Kokuyo Camlin Limited,  
13 AB, Samhita Warehousing Complex,  
2nd Floor, Near Sakinaka Telephone Exchange,  
Andheri Kurla Road, Sakinaka,  
Andheri (E), Mumbai 400 072.  
Ph Nos. (022) 67720300, 67720400



## Directors' Report to the Shareholders

Your Directors have pleasure in presenting herewith the 67th Annual Report and Audited Statements of Account for the Financial Year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:

(₹ in Lacs)

	2013-14	2012-13
Profit/(Loss) Before Tax	<b>(1323.49)</b>	(1878.00)
Less: Provision for Tax		
- Current	—	—
- Deferred	<b>(166.29)</b>	(560.32)
- Prior Years (Net)	<b>1.10</b>	26.01
Profit/(Loss) After Tax	<b>(1158.30)</b>	(1343.69)
Balance bought forward from last year	<b>974.77</b>	2318.46
Balance Carried forward	<b>(183.53)</b>	974.77

### OPERATING PERFORMANCE:

During the year the Company reported net sale of ₹46814.51 Lacs as compared to ₹43591.52 Lacs for the last year representing an increase of 7.39% over the previous year. In spite of increase in net sales the performance of your Company has resulted in a loss of ₹1158.30 Lacs as against a loss of ₹1343.69 Lacs in the previous year.

In spite of various cost reduction measures, the high operating cost continued to affect the profitability as the Company could not scale up its sales in line with the business plan owing to adverse market conditions. Your Company initiated several measures like revamping product packaging, reduction in fixed cost, product innovation, indigenization of imported components to reduce production cost with a view to improve profitability which will yield results in future.

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

In view of the loss, the Board of Directors regrets its inability to recommend any dividend on Equity Shares.

### CHANGES IN CAPITAL STRUCTURE

#### Allotment of Equity Shares on exercise of Employee Stock Options:

During the year under review, the Company allotted 97,625 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme. The applicable disclosure as at 31<sup>st</sup> March, 2014 as stipulated under the SEBI Guidelines is given in annexure A to this report.

#### Issue of Right Shares

During the year under review, the Company had filed Letter of Offer ("LOF") dated 26<sup>th</sup> July, 2013, with SEBI for issue of 33,319,505 equity shares of ₹1.00 each to existing shareholders on Rights Basis in the ratio of 14 Rights Share for every 29 equity shares held on record date i.e. 2<sup>nd</sup> August, 2013 at issue price of ₹33.00 each (including share premium). The Rights Issue of the Company was opened on 12<sup>th</sup> August, 2013 and closed on 27<sup>th</sup> August, 2013. The basis of allotment was finalised on 2<sup>nd</sup> September, 2013 in consultation with the National Stock Exchange of India Limited and as per the basis of allotment the Rights Issue Committee on 2<sup>nd</sup> September, 2013, allotted 31,283,831 Equity shares fully paid up to the eligible shareholders. Shares allotted pursuant to rights issue were listed on BSE Ltd and The National Stock Exchange of India Limited on 5<sup>th</sup> September, 2013.

Out of the proceeds of the Rights Issue, as on 31<sup>st</sup> March, 2014, the Company has utilised amount aggregating to ₹2244.56 Lacs towards the Objects of the Issue, as stated in the Letter of Offer. The balance unutilised funds have been kept in current account/ fixed deposits with banks.

Consequent to allotment of the aforesaid shares, the Issued, Paid Up and Subscribed Equity Capital of the Company increased from ₹689.22 Lacs as on 31<sup>st</sup> March, 2013 to ₹1003.04 as on 31<sup>st</sup> March, 2014,

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Economic Overview

The global economy continued its uphill struggle as it faced stiff challenges in almost all regions and major economic groups. The UN-World Economic Situation and Prospects (Pre-Release 2014) states that the World Gross Product (WGP) grew by 2.1 per cent in



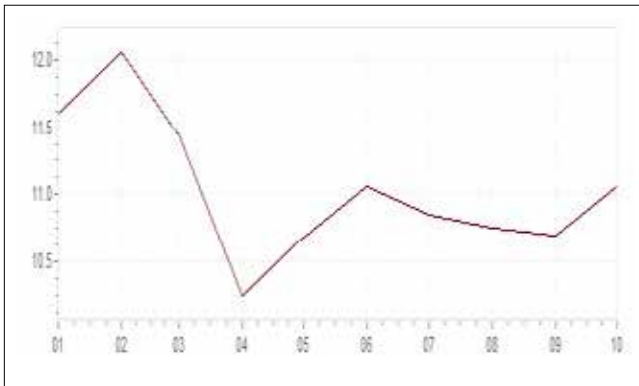




2013 and by 2.9 per cent based on Purchasing Power Parity (PPP). Among the developed economies, GDP in the United States of America is expected to have grown at 1.6 per cent compared to a 2.8 per cent 2012. In the emerging Asian economies of China and India, growth which had already slowed down in 2012, faced new headwinds on both international and domestic fronts. China seems to have halted the slowdown in the last quarter on 2013 and is estimated to have grown its GDP by 7.5 per cent in 2013, while the Indian economy grew by [4.7 - 4.9] per cent in the financial year 2013-14.

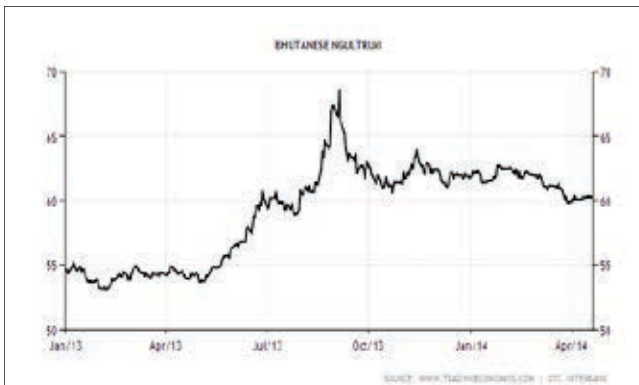
In India, domestic factors like inflation, falling currency, tight monetary policy and high interest rates continued to slow down growth in almost all key sectors of the economy. Inflation remained above 6 per cent throughout the year and the Indian Rupee fell to a precarious low of ₹ 69 to the US Dollar in August.

**CPI Inflation during the year 2013**



(Average CPI Inflation for the year - 10.92 per cent)

**Movement of INR / USD**

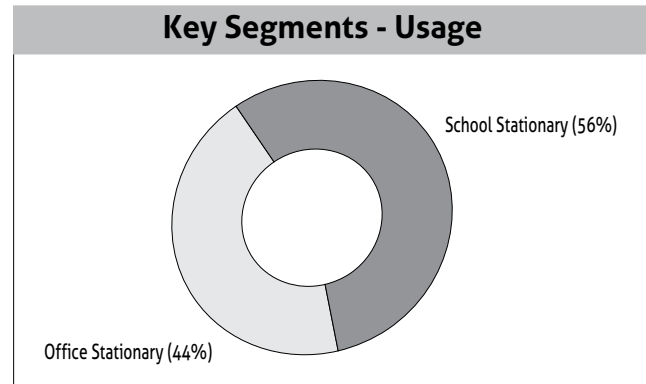


(Source : Ministry of Statistics and Programme Implementation, RBI)

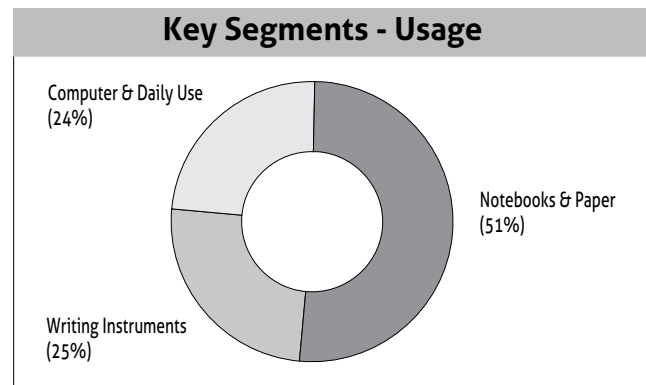
**Industry Overview**

The Indian stationery industry is very heterogeneous comprising of a wide array of products ranging from pens to printing to notepads to inks to colours and many more. The industry is highly fragmented one, with the unorganised sector constituting almost 85 per cent. The industry is also highly fragmented in terms of regions, with a large number of small units scattered all over the country.

On the basis of usage, the industry can be broadly divided into two distinct segments :



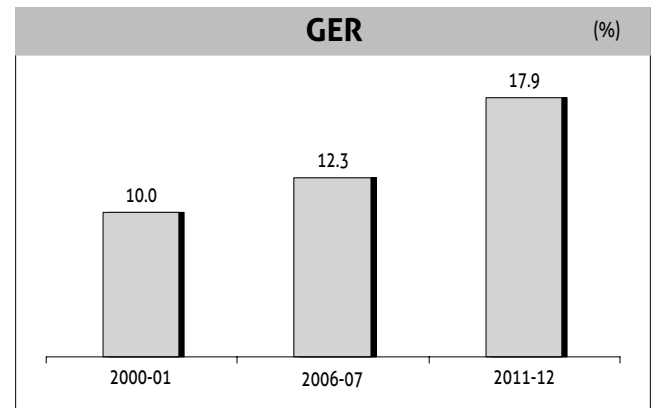
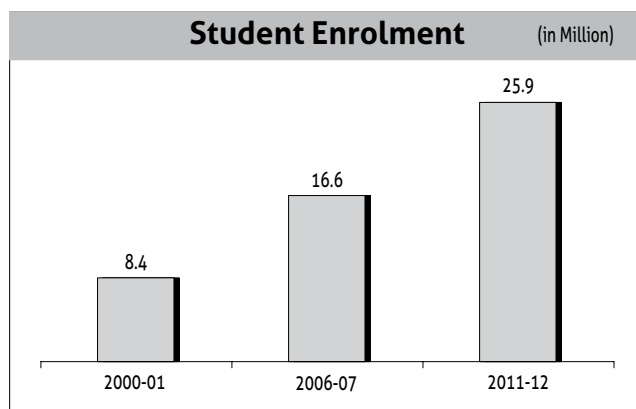
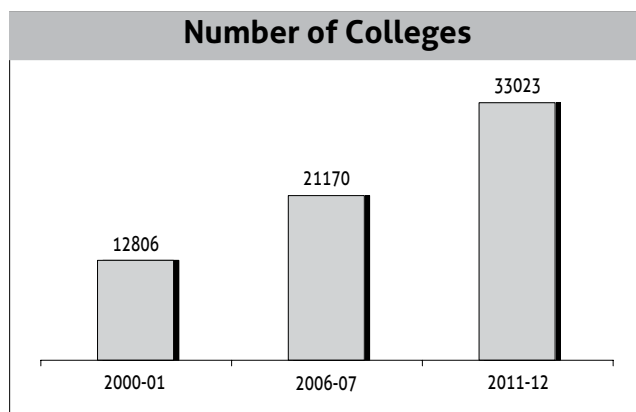
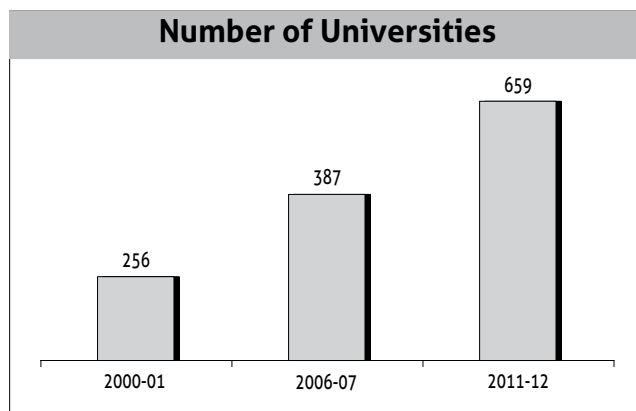
The product-wise segmentation of the industry is as under :



Of the two key segments by usage, the school stationery segment is estimated to be around ₹ 9,000 crores annually, whereas the office stationery segment is estimated to be in about ₹ 5,000 crores annually.

The Indian stationery market is closely co-related to the literacy in general and the education sector in particular. With the second largest population in the world at over 1.3 billion people with one of the most favourable demographics in terms of young population, India remains a key market for education.

In addition, the economic growth, particularly the burgeoning middle-class has given a fresh impetus to growth education. The Government has also made education a key thrust area with a target to increase literacy rates from 70% in 2011 to 85%. The last few years have witnessed rapid growth in the education sector, with remarkable increases in number of secondary schools, colleges, universities, as well as in increase in student enrolment and Gross Enrolment Ratios (GER).



(Source : FICCI - E&Y Report)

The stationery industry has been going through a phase of changes and transformation. The industry has seen many new entrants in the last few years, both domestic as well as international. There has been a spurt in the number of foreign players who have entered the industry either through own presence or through tie-ups with Indian players. Innovation and introduction of new product categories, driven by sustained marketing campaigns are key drivers of growth. The industry is also going through a radical shift as far as focus is concerned. While the focus was purely on cost reduction, the focus has now shifted to R&D and Safety, both of which are emerging as crucial factors in winning the last mile customer by delivering new products as well as products that are safe and last longer.

#### Business Overview

Kokuyo Camlin Limited (KCL) is one of the oldest companies in India in the stationery business. It has a rich and proud legacy of three generations that started more than 80 years ago in the early 1930s. The Company was started as a partnership firm, Dandekar & Co. to manufacture fountain pen ink, stamp inks, adhesive paste, gum, sealing wax, chalks, etc. In 1946, Camlin Private Ltd. acquired the business of Dandekar & Co. as an ongoing concern. In 1988, the Company became a Public Limited Company, and got listed on the Bombay Stock Exchange. Recently, in 2011, Kokuyo S&T CO., Ltd, a major Japanese stationery corporation, acquired a majority stake in the Company and the Company was renamed Kokuyo Camlin Limited.

The products manufactured by the Company are broadly classified into (1) School and Education





Products (2) Fine Art and Hobby Materials and (3) Office Stationery. The products include technical and drawing instruments, writing instruments, office stationery, adhesives, notebooks, fine art, hobby art and scholastic products.

The Company owns two most enduring consumer brands in the Indian stationery market – CAMEL and CAMLIN.

The key strengths of the Company are :

- Strong Brand connect and association
- Extensive and Pan-India supply and distribution network
- Synergistic Alliance with Kokuyo S&T
- Experienced Promoters
- Extensive Product Range
- Dominant position in the market segment where it is operating.

### Recent Developments

In line with the shifts happening in the overall stationery industry, the Company has taken a long-term and strategic decision to BUILD UP its CAPACITY, CAPABILITY and COMPETENCY. The Company has concluded a Rights Issue in 2013 for ₹ 10323.66 Lacs. The proceeds of this Rights Issue are to be used for setting up of an integrated manufacturing and assembling facility. This new facility will be spread over 14 acres of land in the Additional Industrial Area of MIDC at Patalganga (Maharashtra). The land has already been acquired and work on the new facility has commenced. With the completion of this new facility, the Company will acquire newer and bigger economies of size, scale and scope.

### Review of Performance During the Year

During the year the Company achieved the net sale of ₹ 46814.51 Lacs as compared to ₹ 43591.52 Lacs for the last year representing an increase of 7.39% over the previous year. Out of the above approximately 5% growth came by way of volume growth and rest was through price rise. Though school and education products and fine art & hobby materials registered a healthy growth, office products growth was muted. Modern trade and exports also showed a high growth.

A few products like notebooks and Kokuyo office products were introduced in select markets during the last quarter of FY 2014, and met with encouraging

results. These products will be rolled out to newer markets during the year.

The Company is currently in the BUILDING UP phase and is focussed on completion of its new integrated and assembling facility at Patalganga.

On the operational front, the Company has leveraged Kokuyo S&T's specific know-how, management practises and expertise like Kaizen to better its quality at source.

The Company has taken several initiatives during the year in marketing, cost-competitiveness, supply-chain effectiveness, R&D focus and launch of new products. The Company has also re-structured itself internally to de-layer decision-making, which are now more proactive and prompt, in addition to being transparent. The Company believes that all these steps are in the right direction to emerge more competitive, more capable and more competent.

### 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 Lacs)

	FY 2013	FY 2014	Change %
Revenue from operations	43591.52	<b>46814.51</b>	7.39

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

#### Other Income

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Other Income	25.47	<b>582.09</b>	2185.39

The increase is on account of interest income earned on funds raised through Right Issue of Equity Shares, amounting to ₹ 10156.43 Lacs (net of issue expenses) which has been kept as Fixed Deposits with banks until utilisation.

#### Cost of Material

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Cost of Material	29493.15	<b>30152.01</b>	2.19

The increase is due to increase production and inventory as compared to last year but comparatively less due to improved product mix, benefit of cost reduction and conversion of trading to manufacturing.

#### Employee benefit expenses

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Employee benefit expenses	5,141.99	<b>5,466.16</b>	6.30

The increase is due to annual increments given to employees.

#### Finance cost

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Finance cost	734.60	<b>876.97</b>	19.38

Finance cost has increased due to increased utilisation of overdraft facility and also there has been increase in interest rates charged by banks compared to previous year.

#### Depreciation

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Depreciation	764.21	<b>857.25</b>	12.18

Increase in depreciation is due to addition in fixed assets worth ₹ 1771.54 Lacs in FY 13-14 as compared to ₹ 1131.86 Lacs in FY 12-13.

#### Other expenses

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Other expenses	9361.04	<b>10882.38</b>	16.25

The increase in other expenses is due to increased cost of services and other operating expenses, growth in scale of operation, conversion of certain products from erstwhile trading to manufacturing and losses suffered in view of foreign exchange fluctuations.

#### Exceptional items

(₹ in Lacs)

	FY 2013	FY 2014	Change %
Exceptional items	—	<b>485.32</b>	—

Exceptional Item in FY 13-14 is due to waiver of advance given to Subsidiary Company viz. Alphakids Learning and Activity Centre Limited (formerly known

as Camlin Alphakids Limited) and also provision has been taken for diminution in value of investments in that subsidiary Company.

#### Outlook of Business

The outlook for the stationery industry in India continues to remain positive. The Government continues its strong focus on improving education and increasing literacy in the country. It has sent an enrolment target of 35.9 million by the end of the 12<sup>th</sup> Five Year Plan (2012-17). Under the non-planned expenditure, the Government has estimated ₹ 11,247 crores for education in 2013-14. To increase secondary education in the country, a sum of ₹ 7,710 crore has been allotted in the Union Budget of 2013-14, and a sum of ₹ 16,210 crore has been allotted in the Union Budget 2013-14 to improve Higher Secondary education in the country.

Besides the education segment, the office stationery segment is also poised for growth. The Company is well-positioned to take advantage of these opportunities in the industry. The Company is a dominant player in the two key businesses of the Company, namely the School and Education Products and Fine Art and Hobby Materials segment. In the office stationery market, the Company has added to its strength through its alliance with Kokuyo S&T. The Company plans to garner a larger share of the office stationery market with launch of more Kokuyo products.

#### Risks

##### Cyclical Business

The school stationery business of the Company is directly linked to the school calendars, and therefore, is highly cyclical in nature, with a strong revenues coming at the start of the school term compared to the mid-term or end of term periods. However, the Fine Arts and Hobby Products and office products business of the Company is relatively more well-spread across the year, which ensure relatively stable and steady cash flows and reduce the risk of extreme cash flow fluctuations.

##### Competition

The stationery business in India is highly fragmented with a large portion of the market being catered by the unorganised sector. This makes the business extremely competitive particularly from a price-sensitivity context as well as higher costs for reaching





to customers. The Company has various strengths that counter and mitigate this significant risk. These include its two flagship brands, CAMEL and CAMLIN that are extremely strong in the market and have a high resonance with customers. Another key strength of the Company is its vast range of products, numbering more than 2000 SKUs that penetrate all markets segments and categories. With timely marketing initiatives like new product launches, brand promotion, sampling driven by thorough and regular market research and customer-centric feedback systems like readers' forum, the Company believes it can overcome the risk of competition.

#### **Raw Materials – Supply and Costs**

The performance of the Company is linked to the availability and costs of raw materials and fuel. Abrupt increases in commodity prices, like in Fiscal 2013 affect the financial performance of the Company in terms of sales, profitability and cash-flows. The Company in some of its segments has been successful in passing over these to the customers, and therefore, these risks do not have that much bearing on sales and profitability. However, these risks might affect the cash-flows of the Company due to a time-lag between rise in prices of raw materials and the changes in prices at customer end. Also, with rising competition, the Company might not be able to fully pass on the increases to customers.

#### **Availability of cost-effective sources of funds**

The nature of business is capital intensive. Also, the cyclical nature of the school stationery business, means that products need to be manufactured and put into the supply pipeline well in advance. This does put a stress on the working capital requirement of the Company, for which the Company needs cost-effective sources of funds. The Company has sufficient funds from its operations, capital from shareholders and other forms of term working capital in the form of term loans, foreign loans, cash credit, fixed deposits and loans from banks.

#### **Internal Control Systems and their Adequacy**

The Company has internal control systems in place commensurate with the size of business and the industry it operates in. It has well-defined and well-documented systems, policies, procedures and guidelines to cover all aspects of operations. The Company strictly adheres to the laws, rules and statutes of the land, and ensures compliance at all levels and

across all divisions and department. The Company regularly undertakes internal audit which is under the supervision of its Audit Committee. Any concerns raised are immediately address and corrected. The Company has an well-defined MIS systems that ensures monitoring of expenses within the budgetary allocations, and any mismatch is immediately flagged off for attention and corrective measures.

#### **Significant Development in Human Resources**

The Company strongly believes that employees are the most valuable resources and takes efforts to create a positive, vibrant and safe work environment. The Company has a well-defined work culture that is based on values like honesty, integrity, cooperation, empathy and progress. The past year saw various HR initiatives aimed towards supporting the Company culture from introduction of the Kokuyo Camlin Code of Conduct to introduction of leadership competencies for the Senior Management team.

The organisation takes efforts to ensure that we are compliant in every aspect of our business and this was also reflected in the results of the 360 degree survey conducted for the leadership team. The results highlighted the leadership team being very high on compliance.

Training initiatives like Outdoor Experiential Programme for the Senior Management Team, Managerial Skills workshops for the Sales team, Finance for Non Finance workshops amongst others were also undertaken. Employee Development will remain at the core of HR initiatives for the year 2014-15. Various trainings programs have been planned with an objective to support the employee's skill development in an increasingly dynamic and complex business landscape.

To enhance productivity of our employees at factories, they have been imparted refresher trainings on quality concepts like 5S and Kaizen. It is a proud achievement that the quality circle teams at Tarapur, Vasai & Taloja factories have been felicitated at the Annual Quality Convention programme held at QCFI Mumbai chapter. HR also organised various engagement activities to boost employee morale & increase interdepartmental bonding. The organisation believes that employees shall be the key to the success of Kokuyo Camlin and would undertake all efforts for their development.

As on 31<sup>st</sup> March 2014, the total numbers of employees were 1191.

### Cautionary Statement

*The Annual Report may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. Kokoyu Camlin is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.*

### DISINVESTMENT OF ENTIRE STAKE IN 100% SUBSIDIARY CAMLIN ALPHAKIDS LIMITED (NOW ALPHAKIDS LEARNING AND ACTIVITY CENTRE LIMITED)

Your Company had ventured into the business of running pre-schools in the year 2009 and had set up a wholly owned subsidiary namely Camlin Alphakids Limited. Unfortunately since inception, this business has been incurring huge losses & had never turned around. In the past 5 years, the financials have been EBIDTA negative and have been continuously seeking funding from the parent Company. Till FY 13-14 your Company had invested a total sum of ₹535.32 Lacs, out of which by way of equity & preference capital of ₹230.00 Lacs and advances of ₹305.32 Lacs, a significant portion of which was towards funding of the losses. In the past 2 years, the performance of your Company has not been encouraging and is incurring losses. In such circumstance, it had become increasingly difficult to continue funding the Subsidiary. Your Company's core business is stationery & the losses in Camlin Alphakids was diverting the management's energy and focus into the non-core business of pre schools. It was also realized that the losses in Camlin Alphakids were deteriorating the Company's consolidated financials and thereby reducing the EPS and shareholder value. The Management did not foresee any turnaround of this business in near future. The Board of Directors and Kokuyo S&T, Co Ltd. the main promoter who holds 65.77% of shareholding, therefore took a decision to disinvest its holding in the subsidiary. Your Company has written off the Advance of ₹305.32 Lacs in the year 2013-14.

In April, the entire stake of equity & preference shares amounting to ₹230.00 Lacs was sold to one of the promoter Mr. Dilip Dandekar along with his family members and associate company for a total consideration of ₹50.00 Lacs. The consideration was finalised based on an independent valuation. Camlin Alphakids Limited ceases to be subsidiary with effect from 1<sup>st</sup> April, 2014.

The aforesaid transactions for sale of stakes to the related party is proposed by board by way of special resolution for your approval, you are requested to approve the same.

### CONSOLIDATED FINANCIAL STATEMENTS:

In line with the General Circular no 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate affairs, the Board of Directors of your Company had passed a Resolution for giving its consent for not attaching the financial statements of the Subsidiary Companies to the Balance Sheet of the Company for the year ended 31<sup>st</sup> March, 2014.

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

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

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

### DEPOSITS:

The Company has not accepted any fixed deposits during the year. There are no overdue deposits except unclaimed deposits amounting to ₹0.65 lacs as at 31<sup>st</sup> March, 2014.

### DIRECTORS:

Mr. R.C Bhargava relinquished his office with effect from 31<sup>st</sup> January 2014 and Mr. Hirofumi Iwatsu relinquished his office with effect from 20<sup>th</sup> March 2014. The board appointed Mr. Venkataraman Sriram





as a Director in casual vacancy in place of Mr. R.C. Bhargava and Mr. Yasushi Inoue as a Director in casual vacancy in place of Mr. Hirofumi Iwatsu. Your Director feel privileged to have an association with Mr. R.C. Bhargava & Mr. Hirofumi Iwatsu and express their appreciation for the valuable services rendered by them during their tenure.

Impeding notification of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. R. Sriram, Mr. Shishir Desai, Mr. Hisamaro Garugu, Mr. Devendra Kumar Arora, Mr. V. Sriram and Mr. Noruyuki Watanabe as Independent Directors for five consecutive years for a term up to 31<sup>st</sup> March, 2019. Details of the aforesaid are mentioned in the Explanatory Statement under section 102(1) of the Companies Act, 2013 of the Notice of the 67<sup>th</sup> Annual General Meeting.

Mr. Takeo Iguchi and Mr. Yasushi Inoue shall retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

The term of Mr. Nobuchika Doi and Mr. Takeo Iguchi both Executive Directors which was for a period of 3 years from 1<sup>st</sup> November, 2011 expires on 31<sup>st</sup> October, 2014. The Directors are seeking appointment of Mr. Nobuchika Doi and Mr. Takeo Iguchi as Executive Directors retiring by rotation for a period of 3 years. Details of the proposal for appointment of Mr. Nobuchika Doi and Mr. Takeo Iguchi are mentioned in the explanatory statement under section 102(1) of the Companies Act 2013 of the notice of the 67<sup>th</sup> Annual General Meeting. Their appointments are appropriate and in the best interest of the Company.

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

None of the Directors are disqualified from being appointed as Directors as specified in Section 274(1) (g) of the Companies Act, 1956 (Section 164 of the Companies Act, 2013).

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

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

- i. That in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- ii. That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2014 and of the loss of the Company for the year under review;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31<sup>st</sup> March, 2014 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014 on a 'going concern' basis.

#### **RECONCILIATION OF SHARE CAPITAL AUDIT:**

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

#### **COST AUDITORS:**

In compliance with the notification no. F No 52/26/CAB-2010 dated January 24, 2012 issued by the Cost Audit Branch under MCA, the Company has appointed M/s. Vinay Mulay, Cost Accountants, Mumbai as Cost Auditor of the Company pursuant to Section 233B of the Companies Act, 1956 for the audit of cost accounts in respect of colour products manufactured by the Company for the year ended 31<sup>st</sup> March, 2014 at the meeting of the Audit Committee and Board of Directors held on 14<sup>th</sup> May, 2013.

The cost compliance and cost audit reports for the year ended 31<sup>st</sup> March, 2013 was to be filed on or before 30<sup>th</sup> September, 2013. The Company has duly filed the cost compliance and cost audit reports before the due date on 2<sup>nd</sup> September 2013 and 5<sup>th</sup> September, 2013 respectively.

#### **CORPORATE GOVERNANCE:**

Your Company has always endeavored to adhere to high standards of Corporate Governance and ensured its compliance both in spirit and law. As per the requirements of the Listing

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

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

The Company had transferred a sum of ₹0.57 lacs during the financial year to the Investor Education and Protection Fund established by the Central Government. The said amount represents principal amount of fixed deposit and interest which remain unclaimed with the Company for a period of 7 years from their respective due dates of payment.

### **AUDITORS:**

M/s B. K. Khare & Co., Chartered Accountants, Mumbai, Statutory Auditors of your Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment as Statutory Auditors for the financial year 2014-15. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company proposes the re-appointment of M/s. B. K. Khare and Co., Chartered Accountants, Mumbai, as Statutory Auditors of your Company. You are requested to appoint them.

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

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are

being sent to the members excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

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

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

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

### **ACKNOWLEDGEMENT:**

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

Your Directors also wish to place on record their appreciation for the support and guidance provided by its Parent Companies, Kokuyo Co. Ltd. and Kokuyo S & T Co. Ltd, Japan.

For & on behalf of the Board

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

Place: Mumbai  
Dated: 9<sup>th</sup> May, 2014







## Annexure A to Directors' Report

**IN TERMS OF CLAUSE 12.1 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES 1999 ("THE SEBI GUIDELINES") THE PARTICULARS OF OPTIONS AS ON 31<sup>ST</sup> MARCH, 2014 ARE AS UNDER:**

Sr. No.	Description	Details
a	Options granted	25,72,500
b	The pricing formula	Average of daily closing price during 7 days preceding the date of grant.
c	Options vested	23,55,700
d	Options exercised	20,85,975
e	Total number of shares arising as result of exercise of options	20,85,975
f	Options lapsed	4,86,525
g	Variation of terms of Options	Nil
h	Money realized by exercise of options	₹ 15,62.000/-
i	Total number of options in force	Nil
j	Employee-wise details of options granted to:	
	i. Senior Managerial Personnel	Mr. R. Y. Gotey, C.O.O. – Production (Col. Grp.) – 72,000 Mr. N. V. Pitale, President – Projects (New Business Development) – 45,000 Mr. C. R. Badal, C.F.O. – 45,000 Mr. R. V. Damle, V.P. (Corporate) & Company Secretary – 36,000
	ii. Any other Employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	N.A.
	iii. Identified Employees who were granted option, during any one year, equal to or exceeding 1% of the issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	N.A.
k	Diluted earning per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning per Shares.'	Basic ₹ (1.33) Diluted ₹ (1.33)

Sr. No.	Description	Details
l	The difference between the employee compensation cost computed under intrinsic value method and the Employee compensation cost that shall have been recognized if the Company had used the fair value methods and its impact on profits and on EPS of the Company.	Adjusted EPS Basic ₹ (1.33) Diluted ₹ (1.33)
m	Weighted average exercise prices and weighted average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Exercise price equal to Market Price - N.A. Weighted average fair value is greater than Market price - ₹ 6.62 Exercise is less than Market Price - N.A.
n	Description of the method and significant assumptions used during the year to estimate the fair values of Options.	The Company has opted intrinsic value method for accounting of compensation cost arising out of ESOP. However, for disclosure in Para I, the following assumptions have been used.
	i. Risk-free interest rate,	7.31%
	ii. expected life	2.5 years
	iii. expected volatility	70.73%
	iv. Expected dividend yield	1.14%
	v. The price of the underlying share in the Market at the time of option granted	₹ 150.80

**For & on behalf of the Board**

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

Place: Mumbai  
Dated: 9<sup>th</sup> May, 2014





## Annexure B to Directors' Report

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

#### (A) CONSERVATION OF ENERGY

##### (a) Energy conservation measures taken:

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

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

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

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

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

#### (B) TECHNOLOGY ABSORPTION

##### Research and Development (R & D)

1. Specific areas : New product development, in which R&D process development, Carried out by process/product - the Company continual improvement and development.
2. Benefits derived : Cost reduction, quality up as a Result of gradation, development of the above R&D 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. R & D has been strengthened in line with the vision of Kokuyo Camlin Ltd. and its parent company by strengthening in various disciplines through innovation, enriching product portfolio through new product development to cater to vast range of products.

(₹ in Lacs)

4. Expenditure on R&D	2013-2014	2012-2013
(a) Capital	-	-
(b) Recurring	209.57	109.03
(c) Total	209.57	109.03
(d) Total R&D Expenditure as a Percentage of total turnover	0.43	0.25

##### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Major countries of export are SAARC Countries, Middle East, Far East and CIS Regions. The Company is aggressively

focusing in OEM business in CIS countries and branded business in Middle East, SAARC & Far East Countries for Hobby and Fine Art and Stationery products.

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

(₹ in Lacs)

	2013-2014	2012-2013
Foreign exchange used	<b>3787.74</b>	3876.09
Foreign exchange earned	<b>961.44</b>	877.73

**For & on behalf of the Board**  
**DILIP D. DANDEKAR**  
**Chairman & Executive Director**

Place: Mumbai  
Dated: 9<sup>th</sup> May, 2014





# Report on Corporate Governance

Your Directors present the Company's Report on Corporate Governance as per Clause 49 of the Listing Agreement for the year ended 31<sup>st</sup> March, 2014.

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

## 2. BOARD OF DIRECTORS:

### Composition:

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

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

Composition, nature of Directorship, number of meetings attended and the Directorship in other Companies of the Board of Directors as on 31<sup>st</sup> March, 2014 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	5	7	Yes	Nil	1
Mr. Shriram S. Dandekar Vice Chairman & Executive Director (01056318)	ED	5	1	Yes	Nil	Nil
Mr. Shishir B. Desai (01453410)	NED (I)	5	1	Yes	Nil	Nil
Mr. Ramanathan Sriram (00065069)	NED (I)	5	1	Yes	Nil	Nil
Mr. Takuya Morikawa (03599830)	NED	5	—	Yes	Nil	Nil
Mr. Nobuchika Doi (03599835)	ED	5	—	Yes	Nil	Nil
Mr. Hirofumi Iwatsu(**) (03602291)	NED	5	Nil	Yes	Nil	Nil
Mr. Takeo Iguchi (03599826)	ED	5	—	Yes	Nil	Nil
Mr. Ravindra Chandra Bhargava (*) (00007620)	NED(I)	4	10	Yes	4	9
Mr. Hisamaro Garugu (00579089)	NED(I)	3	Nil	Yes	Nil	Nil
Mr. Devendra Kumar Arora (05160734)	NED(I)	5	Nil	Yes	Nil	Nil
Mr. Noriyuki Watanabe (06391818)	NED(I)	4	1	Yes	Nil	Nil
Mr. Venkataraman Sriram (#) (06790179)	NED(I)	2	NIL	No	NIL	NIL
Mr. Yasushi Inoue (##) (06838399)	NED	1	NIL	No	NIL	NIL

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

+ Excludes Directorship in Private Limited Companies, Foreign Companies, Companies under section 25 and Alternate Directorship.

\* Ceased to be a Director w.e.f. 31<sup>st</sup> January, 2014

\*\* Ceased to be a Director w.e.f. 20<sup>th</sup> March, 2014

# Appointed as a Director in Casual Vacancy caused due to resignation of the Mr. Ravindra Chandra Bhargava w.e.f. 31<sup>st</sup> January, 2014.

## Appointed as a Director in Casual Vacancy caused due to resignation of the Mr. Hirofumi Iwatsu w.e.f. 20<sup>th</sup> March, 2014.

As on 31<sup>st</sup> March 2014, none of the Directors are related inter-se.

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

### Number of Board Meetings:

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

Sr. No.	Date	Board Strength	No. of Directors Present
1	14 <sup>th</sup> May, 2013	12	11
2	23 <sup>rd</sup> July, 2013	12	12
3	1 <sup>st</sup> November, 2013	12	12
4	31 <sup>st</sup> January, 2014	12	12
5	20 <sup>th</sup> March, 2014	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](http://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:

#### Mr. Takeo Iguchi

Mr. Takeo Iguchi, is an Executive Director of the Company. He has a degree in Bachelor of Arts. He joined Kokuyo Co. Ltd. in the year 1991 and was the department manager of the business planning department of Kokuyo S&T, Asia Pacific marketing division. He has approximately 22 years of experience in the field of production, planning and control in the stationery business. He has been instrumental in setting up stationery manufacturing plants of Kokuyo S&T in Vietnam and China as well as expanding the existing stationery manufacturing operations in Thailand. He looks after the business aspects with respect to production, planning and control of the Company.

Other Directorships - 1

Name of the Company	Position
Kokuyo Riddhi Paper Products Private Limited	Director

#### Mr. Ramanathan Sriram

Mr. Ramanathan Sriram is a Non-Executive and Independent Director of the Company. He is entrepreneur who is best known as the

co-founder of Crossword Bookstores. He runs Next Practice Retail that offers business design, strategy and innovation consulting services to consumer and retail business.

Mr. Ramanathan Sriram is an advisor to Seedfund, the early stage of venture fund and to some of its investee companies. He also advises and mentors many established companies as well as start-ups.

He is passionate about social entrepreneurship and serve as trustee of SNEHA (Society for Nutrition Education and Health Action for women and children in urban slums) and serves on the Board of advisors of Pratham Books that publishes affordable books for children in multiple Indian languages, junoon Theatre that works to unleash the potential of theatre to contribute to making a creative, imaginative, human world and Toybank that works to provide toys to under-privileged children.

He is visiting faculty at IIM Ahmedabad, IIM Lucknow and other business schools as it keeps him learning.

Other Directorships - 1

Name of the Company	Position
Alphakids Learning and Activity Centre Limited	Director

#### Mr. Shishir B. Desai

Mr. Shishir B. Desai, is a Non-Executive and Independent Director of the Company. He is a law graduate and is the founding partner of Desai & Chinoy. He is also a qualified Company Secretary. He has 35 years of experience as a practicing advocate and solicitor in India.

Other Directorships - 1

Name of the Company	Position
Paramount Cosmetics (India) Limited	Director

#### Mr. Hisamaro Garugu

Mr. Hisamaro Garugu, is a Non-Executive and Independent Director of the Company. He has a Masters in Science degree as well as a Doctorate from Banaras Hindu University, India. He is currently a consultant to Eisai Co. Ltd. and Chairman of NuLink Co. Ltd., Japan.

Other Directorship - NIL



**Mr. Devendra Kumar Arora**

Mr. Devendra Kumar Arora, is a Non-Executive and Independent Director of the Company. He is an entrepreneur based out of Japan and has past experience of working with General Electric Co. Limited.

Other Directorship – NIL

**Mr. Venkataraman Sriram**

Mr. V Sriram, is a Non-Executive and Independent Director of the Company. He was appointed in casual vacancy in place of Mr. R.C. Bhargava. He is a Senior Vice President and is the Regional Head for Japan region. He is part of the Infosys' Tier 1 leadership. He is guest faculty in renowned management schools in both India and Japan. He has an MBA from Indian Institute of Management, Ahmedabad. He graduated in Electronics and Communication Engineering from Karnataka Regional Engineering College, Suratkal.

Other Directorship – NIL

**Mr. Noriyuki Watanabe**

Mr. Noriyuki Watanabe, is a Non-Executive and Independent Director of the Company. He was appointed in casual vacancy in place of Mr. Hiroaki Takayama, He is a commerce graduate from the Otaru University of Commerce. He worked with the Industrial Bank of Japan Ltd. and in the year 2002, he joined Mizuho Corporate Bank Ltd. and worked in various capacities. He is presently a Joint General Manager of the Mumbai Branch of the Mizuho Corporate Bank Ltd.

Other Directorships -1

Name of the Company	Position
Sharp India Limited	Director

**Mr. Yasushi Inoue**

Mr. Yasushi Inoue, is a Non-Executive Director of the Company. He was appointed in casual vacancy in place of Mr. Hirofumi Iwatsu. He is associated with Kokuyo group since 1981. He has a wide experience in Product planning and development and he is currently the Director and Senior Managing officer of Kokuyo S & T Co.,Ltd.

Other Directorships – NIL

**Mr. Takuya Morikawa**

Mr. Takuya Morikawa, is the Senior Vice Chairman and Non-Executive Director of the Company. He holds a Bachelor in Economics and has 31 years of experience in projects, research and development and corporate strategy. He joined Kokuyo Co. Ltd. in the year 1982. Presently, he is the senior corporate officer of Kokuyo Co. Ltd. and president and CEO of Kokuyo S&T Co Ltd.

Other Directorships – 1

Name of the Company	Position
Kokuyo Riddhi Paper Products Private Limited	Director

**Mr. Nobuchika Doi**

Mr. Nobuchika Doi, is an Executive Director of the Company. He has a degree in Bachelor of Economics. He joined Kokuyo Co. Ltd. in the year 1989. He has approximately 24 years of work experience in the field of business strategy and marketing, planning, research and development, production technology and distribution management, of stationery products. Presently, he looks after all the business aspects of strategy, planning and execution of the Company.

Other Directorships – 1

Name of the Company	Position
Kokuyo Riddhi Paper Products Private Limited	Director

**Committees of the Board:**

The Board of Directors has constituted four Committees i.e. Audit Committee, Stake Holder Relationship Committee, Remuneration and Nomination Committee and Corporate Social Responsibility Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Stake Holder Relationship Committee, Remuneration and Nomination Committee are placed before the Board for their information and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these Committees are given below :

### 3. AUDIT COMMITTEE:

#### Composition, meetings and attendance during the year

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

During the financial year, Four (4) meetings of the Audit Committee were held on 14<sup>th</sup> May, 2013, 23<sup>rd</sup> July, 2013, 1<sup>st</sup> November, 2013 and 31<sup>st</sup> January, 2014.

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

Name	Designation	Category	No. of Meetings attended
Mr. Shishir B. Desai*	Chairman	NED(I)	-
Mr. Ravindra C. Bhargava **	Chairman	NED(I)	3
Mr. R. Sriram	Member	NED(I)	4
Mr. Takuya Morikawa	Member	NED	4
Mr. Noriyuki Watanabe	Member	NED(I)	4

\* Appointed as a 'Chairman' w.e.f. 31<sup>st</sup> January, 2014.

\*\* Ceased to be a member w.e.f. 31<sup>st</sup> January, 2014.

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

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

The Chairman of the Audit committee was present at the Annual General Meeting Held on 23<sup>rd</sup> July, 2013.

#### Terms of reference:

The terms of reference to this committee, interalia covers all the matters specified under

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

### 4. REMUNERATION AND NOMINATION COMMITTEE:

#### Composition, meetings and the attendance during the year

With effect from 31<sup>st</sup> January, 2014 remuneration and compensation committee is renamed as "Remuneration and Nomination Committee".

During the financial year, Two (2) meeting of "Remuneration and Nomination Committee" was held on 14<sup>th</sup> May, 2013 and 23<sup>rd</sup> July, 2013.

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

Name	Designation	Category	No. of Meetings attended
Mr. Shishir B. Desai	Chairman	NED (I)	2
Mr. Dilip D. Dandekar	Member	ED	2
Mr. Hisamaro Garugu	Member	NED (I)	1
Mr. Noriyuki Watanabe	Member	NED (I)	2

#### Terms of reference:

The main term of reference of the Committee is

- To approve fixation/revision of remuneration of the Wholetime Directors/Manager of the Company after taking into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.





**Remuneration to Directors/Managers:****A. Executive Directors:**

Following is the Remuneration paid to the Executive Directors for the financial year ended 31<sup>st</sup> March, 2014:

(₹ In Lacs)

Name	Salary Including HRA *	Perquisites#	Total
Mr. Dilip D. Dandekar	65.40	45.08	110.48
Mr. Shriram S. Dandekar	55.20	37.13	92.33
Mr. Nobuchika Doi	41.04	42.39	83.43
Mr. Takeo Iguchi	41.04	42.90	83.94

\* Salary including HRA includes Leave encashment of Salary.

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

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

**B. Manager:**

The Board of Directors had appointed Mr. Ayyadurai Srikanth as Manager designated as 'Chief Executive Officer' with effect from 1<sup>st</sup> February, 2013 for the period of three years under the Companies Act, 1956 and any other applicable provisions if any. Pursuant to the said appointment, the remuneration paid to him for the period ended 31<sup>st</sup> March, 2014 was ₹60.77 Lacs which includes performance linked remuneration of ₹11.50 Lacs.

**C. Non-Executive Directors:**

Sitting Fees are paid to Non executive Directors as below:

For Board & Audit Committee meeting ₹10,000/- per meeting. For Remuneration & Nomination and Stakeholder Relationship Committee meetings ₹5,000/- per meeting.

The details of Sitting Fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2014 are given below:

(₹ in Lacs)

Name	Sitting Fees
Mr. Shishir B. Desai	0.80
Mr. Ramanathan Sriram	1.10
Mr. Hisamaro Garugu	0.35
Mr. Ravindra Chandra Bhargava	0.70
Mr. Devenra Kumar Arora	0.50
Mr. Venkataraman Sriram	0.20
<b>Grand Total</b>	<b>3.65</b>

The Company has paid legal fees of ₹4.09 Lacs for the financial year 2013-14 to M/s. Desai & Chinoy, a firm of Solicitors & Advocates in which Mr. Shishir B. Desai is a partner. The services provided by his firm are purely of professional nature. The aforesaid professional fees paid to M/s. Desai & Chinoy are not considered material enough to affect the independence of Mr. Shishir B. Desai.

**The details of Shareholding of Non-Executive Directors/Independent Directors as on 31<sup>st</sup> March, 2014:**

The Non-Executive/Independent Directors are not holding any shares in the Company as on 31<sup>st</sup> March, 2014.

**5. STAKE HOLDER RELATIONSHIP COMMITTEE:****Composition, meetings and the attendance during the year.**

With effect from 20<sup>th</sup> March, 2014 Shareholders/ Investors Grievance Committee is renamed as "Stake Holder Relationship Committee"

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

During the financial year, four (4) meetings were held on 14<sup>th</sup> May, 2013, 23<sup>rd</sup> July, 2013, 1<sup>st</sup> November, 2013 and 31<sup>st</sup> January, 2014.

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

Name	Designation	Category	No. of Meetings attended
Mr. Ramanathan Sriram	Chairman	NED (I)	4
Mr. Shishir B. Desai	Member	NED(I)	4
Mr. Shriram S. Dandekar	Member	ED	4

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

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

During the year, Twenty One (21) Complaints about non receipt of Dividend and Share Certificates were received from shareholders, which were attended promptly and resolved to the satisfaction of the concerned Shareholders.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):

Corporate Social Responsibility Committee was constituted on 31<sup>st</sup> January, 2014 in terms of provision section 135 of the Companies Act, 2013.

During the financial year, 2013 - 2014 no meeting of the committee was held, since the occasion for it did not arise.

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

Name	Designation	Category
Mr. Ramanathan Sriram	Chairman	NED (I)
Mr. Nobuchika Doi	Member	ED
Mr. Shriram S. Dandekar	Member	ED

#### Terms of reference -

Formulate and recommend to the Board 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.

## 7. GENERAL BODY MEETINGS:

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

Financial Year Ended	Venue	Date & Time	Special Resolutions Passed
31 <sup>st</sup> March, 2013	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai- 400 020	23 <sup>rd</sup> July, 2013 at 3.30 p.m.	No Special Resolution was passed.
31 <sup>st</sup> March, 2012	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai- 400 020	26 <sup>th</sup> July, 2012 at 3.00 p.m.	Alteration in Articles of Association of the Company in respect of increase in Authorised Share Capital.
31 <sup>st</sup> March, 2011	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai -400 020	7 <sup>th</sup> July, 2011 at 3.00 p.m.	Approval of payment of minimum remuneration to the Wholetime Directors in terms of Section 198(4) of the Companies Act, 1956.

During the year, no resolution was passed through postal ballot.

## 8. DISCLOSURES:

#### Related Party Transactions

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

Transactions with the related parties are disclosed under Schedule 21(v) to the financial statements in the Annual Report.

#### Compliance with Regulations

The Company has complied with all the requirements of the Listing Agreement with the BSE Limited and National Stock Exchange of India Limited as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory authorities in any





matter relating to capital markets during the last 3 years.

### Accounting Standards

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

### Risk Management

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

### CEO/CFO Certification

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

## 9. MEANS OF COMMUNICATION:

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

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

## 10. GENERAL SHAREHOLDER INFORMATION:

i. As indicated in the Notice to our Shareholders, the 67<sup>th</sup> Annual General Meeting of the Company will be held on Thursday, the 17<sup>th</sup> July, 2014 at 11.30 a.m. at Textile Committee Building, Auditorium, 1<sup>st</sup> Floor, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

ii. The Financial year of the Company: 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Calendar	Financial Reporting by
Unaudited Results for the quarter ending 30 <sup>th</sup> June, 2014	: Mid of August, 2014.
Unaudited Results for the quarter ending 30 <sup>th</sup> September, 2014.	: Mid of November, 2014.
Unaudited Results for the quarter ending 31 <sup>st</sup> December, 2014.	: Mid of February, 2015.
Audited Results for the quarter/year ending 31 <sup>st</sup> March, 2015.	: End of May, 2015.

iii. Date of Book Closure: From 11<sup>th</sup> July, 2014 to 17<sup>th</sup> July, 2014 (both days inclusive).

Listing of Equity Shares on Stock exchange: The BSE Limited (Stock Code 523207), National Stock Exchange of India Limited (Stock Code KOKUYOCAMLN). The Company has paid Listing Fees till March 2015.

iv. Demat ISIN in CDSL/NSDL:- INE 760A01029

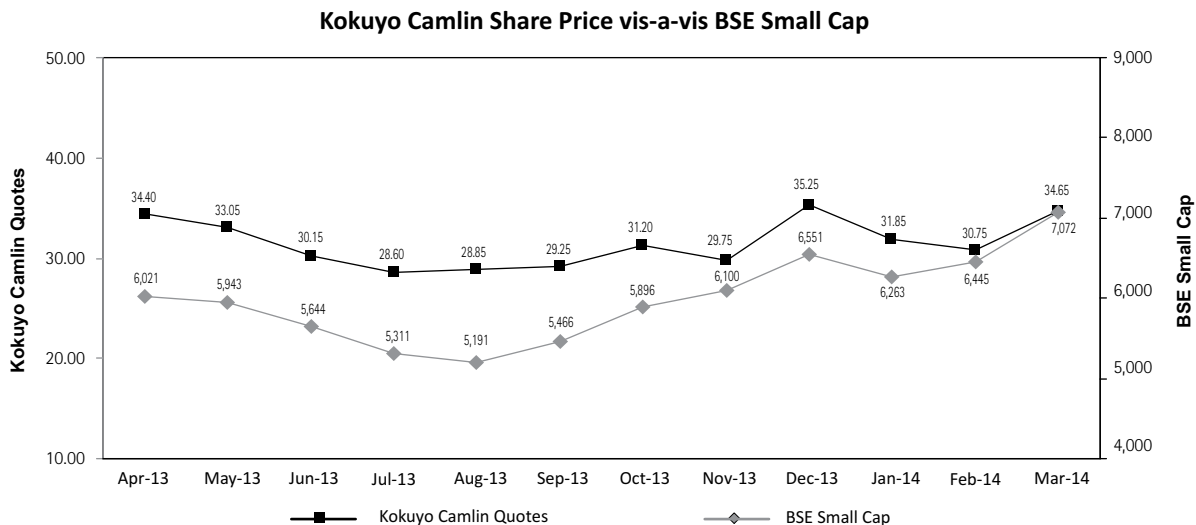
Corporate Identity Number (CIN):- L24223MH1946PLC005434

v. Share Prices (High/Low) for the year at BSE and NSE :

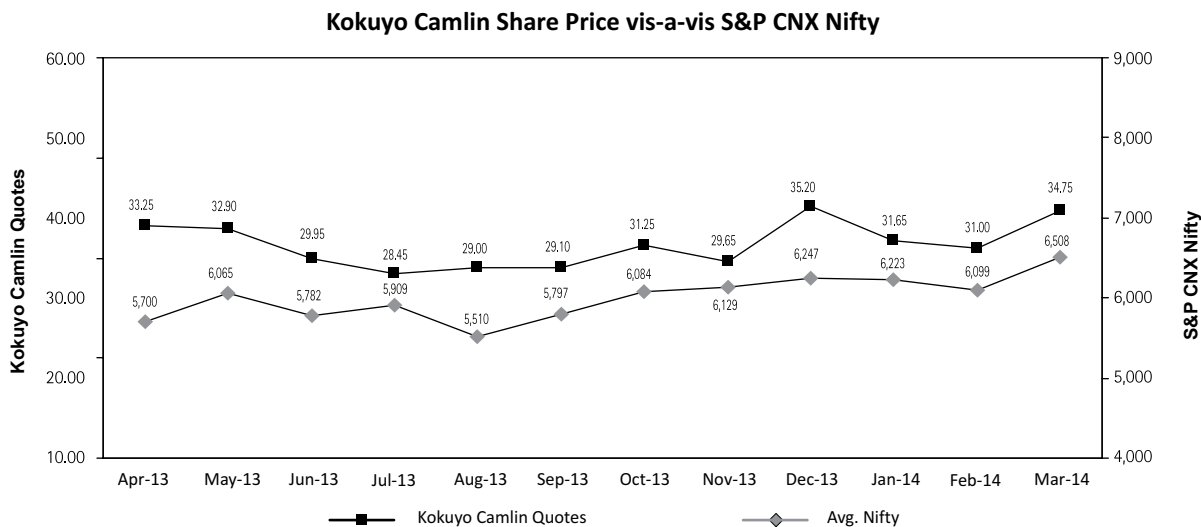
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2013	35.10	30.10	34.90	30.30
May, 2013	39.00	31.60	38.90	31.35
June, 2013	34.45	29.00	34.40	29.15
July, 2013	32.10	27.50	32.15	27.75
August, 2013	31.15	26.75	31.00	26.50
September, 2013	32.80	28.10	34.00	28.80
October, 2013	31.90	28.25	31.60	28.60
November, 2013	32.65	29.30	32.45	29.00
December, 2013	38.70	29.50	38.80	29.50
January, 2014	36.30	31.00	36.50	30.95
February, 2014	33.00	29.35	34.00	29.05
March, 2014	35.05	30.10	35.45	30.10

vii. Stock performance:

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



The performance of the Company in comparison to S&P CNX NIFTY is given in the Chart below:



viii. Registrars and Share Transfer Agents for Shares :

M/s. Sharepro Services India Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072, Tel: (022) 77203000/ 67720400 and Fax: (022) 28591568 are acting as Registrar & Transfer Agents(RTA) for handling the shares related matters both in Physical & Dematerialized mode.

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

ix. Share Transfer System:

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





approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgement, subject to the transfer instrument being valid and complete in all respects.

x. Secretarial Audit

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

for due compliance of share transfer formalities by the Company.

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

xi. Distribution of Shareholding as on 31<sup>st</sup> March, 2014:

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
Up to 5000	15978	97.00	9665384	9.63
5001-10000	256	1.55	1951477	1.94
10001-20000	111	0.67	1595235	1.59
20001-30000	42	0.26	1044383	1.04
30001-40000	15	0.09	527635	0.53
40001-50000	12	0.07	558535	0.56
50001-100000	22	0.13	1700309	1.70
100001 and above	37	0.23	83260848	83.01
<b>Total</b>	<b>16473</b>	<b>100.00</b>	<b>100303806</b>	<b>100.00</b>

xii. Shareholding Pattern as on 31<sup>st</sup> March, 2014

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total shareholding as a percentage of total no. of shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
a	Individuals/Hindu Undivided Family	17	3764374	3.75
b	Central Government/State Government(s)	-	-	-
c	Bodies Corporate	4	3902460	3.89
d	Financial Institutions/Banks	-	-	-
e	Any Other (specify)	-	-	-
	<b>Sub - Total (A)(1)</b>	<b>21</b>	<b>7666834</b>	<b>7.64</b>
(2)	Foreign			
a	Individuals (Non-Resident Individuals/Foreign Individuals)	4	1579050	1.58
b	Foreign Bodies Corporate	1	65971120	65.77
c	Institutions	-	-	-
d	Any Other (Specify)	-	-	-
	<b>Sub - Total (A)(2)</b>	<b>5</b>	<b>67550170</b>	<b>67.35</b>
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + A(2)	26	75217004	74.99

Category Code	Category of Shareholder	No. of Share-holders	Total No. of Shares	Total share-holding as a percentage of total no. of shares
(B)	Public Shareholding			
(1)	Institutions			
a	Mutual Funds/UTI	-	-	-
b	Financial Institutions / Banks	3	4300	-
c	Central Government/ State Government(s)	-	-	-
d	Venture Capital Funds	-	-	-
e	Insurance Companies	-	-	-
f	Foreign Institutional Investors	1	3252539	3.24
g	Foreign Venture Capital Investors	-	-	-
h	Any other (specify)	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>4</b>	<b>3256839</b>	<b>3.24</b>
(2)	Non Institutional			
a	Bodies Corporate	453	2849182	2.84
b	Individuals	15816	14834263	14.79
	Individual shareholders holding nominal share capital upto ₹ 1 lakh			
	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15	3880333	3.87
c	Non-Resident (Non-Rep.)	38	56668	0.06
	Non-Resident (Rep.)	118	184017	0.18
	Trust	3	25500	0.03
	<b>Sub-Total (B) (2)</b>	<b>16443</b>	<b>21829963</b>	<b>21.77</b>
	<b>Total Public Shareholding (B)(1) + (B)(2)</b>	<b>16447</b>	<b>25086802</b>	<b>25.01</b>
	<b>Total (B) = (A) + (B)</b>	<b>16473</b>	<b>100303806</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
	<b>Grand Total</b>	<b>16473</b>	<b>100303806</b>	<b>100.00</b>

xiii. Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by The National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) under ISIN No. INE 760A01029. As on 31<sup>st</sup> March, 2014, 97.41% of the total shares of the Company have been dematerialised.

The Shareholders holding shares in physical form are requested as company's shares to dematerialize their 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 BSE Limited.

xiv. Outstanding GDR/ADR/Warrants/Options

As of date, the Company has not issued GDRs/ADRs/Warrants or any other convertible instruments. The Company has granted 25,72,500 stock options under Employees Stock Option Scheme, 2008 to the eligible employees of the Company on 21<sup>st</sup> July, 2008. Each option entitles to the holder thereof to apply for and be allotted one Equity share of ₹ 1/- each upon payment of the exercise price during the exercise period. The vesting period commences after one year from date





of grant of option and expires at the end of five years from the date of such grant.

During the year, the Company has allotted 97,625 Equity Shares upon exercise of Stock Options to the eligible employees under the said ESOP scheme. The said scheme got expired on 21<sup>st</sup> July, 2013.

xv. Subsidiary Company :

The Company does not have any materially unlisted Indian Subsidiary but one Independent Director has been appointed on the Board of M/s Alphakids Learning and Activity Centre Limited (Formerly known as Camlin Alphakids Limited) which is 100% Subsidiary of your Company. The Company has disinvested the entire stake in the said subsidiary and it has cease to be subsidiary with effect from 1<sup>st</sup> April 2014. The minutes of the Subsidiary Companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of its subsidiaries is also reviewed by the Board periodically.

The Company has also allotted 31283831 Equity Shares of Re. 1/- each at a price of ₹ 33/- per share (inclusive of share Premium of ₹ 32/- per share) on Rights basis to the existing shareholders.

xvi. Plant Locations:

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

Address for correspondence:

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

xvii. Secretarial Department:

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

## 11. NON MANDATORY REQUIREMENTS:

### Non Executive Chairman's Office:

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

### Shareholders Rights:

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

### Audit Qualifications:

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

**For & on behalf of the Board**

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

Place : Mumbai  
Dated : 9<sup>th</sup> May, 2014

## **Certificate from auditors regarding Compliance of Conditions of Corporate Governance**

The Members of KOKUYO CAMLIN LIMITED

We have examined the compliance of conditions of Corporate Governance by Kokuyo Camlin Limited for the year ended on 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

**Himanshu Chapsey**  
Partner  
(Memership No. 105731)

Place : Mumbai  
Date : 9<sup>th</sup> May, 2014







# Independent Auditors' Report

To the Members of **Kokuyo Camlin Limited**

## Report on the Financial Statements

1. We have audited the accompanying financial statements of **Kokuyo Camlin Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 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 a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 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 Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**Himanshu Chapsey**  
Partner  
Membership Number - 105731

Mumbai  
May 9, 2014





## Annexure Referred to In Paragraph 3 of Our Report of Even Date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year. No material discrepancies between the book records and physical inventory are noticed.  
(c) There was no disposal of a substantial part of fixed assets during the year.
2. (a) Management has conducted physical verification of inventory at during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) In our opinion, the Company is maintaining proper records of inventory. 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. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets, sale of goods and services. In respect of purchase of inventory in our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items are of a special nature and their prices cannot be compared with alternate quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases inventory. We have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
5. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, and suitable alternative sources do not exist for obtaining comparative quotations, the transactions for purchase/sale of goods and materials, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices as available with the Company for such goods and materials, or the prices at which such transactions for similar goods and materials were made with other parties.
6. The Company has not accepted deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, VAT, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.  
(b) No undisputed amounts payable in respect of Income Tax, VAT, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in

arrears, as on March 31, 2014 for a period of more than six months from the date they became payable.

- (d) According to the records of the Company, there are no dues of Income Tax, Wealth Tax, Service Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute except in respect of following:

Name of the Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where pending
Income Tax Act, 1961	Income tax	19.92	2005-06	Pending before Dy. Comm of Income Tax
	Income tax	20.09	2005-06	Pending before CIT (Appeals) 17
Service Tax Act	Service Tax	9.99	2006-07	Pending before Comm of Central Excise (Appeals) Mumbai
Excise Duty Act	Excise duty	20.63	1990-1995	Pending before Mumbai High Court
	Excise duty	18.14	1992-1993	Pending before Comm of Central Excise and Service Tax Tribunal
	Excise duty	2.33		Pending before Comm of Central Excise (Appeal)
Central Sales Tax Act, 1956	Central sales tax	24.96	1995-2011	Pending before Dy. Comm of Sales Tax (Appeal)
	Central sales tax	0.30	2000-2001	Pending before Comm of Sales Tax - Tribunal
State Sales Tax Act	Local sales tax/VAT	83.17	1995-2011	Pending before Dy. Comm of Sales Tax (Appeal)

10. Though the Company has accumulated losses as at the end of the year, however, the same do not exceed fifty per cent of its net worth. The Company has incurred a cash loss in the immediately preceding financial year but has not incurred any cash loss during the current year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others during the year.
16. Term loans availed by the Company have been applied by the Company for the purposes for which they are obtained. During the year, pending utilisation of the entire amount of the term loan for the stated purpose, the funds were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilised for the sanctioned purpose.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. During the year, the Company has not raised any money by public issue of equity shares.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**Himanshu Chapsey**  
Partner  
Membership Number - 105731

Mumbai  
May 9, 2014





# Balance Sheet

as at 31<sup>st</sup> March, 2014

	Notes	As at 31.03.2014 (₹ in Lacs)	As at 31.03.2013 (₹ in Lacs)
<b>EQUITY AND LIABILITIES</b>			
Shareholder's Fund	2.a	<b>1,003.04</b>	689.22
Reserves and Surplus	2.b	<b>19,858.55</b>	11,158.61
<b>Shareholders' Funds</b>	2	<b>20,861.59</b>	11,847.83
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	4.a	<b>1,307.35</b>	1,743.14
Other long-term liabilities	4.b	<b>981.75</b>	808.22
<b>Non-Current Liabilities</b>		<b>2,289.10</b>	2,551.36
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	5.a	<b>5,375.20</b>	4,781.31
Trade payables	5.b	<b>8,711.41</b>	6,847.21
Other current liabilities	5.c	<b>1,842.33</b>	1,214.55
Short-term provisions	5.d	<b>177.07</b>	206.91
<b>Current Liabilities</b>	5	<b>16,106.01</b>	13,049.98
<b>TOTAL</b>		<b>39,256.70</b>	27,449.17
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	6.a		
Tangible Assets	6.a.i	<b>7,831.51</b>	6,935.25
Intangible Assets	6.a.ii	<b>55.99</b>	71.91
Capital Work-in-progress	6.a.iii	<b>594.88</b>	95.67
Non-Current investments	6.b	<b>66.88</b>	216.88
Deferred tax assets (Net)	3	<b>607.14</b>	440.85
Long-term loans and advances	6.c	<b>2,345.78</b>	1,055.60
<b>Non-Current Assets</b>		<b>11,502.18</b>	8,816.16
<b>CURRENT ASSETS</b>			
Inventories	7.a/1.F	<b>10,718.84</b>	9,610.45
Trade receivables	7.b	<b>7,083.97</b>	6,652.42
Cash and Bank Balances	7.c	<b>8,473.06</b>	1,398.61
Short-term loans and advances	7.d	<b>1,174.89</b>	937.63
Other current assets	7.e	<b>303.76</b>	33.90
<b>Current Assets</b>	7	<b>27,754.52</b>	18,633.01
<b>TOTAL</b>		<b>39,256.70</b>	27,449.17
Significant Accounting Policies	1		

**As per our report of even date annexed**

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Ayyadurai Srikanth  
Chief Executive Officer

Dilip Dandekar  
Shriram Dandekar

Chairman & Executive Director  
Vice Chairman & Executive Director

Himanshu Chapsey  
Partner

Chetan Badal  
Chief Financial Officer

Nobuchika Doi  
Takeo Iguchi  
Shishir B. Desai

Executive Director  
Executive Director  
Director

Membership No. 105731

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

Mumbai  
Dated: 9<sup>th</sup> May, 2014

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014

	Notes	Year ended 31.03.2014 (₹ in Lacs)	Year ended 31.03.2013 (₹ in Lacs)
<b>INCOME</b>			
Revenue from Operations	8	<b>48,847.28</b>	45,346.43
Less: Excise duty		<b>2,032.77</b>	1,754.91
		<b>46,814.51</b>	43,591.52
Other Income	9	<b>582.09</b>	25.47
<b>TOTAL INCOME</b>		<b>47,396.60</b>	43,616.99
<b>EXPENDITURE</b>			
Cost of materials	10	<b>18,283.67</b>	16,730.18
Purchases of Stock-in-Trade	11	<b>12,193.84</b>	13,117.16
Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	12	<b>(325.50)</b>	(354.19)
Employee Benefit Expenses	13	<b>5,466.16</b>	5,141.99
Finance Costs	14	<b>876.97</b>	734.60
Depreciation	6.a	<b>857.25</b>	764.21
Other Expenses	15	<b>10,882.38</b>	9,361.04
<b>TOTAL EXPENDITURE</b>		<b>48,234.77</b>	45,494.99
<b>Net Profit/(Loss) before Exceptional Items</b>		<b>(838.17)</b>	(1,878.00)
Exceptional Items	16	<b>485.32</b>	—
<b>Net Profit/(Loss) before Tax</b>		<b>(1,323.49)</b>	(1,878.00)
Less : Current Tax		<b>—</b>	—
: Prior Years (Net)		<b>1.10</b>	26.01
: Deferred Tax		<b>(166.29)</b>	(560.32)
<b>Profit/(Loss) after Tax for the period</b>		<b>(1,158.30)</b>	(1,343.69)
Earnings Per Share - Basic (in ₹)		<b>(1.33)</b>	(1.95)
Earnings Per Share - Diluted (in ₹)		<b>(1.33)</b>	(1.95)
Significant Accounting Policies	1		

### 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: 9<sup>th</sup> May, 2014

Ayyadurai Srikanth  
Chief Executive Officer

Chetan Badal  
Chief Financial Officer

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

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

Chairman & Executive Director  
Vice Chairman & Executive Director  
Executive Director  
Executive Director  
Director





## Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2014

	<b>Year ended 31.03.2014 (₹ in Lacs)</b>	Year ended 31.03.2013 (₹ in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss)	<b>(1,323.49)</b>	(1,878.00)
<b>Adjustments for:</b>		
Depreciation	<b>857.25</b>	764.21
Foreign Exchange (Unrealised)	<b>1.47</b>	7.18
Exceptional Items	<b>485.32</b>	—
(Profit)/Loss on disposal of Fixed Assets	<b>30.81</b>	13.15
Provision for diminution in value of investment	<b>180.00</b>	—
Provisions/Reversals thereof	<b>(485.32)</b>	(19.99)
Finance Costs	<b>876.97</b>	734.60
Interest/Dividend Accrued	<b>(581.11)</b>	(25.45)
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>41.90</b>	(404.30)
<b>Adjustments for:</b>		
Inventories	<b>(1,108.39)</b>	(358.51)
Trade Receivables	<b>(431.56)</b>	(422.62)
Loans and Advances	<b>170.49</b>	(37.47)
Trade Payables	<b>1,864.20</b>	605.34
Other Current Liabilities	<b>337.49</b>	250.97
Changes in Working Capital	<b>832.23</b>	37.71
<b>Cash generated from Operations</b>	<b>874.13</b>	(366.59)
Direct taxes paid	<b>(48.46)</b>	(9.67)
<b>Net cash from operating activities</b>	<b>825.67</b>	(376.26)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including advances)	<b>(3,921.32)</b>	(1,404.42)
Sale of Fixed Assets	<b>3.16</b>	6.70
(Purchase)/Sale of Investments	<b>(30.00)</b>	4.00
(Increase)/Decrease in bank deposits (having maturity of more than three months)	<b>(1,922.45)</b>	(328.24)
Interest received	<b>308.85</b>	28.66
Dividend received	<b>2.40</b>	2.00
<b>Net cash used in Investing Activities</b>	<b>(5,559.36)</b>	(1,691.30)

## Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2014

	<b>Year ended 31.03.2014 (₹ in Lacs)</b>	Year ended 31.03.2013 (₹ in Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Proceeds from borrowings</b>	<b>593.89</b>	2,381.27
Repayment of borrowing	—	(17.59)
Rights issue of equity shares	<b>10,156.49</b>	—
Issue of Shares under 'Camlin Employees Stock Option Scheme 2008' (ESOP 2008)	<b>15.57</b>	3.09
Finance Costs paid	<b>(878.73)</b>	(669.93)
Dividend Paid	<b>(0.05)</b>	(0.11)
<b>Net cash used in Financing Activities</b>	<b>9,887.17</b>	1,696.73
<b>D. UNREALISED FOREIGN EXCHANGE FLUCTUATION:</b>	<b>(1.47)</b>	(7.18)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,152.01</b>	(378.01)
Cash and Cash Equivalents (Opening Balance)	<b>525.69</b>	903.70
Cash and Cash Equivalents (Closing Balance)	<b>5,677.69</b>	525.69

### 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: 9<sup>th</sup> May, 2014

Ayyadurai Srikanth  
*Chief Executive Officer*

Chetan Badal  
*Chief Financial Officer*

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

Dilip Dandekar  
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Takeo Iguchi  
Shishir B. Desai

*Chairman & Executive Director*  
*Vice Chairman & Executive Director*  
*Executive Director*  
*Executive Director*  
*Director*







## Notes forming part of the Financial Statements

### 1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

#### A. Basis of Preparation of Financial Statements:

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

#### B. Use of Estimates:

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

#### 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. Depreciation on all assets of the Company except leasehold land, is provided on Straight Line basis as applicable under the Companies Act, 1956. Leasehold land is amortised over respective period of lease. Cost of Intellectual Property Rights is amortised on Straight Line Method over the useful life of 36 months as estimated by the Management. Capitalised Hardware/Software costs of ERP are amortised over the estimated useful economic life not exceeding five years.

#### D. Investments:

Long-term investments are stated at cost and provision is made when there is 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.

## Notes forming part of the Financial Statements

### **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. 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.

### **H. 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.

### **I. 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 employees 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.

### **J. 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.
- 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.



**K. Government Grants:**

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

**L. 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.

**M. Contingent Liabilities:**

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

**N. Accounting for Taxes on Income:**

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

**O. 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.

**P. 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).

Notes forming part of the Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
20,00,00,000 (20,00,00,000) Equity Shares of ₹ 1/- each	<b>2,000.00</b>	2,000.00
<b>(a) Issued, Subscribed &amp; Paid-up</b>		
10,03,03,806 (6,89,22,350) Equity Shares of ₹ 1/- each	<b>1,003.04</b>	689.22

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

	<b>31.03.2014</b>		31.03.2013	
	<b>No. of shares</b>	<b>₹ in Lacs</b>	No. of shares	₹ in Lacs
At the beginning of the year	<b>68,922,350</b>	<b>689.22</b>	68,901,575	689.02
Issued during the year-ESOP	<b>97,625</b>	<b>0.98</b>	20,775	0.21
Issued during the year-Rights Issue of Equity Shares	<b>31,283,831</b>	<b>312.84</b>	—	—
Outstanding at the end of the year	<b>100,303,806</b>	<b>1,003.04</b>	68,922,350	689.22

**(i) Terms/rights attached to equity shares**

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

- (ii) On September 2nd, 2013 the Company pursuant to its rights issue of equity shares allotted 312,83,831 Equity Shares of face value of ₹ 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 2nd, 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 lacs. The aforesaid rights shares were listed on NSE and BSE and the Company received trading approval on September 5th, 2013.

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

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

	<b>31.03.2014</b>		31.03.2013	
	<b>No. of shares</b>	<b>% of holding</b>	No. of shares	% of holding
<b>Name of the Holding Company</b>				
KOKUYO S&T Co., Ltd. Japan	<b>65,971,120</b>	<b>65.77%</b>	34,836,220	50.54%

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

	<b>31.03.2014</b>	31.03.2013
	<b>No. of shares</b>	No. of shares
<b>Name of the shareholder</b>		
KOKUYO S&T Co., Ltd. Japan	<b>65,971,120</b>	34,836,220





## Notes forming part of the Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>2. (b) RESERVES AND SURPLUS</b>		
(i) <b>Capital Reserve</b>		
As per last Balance Sheet	<b>52.70</b>	52.70
Additions during the year	—	—
	<b>52.70</b>	52.70
(ii) <b>Share Premium Account</b>		
As per last Balance Sheet	<b>8,043.32</b>	8,040.20
Received during the year		
ESOP	<b>14.64</b>	3.12
Rights issue	<b>10,010.83</b>	
Less : Issue expenses	<b>167.23</b>	—
	<b>17,901.56</b>	8,043.32
(iii) <b>General Reserve</b>		
As per last Balance Sheet	<b>2,087.82</b>	2,087.82
Additions during the year	—	—
	<b>2,087.82</b>	2,087.82
(iv) <b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	<b>974.77</b>	2,318.46
Add :(Loss) for the year	<b>(1,158.30)</b>	(1,343.69)
Surplus/(deficit) at the end of the year	<b>(183.53)</b>	974.77
	<b>19,858.55</b>	11,158.61
<b>3. Deferred tax liability/(asset) (net) [Ref. Note No. 26 (ii)]</b>	<b>(607.14)</b>	<b>(440.85)</b>
	<b>(607.14)</b>	<b>(440.85)</b>
<b>4. NON-CURRENT LIABILITIES</b>		
(a) Long-term borrowings		
Banks (Unsecured)	<b>1,307.35</b>	1,743.14
	<b>1,307.35</b>	1,743.14
(b) Other long-term liabilities		
Security Deposits	<b>981.75</b>	808.22
	<b>981.75</b>	808.22

a. Long term borrowing comprise 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.

Notes forming part of the Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>5. CURRENT LIABILITIES</b>		
<b>(a) Short-term borrowings</b>		
Bank Overdraft/Working Capital Demand Loan (Unsecured)	<b>5,375.20</b>	4,781.31
	<b>5,375.20</b>	4,781.31
Unsecured Bank Overdraft and Working Capital Demand Loan carry negative lien on all assets of the Company.		
<b>(b) Trade payables</b>		
Trade payables (including acceptances)	<b>8,711.41</b>	6,847.21
<b>(c) Others</b>		
(i) Current Maturities of Long-term borrowings – Banks	<b>435.79</b>	—
(ii) Trade Advances	<b>143.14</b>	132.07
(iii) Employee Dues	<b>774.36</b>	603.12
(iv) Security Deposits	<b>67.66</b>	71.45
(v) Statutory Liabilities	<b>276.34</b>	305.72
(vi) Interest Accrued but not due on loans	<b>66.82</b>	68.58
(vii) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
1. Unclaimed Dividends	<b>15.07</b>	15.12
2. Unclaimed Fixed Deposits	<b>0.65</b>	0.75
3. Unclaimed Interest on Fixed Deposits	<b>0.06</b>	0.59
(viii) Others	<b>62.44</b>	17.15
	<b>1,842.33</b>	1,214.55
<b>(d) Short-term provisions</b>		
(i) Excise Duty	<b>36.16</b>	24.66
(ii) Employees' Benefits	<b>140.91</b>	182.25
	<b>177.07</b>	206.91





## Notes forming part of the Financial Statements

### 6. (a) FIXED ASSETS

#### (i) Tangible assets

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2014	Upto 31.03.2013	For the year	Disposals/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Freehold Land	2.73	—	—	<b>2.73</b>	—	—	—	<b>—</b>	<b>2.73</b>	2.73
Leasehold Land	187.29	133.23	—	<b>320.52</b>	14.52	10.17	—	<b>24.69</b>	<b>295.83</b>	172.77
Site Development	22.47	—	—	<b>22.47</b>	3.16	0.37	—	<b>3.53</b>	<b>18.94</b>	19.31
Building & Shed	1,565.59	190.79	—	<b>1,756.38</b>	295.32	62.32	—	<b>357.64</b>	<b>1,398.74</b>	1,270.27
Plant, Machinery & Equipment	8,986.42	1,149.08	49.30	<b>10,086.20</b>	3,997.66	679.69	37.07	<b>4,640.28</b>	<b>5,445.92</b>	4,988.76
Office Machinery	411.09	286.79	51.22	<b>646.66</b>	248.98	51.07	40.13	<b>259.92</b>	<b>386.74</b>	162.11
ERP Hardware Cost	186.61	—	—	<b>186.61</b>	186.54	0.07	—	<b>186.61</b>	<b>—</b>	0.07
Furniture & Fittings	380.63	3.00	80.70	<b>302.93</b>	194.65	17.14	72.80	<b>138.99</b>	<b>163.94</b>	185.98
Vehicles	224.75	8.65	19.58	<b>213.82</b>	91.48	20.50	16.83	<b>95.15</b>	<b>118.67</b>	133.27
Total	11,967.58	1,771.54	200.80	<b>13,538.32</b>	5,032.31	841.33	166.83	<b>5,706.81</b>	<b>7,831.51</b>	6,935.25
Previous Year	10,891.19	1,131.86	55.47	11,967.58	4,339.19	728.74	35.62	5,032.31	6,935.25	6,551.98

Notes :

Capitalised borrowing costs.

Additions to Fixed Assets includes borrowing costs amounting to Nil (₹ 8.43).

#### (ii) Intangible assets

(₹ in Lacs)

PARTICULARS	COST				DEPRECIATION				BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	As at 31.03.2014	Upto 31.03.2013	For the year	Disposals/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
ERP Software Cost	219.44	—	—	<b>219.44</b>	147.53	15.92	—	<b>163.45</b>	<b>55.99</b>	71.91
Total	219.44	—	—	<b>219.44</b>	147.53	15.92	—	<b>163.45</b>	<b>55.99</b>	71.91
Previous Year	140.77	78.67	—	219.44	112.06	35.47	—	147.53	71.91	28.71

#### (iii) Capital work in progress

	594.88	95.67
	8,482.38	7,102.83

Note :

Borrowing costs of Nil (₹ 0.59 lacs) carried in Capital work in progress.

Notes forming part of the Financial Statements

	31.03.2014 (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>6. (b) NON-CURRENT INVESTMENTS</b>		
<b>Investments in Equity Instruments</b>		
<b>I. Quoted</b>		
4,00,000 (4,00,000) Equity Shares of ₹ 2/- each in Camlin Fine Sciences Ltd.	9.73	9.73
[Market Value ₹ 153.00 Lacs (61.80 Lacs)]		
<b>II. Unquoted</b>		
<b>A. Subsidiary Companies</b>		
(a) 5,000 (5,000) Equity Shares of ₹ 100/- each in Camlin International Ltd.	5.00	5.00
(b) 13,00,000 (10,00,000) Equity Shares of ₹ 10/- each in Alphakids Learning & Activity Centre Ltd. (Formerly Camlin Alphakids Ltd.)	130.00	100.00
Less: Provision for diminution in value	95.00	35.00
(c) 10,00,000 (10,00,000) 7% Redeemable Preference Shares of ₹ 10/- each in Alphakids Learning & Activity Centre Ltd. (Formerly Camlin Alphakids Ltd.)	100.00	100.00
Less: Provision for diminution in value	85.00	15.00
<b>B. Trade</b>		
(a) 2,150 (2,150) Equity Shares of ₹ 100/- each in Excella Pencils Ltd.	2.15	2.15
(b) 5,22,000 (5,22,000) Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd. (Associate)	52.20	52.20
Less: Provision for diminution in value	52.20	—
	<b>66.88</b>	216.88
<b>(c) Long-term Loans and Advances</b>		
(i) Capital Advances	2,018.63	345.77
(ii) Security Deposits	349.44	362.56
(iii) Loans to Subsidiary Companies		
Alphakids Learning & Activity Centre Ltd.	—	305.32
(iv) Loans/Advances to related parties		
Mayur Colours Ltd.	—	41.95
	<b>2,368.07</b>	1,055.60
Less: Allowance for Doubtful Loans and Advances	22.29	—
	<b>2,345.78</b>	1,055.60







## Notes forming part of the Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>7. CURRENT ASSETS</b>		
<b>(a) Inventories</b>		
(i) Raw Materials [includes in transit ₹ 17.91 Lacs (₹ 54.18 Lacs)]	<b>1,484.38</b>	942.21
(ii) Packing Materials [includes in transit ₹ 89.76 Lacs (₹ 29.62 Lacs)]	<b>1,801.13</b>	1,560.41
(iii) Work-in-Process [includes in transit ₹ 33.10 Lacs (₹ 2.24 Lacs)]	<b>1,002.00</b>	809.27
(iv) Finished Goods [includes in transit ₹ 317.97 Lacs (₹ 165.86 Lacs)]	<b>2,784.88</b>	3,056.22
(v) Stock-in-Trade [includes in transit ₹ 210.25 Lacs (₹ 190.38 Lacs)]	<b>3,646.45</b>	3,242.34
	<b>10,718.84</b>	9,610.45
<b>(b) Trade receivables</b>		
<b>Unsecured</b>		
(i) Outstanding for a period exceeding six months from the due date		
1. Considered Good	<b>108.26</b>	309.32
2. Considered Doubtful	<b>177.95</b>	138.27
(ii) Other Debts - Considered Good	<b>6,975.71</b>	6,343.10
	<b>7,261.92</b>	6,790.69
Less: Allowance for doubtful receivables	<b>177.95</b>	138.27
	<b>7,083.97</b>	6,652.42
<b>(c) Cash and Bank Balances</b>		
<b>(i) Cash and Cash Equivalent</b>		
Balances with Banks		
1. In Current Accounts	<b>306.78</b>	340.78
2. In EEFC Accounts	<b>61.50</b>	1.72
3. Deposits with maturity of less than three months	<b>5,301.96</b>	175.00
Cash on Hand	<b>7.45</b>	8.19
	<b>5,677.69</b>	525.69
<b>(ii) Other Bank Balances</b>		
Deposits with original maturity of more than three months but less than twelve months	<b>2,747.08</b>	800.00
Maturing after twelve months	<b>24.65</b>	49.03
Staff Security Deposits	<b>8.51</b>	8.18
Earmarked for payment of Dividends/Interest on Fixed Deposits	<b>15.13</b>	15.71
	<b>2,795.37</b>	872.92
	<b>8,473.06</b>	1,398.61
<b>(d) Short-term Loans and Advances</b>		
Unsecured (Considered Good)		
(i) Advances to Related Parties	<b>3.44</b>	4.19
(ii) Trade Advances	<b>223.92</b>	125.06
(iii) Prepaid Expenses	<b>90.55</b>	118.93
(iv) Income Tax (net of provisions)	<b>172.52</b>	125.16
(v) Deposits, balances and input credits for other taxes and duties	<b>561.30</b>	366.85
(vi) Other advances	<b>123.16</b>	197.44
	<b>1,174.89</b>	937.63
<b>(e) Other Current Assets</b>		
Interest accrued on Deposits	<b>303.76</b>	33.90
	<b>303.76</b>	33.90

## Notes forming part of the Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>8. REVENUE FROM OPERATIONS (GROSS)</b>		
Sale of Products [Ref. Note No. 1-J-i & 25-i)]	<b>48,793.54</b>	45,276.09
Add : Other Operating Revenues	<b>53.74</b>	70.34
Revenue from Operations (Gross)	<b>48,847.28</b>	45,346.43
Less : Excise Duty [Net of Rebate] [Refer Note No. 18]	<b>2,032.77</b>	1,754.91
Revenue from Operations (Net)	<b>46,814.51</b>	43,591.52
<b>9. OTHER INCOME</b>		
(i) Interest	<b>578.71</b>	23.45
(ii) Dividend on Trade Investments	<b>2.40</b>	2.00
(iii) Profit on Sale of Assets	<b>0.98</b>	0.02
	<b>582.09</b>	25.47
<b>10. COST OF MATERIALS</b>		
Colours/Pigments	<b>1,981.10</b>	1,761.17
Chemicals	<b>2,156.93</b>	1,974.55
Components	<b>4,343.17</b>	4,810.16
Containers	<b>2,720.23</b>	2,908.23
Others	<b>7,082.24</b>	5,276.07
	<b>18,283.67</b>	16,730.18
<b>11. PURCHASE OF STOCK-IN-TRADE</b>		
(i) Stationery Items	<b>10,958.37</b>	11,091.38
(ii) Chemical and Chemical Products	<b>1,235.47</b>	2,025.78
	<b>12,193.84</b>	13,117.16
<b>12. CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Stocks as per last Balance Sheet		
Work-in-Process	<b>809.27</b>	1,027.58
Stock-in-Trade	<b>3,242.34</b>	3,039.59
Finished Goods	<b>3,056.22</b>	2,686.47
	<b>7,107.83</b>	6,753.64
Less: Closing Stock as at year end		
Work-in-Process	<b>1,002.00</b>	809.27
Stock-in-Trade	<b>3,646.45</b>	3,242.34
Finished Goods	<b>2,784.88</b>	3,056.22
	<b>7,433.33</b>	7,107.83
	<b>(325.50)</b>	(354.19)



## Notes forming part of the Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>13. EMPLOYEE COST</b>		
Salaries, Wages and Bonus	<b>4,850.68</b>	4,560.81
Contribution to Provident & other funds [Refer Note No. 25 iv]	<b>428.33</b>	416.44
Staff and Labour Welfare	<b>187.15</b>	164.74
	<b>5,466.16</b>	5,141.99
<b>14. FINANCE COSTS</b>		
Interest Expense on Debts and Borrowings [Net of interest of Nil (₹ 14.51 Lacs) earned on Time Deposits pledged with the Bank]	<b>671.03</b>	497.14
Interest Expense relating to Taxes and Duties	<b>39.03</b>	1.43
Other Borrowing Costs	<b>166.91</b>	236.03
	<b>876.97</b>	734.60
<b>15. OTHER EXPENSES</b>		
Power and Fuel	<b>437.12</b>	411.94
Job work charges	<b>1,613.80</b>	838.73
Repairs		
– Building	<b>18.46</b>	4.52
– Machinery	<b>90.29</b>	87.31
Rent	<b>787.07</b>	769.58
Rates and Taxes	<b>27.36</b>	28.22
Net losses/(gains) in respect of translations of foreign currencies	<b>84.06</b>	(30.14)
Insurance	<b>62.04</b>	85.11
Advertisement and Sale Promotion	<b>1,800.64</b>	1,830.78
Transport & Forwarding Charges	<b>1,796.33</b>	1,691.10
Commission/Discount/Service Charges on Sales	<b>1,161.39</b>	1,048.46
Travelling & Conveyance	<b>970.18</b>	887.74
Payment to auditors	<b>29.23</b>	37.35
Miscellaneous Expenses	<b>2,004.41</b>	1,670.34
	<b>10,882.38</b>	9,361.04
Payment to Auditors		
(a) Audit fees for Standalone Accounts	<b>13.00</b>	10.00
(b) Audit fees for Consolidated Accounts	<b>3.25</b>	3.00
(c) Tax Audit Fees	<b>3.25</b>	2.00
(d) Vat Audit Fees	<b>3.50</b>	3.50
(e) Consultancy services	<b>—</b>	4.25
(f) Certifications	<b>5.60</b>	13.65
(g) Reimbursement of expenses	<b>0.63</b>	0.95
	<b>29.23</b>	37.35
<b>16. EXCEPTIONAL ITEM : [Refer Note No. 24]</b>		
(a) Loan advanced to WOS Alphakids Learning & Activity Centre Ltd. Fully written off	<b>305.32</b>	—
(b) Diminution in value of Investment in WOS Alphakids Learning & Activity Centre Ltd. provided for	<b>180.00</b>	—
	<b>485.32</b>	—

## Notes forming part of the Financial Statements

### NOTES TO ACCOUNTS:

#### 17. Contingent Liabilities and Commitments (to the extent not provided for)

##### i. Contingent Liabilities:

1. Claims against the Company not acknowledged as debts ₹ 232.26 lacs (₹ 183.36 lacs).
2. Other money for which the Company is contingently liable ₹ 14.39 lacs (₹ 34.78 lacs).

##### ii. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 579.05 lacs (₹ 530.41 lacs).

#### 18. 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 of ₹ 288.86 lacs (₹ 411.45 lacs), is recognized as revenue and accrued as income from operations. The cumulative amount of remission as on March 31, 2014, so recognised is ₹ 1,479.11 lacs (₹ 1,190.25 lacs).
- 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.

#### 19. Derivatives Instruments and foreign currency exposure:

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

(Amt. in Lacs)			
On Account of	Currency	2013-14	2012-13
(i) Loan from - Banks (Unsecured)	(USD)	<b>32.50</b>	32.50
(ii) Trade Payables	(USD)	—	1.02
	(YEN)	—	160.95

- b. The unhedged exposure of foreign currency transactions is as follows:

(Amt. in Lacs)			
On Account of	Currency	2013-14	2012-13
(i) Trade Receivables	(USD)	<b>4.81</b>	4.88
(ii) Trade Payables	(USD)	<b>5.29</b>	0.95
	(GBP)	<b>0.01</b>	0.10
	(YEN)	<b>660.84</b>	142.45

#### 20. Equity Shares:

On September 2, 2013, the Company pursuant to its right issue of equity shares allotted 312,83,831 Equity Shares of face value of ₹ 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 Lacs.

The utilization of funds received by way of rights issue is as follows:

(₹ in Lacs)	
Particulars	2013-14
Right issue expenditure	167.23
Capital Expenditure	2,077.33
Amount kept in Banks in Fixed Deposits & Current Account	8,079.10
<b>Total funds raised from Rights issue of equity shares</b>	<b>10,323.66</b>





## Notes forming part of the Financial Statements

### 21. Expenditure on Research and Development:

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

		(₹ in Lacs)	
Sr. No.	Particulars	2013-14	2012-13
1.	Employee Cost	179.85	93.58
2.	Cost of Materials	0.30	1.43
3.	Other Expenses	29.42	14.03
<b>Total</b>		<b>209.57</b>	109.03

### 22. 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, 2013 are as under:

		(₹ in Lacs)	
Description		2013-14	2012-13
1.	Principal amount remaining unpaid beyond due date, to suppliers as at the end of accounting year.	Nil	8.82
2.	Interest due thereon remaining unpaid to suppliers as at the end of accounting year.	Nil	0.08
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 2013-14.	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.	8.78	3.11
5.	Amount of interest accrued during the year and remaining unpaid at the end of accounting year.	8.78	3.18

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

**24.** In the Board meeting held on 20th March 2014, the Company decided to exit from its loss-making business of running preschools and as a result sell its entire holding in the Wholly Owned Subsidiary ('WOS'), Alphakids Learning & Activity Centre Limited (formerly Camlin Alphakids Ltd). The Board also took a decision to fully write off the amounts advanced to this subsidiary in the earlier years aggregating ₹ 305.32 lacs which is exceptional in nature.

The Investments made in this WOS, i.e. Equity Capital of ₹ 130 lacs & Preference Capital of ₹ 100 lacs have been sold to Mr. Dilip Dandekar & his associate Company/relatives for a purchase consideration of ₹ 50 lacs in April, 2014. This sale is subject to ratification by shareholders. As a consequence, the shortfall of ₹ 180 lacs has been fully provided for and is also included as an exceptional item.

Notes forming part of the Financial Statements

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

(₹ in Lacs)

CLASS OF GOODS	Sales	Inventory	
		Work-in-Progress	Finished Goods
<b>(A) MANUFACTURED ITEMS</b>			
1. Chemical & Chemical Products Gum/Paste/Adhelin/Artist Colours	<b>17,154.50</b> (13,750.50)	<b>381.79</b> (344.04)	<b>1,423.62</b> (1,372.21)
2. Stationery items (A) S.P. Ink/Writing Ink	<b>2,406.93</b> (2,210.82)	<b>170.01</b> (148.37)	<b>187.88</b> (168.68)
Stationery items (B) Wooden Pencils/Markers/Hi-polymer Leads/Others	<b>12,216.03</b> (10,859.11)	<b>450.20</b> (316.86)	<b>1,173.38</b> (1,510.33)
<b>(B) TRADING ITEMS</b>			
1. Chemical & Chemical Products Gum/Paste/Adhelin/Artist Colours	<b>2,333.90</b> (3,273.45)		<b>637.27</b> (577.38)
2. Stationery items (B) Wooden Pencils/Markers/Hi-polymer Leads/Others	<b>14,824.33</b> (15,258.07)		<b>3,009.18</b> (2,664.96)
3. Others - Being sale of exhibition materials, Painting, etc.	<b>—</b> (0.00)		<b>—</b> (0.00)
Less : Trade Discount	<b>142.15</b> (75.86)		
	<b>48,793.54</b> (45,276.09)	<b>1,002.00</b> (809.27)	<b>6,431.33</b> (6,293.56)

(₹ in Lacs)

	2013-14	2012-13
<b>(ii) Earnings in Foreign Exchange</b>		
Exports at F.O.B. Value (Excluding Nepal)	<b>961.44</b>	877.73
	<b>961.44</b>	877.73
<b>(iii) Expenditure in Foreign Currency</b>		
Travelling	<b>51.48</b>	44.85
Others	<b>76.74</b>	84.87
	<b>128.22</b>	129.72
<b>(iv) Value of Imports on C.I.F. Basis</b>		
(a) Raw Materials	<b>689.32</b>	465.60
(b) Components and Spare Parts	<b>2,150.03</b>	2,493.12
(c) Capital Goods	<b>753.34</b>	222.53
(d) Purchases of Traded Products	<b>66.83</b>	565.12
	<b>3,659.52</b>	3,746.37
<b>(v) Value of Consumption of Raw Materials and Stores</b>		
(a) Indigenous	<b>14,999.44</b>	13,335.77
(b) Imported (Landed Cost) - Raw Material, Components & Spare Parts	<b>3,284.23</b>	3,394.41
	<b>18,283.67</b>	16,730.18
<b>(vi) Percentage of Consumption of Raw Materials and Stores</b>		
(a) Indigenous	<b>82.04</b>	79.71
(b) Imported (Landed Cost) - Raw Material, Components & Spare Parts	<b>17.96</b>	20.29
	<b>100.00</b>	100.00





## Notes forming part of the Financial Statements

**26. Disclosures Pursuant to the Requirements of Accounting Standards:****i. Total Lease Rentals on account of operating leases payable are as follows:**

		(₹ in Lacs)	
Sr. No.	Particulars	2013-14	2012-13
(a)	Payable not later than 1 year	<b>514.93</b>	375.04
(b)	Payable later than 1 year and not later than 5 years	<b>847.39</b>	810.67
(c)	Payable later than 5 years	<b>Nil</b>	Nil

**ii. Deferred Taxes:**

				(₹ in Lacs)
Particulars	Opening Balance as on 01.04.2013	Increase/ (Decrease) during the year	Closing Balance as on 31.03.2014	
<b>Liabilities:</b>				
Depreciation	542.76	75.17	617.93	
<b>Sub-total</b>	<b>542.76</b>	<b>75.17</b>	<b>617.93</b>	
<b>Assets:</b>				
Provision for doubtful debts/Leave Encashment	87.58	15.87	103.45	
Expenses Allowable	420.62	36.18	456.79	
Unabsorbed Depreciation	475.41	189.41	664.82	
<b>Sub-total</b>	<b>983.61</b>	<b>241.46</b>	<b>1,225.06</b>	
<b>Net Deferred Tax Liability/(Asset)</b>	<b>(440.85)</b>	<b>(166.29)</b>	<b>(607.13)</b>	

**iii. Earnings Per Share (Basic & Diluted):**

	2013-14	2012-13
Net Profit after Tax - ₹ Lacs	<b>(1,158.31)</b>	(1,343.69)
Issued and Paid-up Equity Shares (Nos.)	<b>10,03,03,806</b>	6,89,22,350
Weighted average of Numbers of Equity Shares used in computing basic earnings per share (Nos.)	<b>8,73,65,089</b>	6,89,07,153
Weighted average of Numbers of Equity Shares used in computing diluted earnings per share (Nos.)	<b>8,73,65,089</b>	6,91,03,725
Earnings per Share- Basic ₹	<b>(1.33)</b>	(1.95)
Earnings per Share- Diluted ₹	<b>(1.33)</b>	(1.95)
Earnings per Share for 2012-13 restated for rights issue		(1.96)
Earnings per share for 2013-14 including effects of right issue	<b>(1.33)</b>	

**iv. 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.

## Notes forming part of the Financial Statements

### Retirement Benefits

#### Gratuity

##### Description of the Plan

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

Principal actuarial assumptions:

	2013-14	2012-13	2011-12	2010-11	2009-10
Discount rate	<b>9.33%</b>	8.25%	8.50%	8.25%	8.25%
Rate of Return on Plan Assets	<b>8.70%</b>	8.70%	8.60%	8.00%	8.00%

Reconciliation of Benefit Obligation:

	2013-14	2012-13	2011-12	2010-11	2009-10
					(₹ in Lacs)
Liability at the beginning of the year	<b>699.56</b>	605.45	750.64	682.98	487.74
Interest Cost	<b>57.71</b>	51.46	60.05	56.35	36.58
Current Service Cost	<b>44.42</b>	38.88	30.54	34.18	31.60
Past Service Cost	<b>—</b>	—	—	—	108.73
Benefit Paid	<b>(190.34)</b>	(78.58)	(172.07)	(77.67)	(45.16)
Actuarial (Gain)/Loss on Obligations	<b>70.87</b>	82.35	(63.71)	54.80	63.49
Liability at the end of the year	<b>682.22</b>	699.56	605.45	750.64	682.98
Value of Plan Assets at the end of the year	<b>623.26</b>	689.39	658.16	730.83	698.74

Reconciliation of value of Plan Assets:

	2013-14	2012-13	2011-12	2010-11	2009-10
					(₹ in Lacs)
Value of Plan Assets at the beginning of the year	<b>689.39</b>	658.16	730.83	698.74	650.36
Return on Plan Assets	<b>59.98</b>	56.60	55.27	55.90	52.97
Contributions	<b>69.90</b>	50.98	31.95	47.12	34.32
Benefit Paid	<b>(190.34)</b>	(78.58)	(172.07)	(77.67)	(45.16)
Actuarial (Gain)/Loss on Obligations	<b>(5.67)</b>	2.23	12.20	6.74	6.25
Value of Plan Assets at the end of the year	<b>623.26</b>	689.39	658.16	730.83	698.74

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

	2013-14	2012-13	2011-12	2010-11	2009-10
					(₹ in Lacs)
Current Service Cost	<b>44.42</b>	38.88	30.54	34.18	31.60
Past Service Cost	<b>—</b>	—	—	—	108.73
Interest Cost	<b>57.71</b>	51.46	60.05	56.35	36.58
Return on Plan Assets	<b>(59.98)</b>	(56.60)	(55.27)	(55.90)	(52.97)
Net Actuarial (Gain)/Loss recognized	<b>76.54</b>	80.12	(75.90)	48.06	57.25
Expenses recognised in the Statement of Profit and Loss	<b>118.69</b>	113.86	(40.58)	82.68	181.18







## Notes forming part of the Financial Statements

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

(a) Name of the Related Party	Nature of Relationship
1. Kokuyo S&T Co. Ltd., Japan	Holding Company
2. Camlin International Ltd.	Subsidiary
3. Alphakids Learning & Activity Centre Ltd. (Formerly Camlin Alphakids Ltd.)	Subsidiary (See also Note No. 16 and 24)
4. Kokuyo Riddhi Paper Products Pvt. Ltd.	Fellow Subsidiary
5. ColArt Camlin Canvas Pvt. Ltd.	
6. CAFCO Consultants Ltd.	
7. Camart Industries Ltd.	
8. Camlink Agencies LLP	
9. Camlink Consultants Pvt. Ltd.	
10. Dandekar Developers LLP	Entities over which KMP's/Directors and/ or their relatives are able to exercise significant influence
11. Dandekar Investments & Consultants Pvt. Ltd.	
12. DDI Consultants Pvt. Ltd.	
13. Excella Pencils Ltd.	
14. Camlin Fine Sciences Ltd.	
15. Nilmac Packaging Industries Ltd.	
16. Triveni Pencils Ltd.	
17. Mayur Colours Ltd.	

## (b) Key Management Personnel and their Relatives:

Name of the Person	Nature of Relationship
<b>Key Management Personnel</b>	
Mr. Dilip Dandekar	Chairman & Executive Director (C & ED)
Mr. Shriram Dandekar	Vice Chairman & Executive Director (VC & ED)
Mr. Nobuchika Doi	Executive Director
Mr. Takeo Iguchi	Executive Director
Mr. A. Srikanth	Chief Executive Officer
<b>Relatives</b>	
Mr. Subhash Dandekar	Chairman Emeritus and brother of C & ED
Mrs. Aditi Dighe	General Manager - Marketing (Colour Group 2) and daughter of C & ED
Mr. Rahul Dandekar	Dy. General Manager - Sales Planning and son of C & ED
Mr. Nikhil Dandekar	Assistant Manager - Strategy Planning & Projects and son of VC & ED

Notes forming part of the Financial Statements

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

(c) Transactions with Associate Companies:

		(₹ in Lacs)
Particulars	Entities over which KMP's/Directors and/ or their relatives are able to exercise significant influence	2013-14
<b>Purchase of goods</b>	Excella Pencils Ltd.	1,963.50
	<b>Total</b>	1,963.50
		(3,358.90)
<b>Sale of goods</b>	Excella Pencils Ltd	133.63
	<b>Total</b>	133.63
		(310.94)
<b>Purchase of Fixed Assets</b>	Triveni Pencils Ltd.	274.09
	Excella Pencils Ltd.	222.99
	<b>Total</b>	497.08
		(16.72)
<b>Receiving Services</b>	Mayur Colours Ltd.	326.12
	Nilmac Packaging Industries Ltd.	387.31
	Excella Pencils Ltd.	423.52
	<b>Total</b>	1,136.95
		(559.84)
<b>Interest Received</b>	Mayur Colours Ltd.	1.81
	<b>Total</b>	1.81
		(2.18)
<b>Dividend Received</b>	Camlin Fine Sciences Ltd.	2.40
	<b>Total</b>	2.40
		(2.00)
<b>Net Amount Payable</b>	Nilmac Packaging Industries Ltd.	4.60
	Other	3.64
	<b>Total</b>	8.24
		(726.23)
<b>Net Amount Receivable</b>	Mayur Colours Ltd.	123.00
	Others	0.67
	<b>Total</b>	123.67
		(173.62)
<b>Sale of Investments</b>		—
	<b>Total</b>	(4.00)





## Notes forming part of the Financial Statements

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

Payments to Key Management Personnel and their Relatives		(₹ in Lacs)
		<b>2013-14</b>
a. Remuneration	Mr. Dilip Dandekar	<b>110.48</b>
	Mr. Shriram Dandekar	<b>92.33</b>
	Mr. Nobuchika Doi	<b>83.43</b>
	Mr. Takeo Iguchi	<b>83.94</b>
	Mr. Ayyadurai Srikanth	<b>60.77</b>
	Others	<b>31.91</b>
	<b>Total</b>	<b>462.86</b>
		<b>(420.05)</b>

**(d) Transactions with Subsidiary Companies:** (₹ in Lacs)

Particulars	Subsidiary Companies	2013-14
Receiving Services	Alphakids Learning and Activity Centre Ltd (Formerly Camlin Alphakids Ltd.)	<b>0.03</b>
	Camlin International Ltd.	<b>0.09</b>
	<b>Total</b>	<b>0.12</b>
		<b>(0.12)</b>
Interest Free Loans Given		<b>—</b>
	<b>Total</b>	<b>—</b>
		<b>(305.35)</b>

**(e) Transaction with Fellow Subsidiary Companies** (₹ in Lacs)

Particulars	Fellow Subsidiary Company	2013-14
Purchase of goods	Kokuyo Riddhi Paper Products Pvt. Ltd.	<b>152.32</b>
	<b>Total</b>	<b>152.32</b>
		<b>—</b>

**(f) Transactions with Holding Company:** (₹ in Lacs)

Particulars	Holding Companies	2013-14
Purchase of Goods	Kokuyo S&T Co. Ltd., Japan	<b>17.71</b>
	<b>Total</b>	<b>17.71</b>
		<b>(107.72)</b>
Reimbursement of Expenses	Kokuyo S&T Co. Ltd., Japan	<b>16.18</b>
	<b>Total</b>	<b>16.18</b>
		<b>—</b>
Net Amount Payable	Kokuyo S&T Co. Ltd., Japan	<b>42.05</b>
	<b>Total</b>	<b>42.05</b>
		<b>(13.10)</b>

Figures in brackets are for the previous year.

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

**Statement** Pursuant to Section 212(3) of the Companies Act, 1956  
Relating to Subsidiary Companies

(₹ in Lacs)

1.	Name of the Subsidiary	CAMLIN INTERNATIONAL LTD.	ALPHAKIDS LEARNING AND ACTIVITY CENTRE LIMITED
2.	Financial year of the subsidiary company ends on	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
3.	Holding company's interest:		
	I. No. of shares held	5,000	23,00,000
	II. Percentage of shareholding	100%	100%
4.	The net aggregate amount of the subsidiary's profit/(loss) so far as it concerns members of the holding company and is not dealt with in the holding company's a/cs. :		
	I. For the financial year of the subsidiary.	(0.19)	200.72
	II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	(0.17)	(161.87)
5.	The net aggregate amount of the subsidiary's profit/(loss) dealt with in the holding company's a/cs. :		
	I. For the financial year of the subsidiary	NIL	NIL
	II. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	NIL	NIL

**As per our report of even date annexed**

Ayyadurai Srikanth  
Chief Executive Officer

Chetan Badal  
Chief Financial Officer

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

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

Chairman & Executive Director  
Vice Chairman & Executive Director  
Executive Director  
Executive Director  
Director

Mumbai  
Dated: 9<sup>th</sup> May, 2014





## Details of Subsidiary

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

(₹ in Lacs)

	NAME OF THE SUBSIDIARY	CAMLIN INTERNATIONAL LTD.	ALPHAKIDS LEARNING AND ACTIVITY CENTRE LIMITED
1.	Capital	5.00	230.00
2.	Reserves	1.14	—
3.	Total Assets	10.35	131.79
4.	Total Liabilities	10.35	131.79
5.	Details of Investments	NIL	NIL
6.	Turnover	NIL	232.13
7.	Profit/(Loss) before Taxation	(0.19)	224.72
8.	Provision for Taxation	NIL	24.00
9.	Profit/(Loss) after Taxation	(0.19)	200.72
10.	Proposed Dividend	NIL	NIL

## Independent Auditors' Report

### To the Board of Directors of Kokuyo Camlin Limited

We have audited the accompanying consolidated financial statements of Kokuyo Camlin Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on the financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial statements of one subsidiary whose financial statements reflect total assets (net) of ₹ 6,14,068/- as at March 31, 2014 and total revenues of ₹ Nil for the year then ended, as considered in the consolidated financial statements.

The financial statements referred above have been audited by other auditors whose report has been furnished to us by the Management, and our opinion insofar as it relates to these financial statements, is based solely on the report of the other auditors.

Our opinion is not qualified in respect of this matter.

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

**Himanshu Chapsey**  
Partner  
Membership Number 105731

Mumbai, May 09, 2014





# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2014

	Notes	As at 31.03.2014 (₹ in Lacs)	As at 31.03.2013 (₹ In Lacs)
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds	2.a	<b>1,003.04</b>	689.22
Reserves and Surplus	2.b	<b>19,866.89</b>	10,786.43
<b>Shareholders' Funds</b>	2	<b>20,869.93</b>	11,475.65
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	4.a	<b>1,307.35</b>	1,743.14
Other long-term liabilities	4.b	<b>981.75</b>	808.22
<b>Non-Current Liabilities</b>	4	<b>2,289.10</b>	2,551.36
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	5.a	<b>5,375.20</b>	4,781.31
Trade payables	5.b	<b>8,749.66</b>	6,920.65
Other current liabilities	5.c	<b>1,887.48</b>	1,248.53
Short-term provisions	5.d	<b>201.55</b>	206.91
<b>Current Liabilities</b>	5	<b>16,213.89</b>	13,157.40
<b>TOTAL</b>		<b>39,372.92</b>	27,184.41
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	6.a		
Tangible Assets	6.a.i	<b>7,870.30</b>	7,026.27
Intangible Assets	6.a.ii	<b>55.99</b>	71.91
Capital Work-in-Progress	6.a.iii	<b>594.88</b>	95.67
Non-Current Investments	6.b	<b>45.01</b>	45.01
Deferred tax assets (Net)	3	<b>648.78</b>	482.49
Long-term loans and advances	6.d	<b>2,387.28</b>	817.48
<b>Non-Current Assets</b>		<b>11,602.24</b>	8,538.83
<b>CURRENT ASSETS</b>			
Inventories	7.a/1.F	<b>10,718.84</b>	9,610.45
Trade receivables	7.b	<b>7,083.97</b>	6,652.98
Cash and cash equivalents	7.c	<b>8,486.82</b>	1,407.02
Short-term loans and advances	7.d	<b>1,177.29</b>	941.23
Other current assets	7.e	<b>303.76</b>	33.90
<b>Current Assets</b>	7	<b>27,770.68</b>	18,645.58
<b>TOTAL</b>		<b>39,372.92</b>	27,184.41
Significant Accounting Policies	1		

**As per our report of even date annexed**

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Ayyadurai Srikanth  
Chief Executive Officer

Dilip Dandekar  
Shriram Dandekar

Chairman & Executive Director  
Vice Chairman & Executive Director

Himanshu Chapsey  
Partner

Chetan Badal  
Chief Financial Officer

Nobuchika Doi  
Takeo Iguchi  
Shishir B. Desai

Executive Director  
Executive Director  
Director

Membership No. 105731

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

Mumbai  
Dated: 9<sup>th</sup> May, 2014

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014

	Notes	Year ended 31.03.2014 (₹ in Lacs)	Year ended 31.03.2013 (₹ in Lacs)
<b>INCOME</b>			
Revenue from Operations	8	<b>49,068.26</b>	45,592.08
Less: Excise Duty		<b>2,032.77</b>	1,754.91
		<b>47,035.49</b>	43,837.17
Other Income	9	<b>582.09</b>	25.47
<b>TOTAL INCOME</b>		<b>47,617.58</b>	43,862.64
<b>EXPENDITURE</b>			
Cost of Materials	10	<b>18,283.67</b>	16,730.18
Purchases of Stock-in-Trade	11	<b>12,193.84</b>	13,117.16
Changes in the Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	12	<b>(325.50)</b>	(354.19)
Employee Benefit Expenses	13	<b>5,479.91</b>	5,160.94
Finance Costs	14	<b>876.97</b>	734.60
Depreciation	6.a	<b>886.16</b>	805.87
Other Expenses	15	<b>11,141.50</b>	9,705.73
<b>TOTAL EXPENDITURE</b>		<b>48,536.55</b>	45,900.29
<b>Net profit/(loss) before tax</b>		<b>(918.97)</b>	(2,037.65)
Less: Current Tax		—	—
: Minimum Alternate Tax		<b>24.00</b>	—
: Prior Years (Net)		<b>1.10</b>	26.01
: Deferred Tax		<b>(166.29)</b>	(557.94)
<b>Profit/(Loss) after Tax for the period</b>		<b>(777.78)</b>	(1,505.72)
Share of profits/(losses) of Associate		—	(4.92)
<b>Profit/(Loss) after Tax and Share of profits of Associates for the period</b>		<b>(777.78)</b>	(1,510.64)
Earning Per Share - Basic (in ₹)		<b>(0.89)</b>	(2.19)
Earning Per Share - Diluted (in ₹)		<b>(0.89)</b>	(2.19)
Significant Accounting Policies	1		

### As per our report of even date annexed

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Ayyadurai Srikanth  
Chief Executive Officer

Chetan Badal  
Chief Financial Officer

Himanshu Chapsey  
Partner

Membership No. 105731

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

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

Chairman & Executive Director  
Vice Chairman & Executive Director  
Executive Director  
Executive Director  
Director

Mumbai

Dated: 9<sup>th</sup> May, 2014







## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

	<b>Year ended 31.03.2014 (₹ In Lacs)</b>	Year ended 31.03.2013 (₹ In Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss)	<b>(918.97)</b>	(2,042.57)
<b>Adjustments for:</b>		
Depreciation	<b>886.16</b>	805.87
Foreign Exchange (Unrealised)	<b>1.47</b>	7.18
(Profit)/Loss on disposal of Fixed Assets	<b>30.81</b>	13.15
Provisions/Reversals thereof	<b>13.79</b>	27.84
Finance Costs	<b>876.97</b>	734.60
Interest/Dividend Accrued	<b>(581.11)</b>	(25.45)
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>309.12</b>	(479.38)
<b>Adjustments for:</b>		
Inventories	<b>(1,108.39)</b>	(358.51)
Trade Receivables	<b>(430.99)</b>	(420.17)
Loans and Advances	<b>(116.93)</b>	(8.06)
Trade Payables	<b>1,829.01</b>	633.00
Other Current Liabilities	<b>348.66</b>	255.09
Share of Income of Associates	<b>—</b>	4.92
Changes in Working Capital	<b>521.36</b>	106.27
<b>Cash generated from Operations</b>	<b>830.48</b>	(373.11)
Direct taxes paid	<b>(47.98)</b>	(5.61)
<b>Net cash from operating activities</b>	<b>782.50</b>	(378.72)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including advances)	<b>(3,912.32)</b>	(1,415.68)
Sale of Fixed Assets	<b>12.67</b>	6.70
(Purchase)/Sale of Investments	<b>—</b>	4.00
(Increase)/Decrease in bank deposits (having maturity of more than three months)	<b>(1,922.45)</b>	(328.24)
Interest received	<b>308.85</b>	28.66
Dividend received	<b>2.40</b>	2.00
<b>Net cash used in Investing Activities</b>	<b>(5,510.85)</b>	(1,702.56)

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

	<b>Year ended 31.03.2014 (₹ In Lacs)</b>	Year ended 31.03.2013 (₹ In Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowing	<b>593.89</b>	2,380.12
Repayment of borrowing	<b>—</b>	(17.59)
Rights issue of equity shares	<b>10,156.49</b>	—
Issue of Shares under 'Camlin Employees Stock Option Scheme 2008' (ESOP 2008)	<b>15.57</b>	3.09
Finance Costs paid	<b>(878.73)</b>	(669.93)
Dividend Paid	<b>(0.05)</b>	(0.11)
<b>Net cash used in Financing Activities</b>	<b>9,887.17</b>	1,695.58
<b>D. UNREALISED FOREIGN EXCHANGE FLUCTUATION</b>		
	<b>(1.47)</b>	(7.18)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,157.35</b>	(392.88)
Cash and Cash Equivalents (Opening Balance)	<b>534.10</b>	926.98
Cash and Cash Equivalents (Closing Balance)	<b>5,691.45</b>	534.10

**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: 9<sup>th</sup> May, 2014

Ayyadurai Srikanth  
*Chief Executive Officer*

Chetan Badal  
*Chief Financial Officer*

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

Dilip Dandekar  
Shriram Dandekar

Nobuchika Doi

Takeo Iguchi

Shishir B. Desai

*Chairman & Executive Director*

*Vice Chairman & Executive Director*

*Executive Director*

*Executive Director*

*Director*





## Notes forming part of the Consolidated Financial Statements

### 1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

#### A. Principles of consolidation:

- (i) The consolidated financial statements relate to Kokuyo Camlin Limited (the company), its Subsidiary and Associate Companies. The consolidated financial statements have been prepared on the following basis.

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

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

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

**The subsidiary companies considered in the consolidated financial statements are:**

Name of the Company	Country of Incorporation	% of voting power held on 31 <sup>st</sup> March 2014
Camlin International Ltd.	India	100%
Alphakids Learning and Activity Centre Ltd. (formerly known as Camlin Alphakids Ltd.)	India	100%

The Board in its meeting held on 20th March, 2014 decided to sell its entire holding in Alphakids Learning and Activity Centre Ltd. This is subject to ratification by shareholders (Refer Note 20).

#### B. Fixed Assets:

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

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

#### C. Investments

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

#### D. Valuation of Inventories

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

## Notes forming part of the Consolidated Financial Statements

### **E. Excise Duty**

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

### **F. Foreign Currency Transactions**

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

### **G. Research And Development**

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

### **H. Employee Benefits**

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the 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.

### **I. Revenue/Expense Recognition**

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

### **J. Borrowing Cost**

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

### **K. Contingent Liabilities**

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

### **L. Accounting For Taxes On Income**

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

### **M. 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 is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding including shares pending allotment.





## Notes forming part of the Consolidated Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
20,00,00,000 (20,00,00,000) Equity Shares of ₹ 1/- each	<b>2,000.00</b>	2,000.00
<b>(a) Issued, Subscribed &amp; Paid-up</b>		
10,03,03,806 (6,89,22,350) Equity Shares of ₹ 1/- each	<b>1,003.04</b>	689.22

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

	<b>31.03.2014</b>		31.03.2013	
	<b>No. of shares</b>	<b>₹ in Lacs</b>	No. of shares	₹ in Lacs
At the beginning of the year	<b>68,922,350</b>	<b>689.22</b>	68,901,575	689.02
Issued during the year-ESOP	<b>97,625</b>	<b>0.98</b>	20,775	0.21
Issued during the year-Rights Issue of Equity Shares	<b>31,283,831</b>	<b>312.84</b>	—	—
Outstanding at the end of the year	<b>100,303,806</b>	<b>1,003.04</b>	68,922,350	689.22

**(i) Terms/rights attached to equity shares**

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

(ii) On September 2<sup>nd</sup>, 2013 the Company pursuant to its rights issue of equity shares allotted 312,83,831 Equity Shares of face value of ₹ 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<sup>nd</sup>, 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 Lacs. The aforesaid rights shares were listed on NSE and BSE and the company received trading approval on September 5<sup>th</sup>, 2013.

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

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

	<b>31.03.2014</b>		31.03.2013	
	<b>No. of shares</b>	<b>% of holding</b>	No. of shares	% of holding
<b>Name of the Holding Company</b>				
KOKUYO S&T Co., Ltd. Japan	<b>65,971,120</b>	<b>65.77%</b>	34,836,220	50.54%

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

	<b>31.03.2014</b>	31.03.2013
	<b>No. of shares</b>	No. of shares
<b>Name of the shareholder</b>		
KOKUYO S&T Co., Ltd. Japan	<b>65,971,120</b>	34,836,220

Notes forming part of the Consolidated Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>2. (b) RESERVES AND SURPLUS</b>		
<b>(i) Capital Reserve</b>		
As per last Balance Sheet	<b>52.70</b>	52.70
Additions during the year	—	—
	<b>52.70</b>	52.70
<b>(ii) Share Premium Account</b>		
As per last Balance Sheet	<b>8,043.32</b>	8,040.20
Received during the year		
ESOP	<b>14.64</b>	3.12
Rights issue	<b>10,010.83</b>	
Less : Issue expenses	<b>167.23</b>	—
	<b>17,901.56</b>	8,043.32
<b>(iii) General Reserve</b>		
As per last Balance Sheet	<b>2,064.34</b>	2,064.34
Additions during the year	—	—
	<b>2,064.34</b>	2,064.34
<b>(iv) Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	<b>625.91</b>	2,132.55
Add: (Loss) for the year	<b>(777.78)</b>	(1,510.64)
Add: Profit on sale of Investment	—	4.00
Net surplus/(deficit) at the end of the year	<b>(151.87)</b>	625.91
	<b>19,866.89</b>	10,786.43
<b>3. Deferred Tax Assets (Net) [Refer Note 21(ii)]</b>	<b>(648.78)</b>	(482.49)
	<b>(648.78)</b>	(482.49)
<b>4. NON-CURRENT LIABILITIES</b>		
(a) Long-term borrowings		
Banks (Unsecured)	<b>1,307.35</b>	1,743.14
	<b>1,307.35</b>	1,743.14
(b) Other long-term liabilities		
Security Deposits	<b>981.75</b>	808.22
	<b>981.75</b>	808.22
a. Long term Borrowing comprise 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.		





## Notes forming part of the Consolidated Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>5. CURRENT LIABILITIES</b>		
<b>(a) Short-term borrowings</b>		
Bank Overdraft/Working Capital Demand Loan (Unsecured)	<b>5,375.20</b>	4,781.31
Unsecured Bank Overdraft and Working Capital Demand Loan carry negative lien on all assets of the Company.		
<b>(b) Trade payables</b>		
Trade payables (including acceptances)	<b>8,749.66</b>	6,920.65
<b>(c) Others</b>		
(i) Current Maturities of Long Term Borrowings - Banks	<b>435.79</b>	—
(ii) Trade Advances	<b>143.14</b>	132.07
(iii) Employee Dues	<b>774.36</b>	603.12
(iv) Security Deposits	<b>67.66</b>	71.45
(v) Statutory Liabilities	<b>277.89</b>	308.55
(vi) Interest Accrued but not due on loans	<b>66.82</b>	68.58
(vii) Investor Education and Protection fund will be credited by following amounts (as and when due)		
1. Unclaimed Dividends	<b>15.07</b>	15.12
2. Unclaimed Fixed Deposits	<b>0.65</b>	0.75
3. Unclaimed Interest on Fixed Deposits	<b>0.06</b>	0.59
(viii) Others	<b>106.04</b>	48.30
	<b>1,887.48</b>	1,248.53
<b>(d) Short-term provisions</b>		
(i) Excise Duty	<b>36.16</b>	24.66
(ii) Provision for Tax	<b>24.48</b>	—
(iii) Employees' Benefits	<b>140.91</b>	182.25
	<b>201.55</b>	206.91

## Notes forming part of the Consolidated Financial Statements

### 6. (a) FIXED ASSETS

#### (i) Tangible assets

(₹ in Lacs)

PARTICULARS	COST					DEPRECIATION					BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	Assets held for Disposal	As at 31.03.2014	Upto 31.03.2013	For the year	Disposals/ Adjustments	Assets held for Disposal	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Freehold Land	2.73	—	—	—	2.73	—	—	—	—	—	2.73	2.73
Leasehold Land	187.29	133.23	—	—	320.52	14.52	10.17	—	—	24.69	295.83	172.77
Site Development	22.47	—	—	—	22.47	3.16	0.37	—	—	3.53	18.94	19.31
Building & Shed	1,637.46	190.79	—	17.18	1,811.07	332.56	76.19	—	9.73	399.02	1,412.05	1,304.90
Plant, Machinery & Equipment	8,999.31	1,149.08	49.30	—	10,099.09	4,001.37	679.69	37.07	—	4,643.99	5,455.10	4,997.94
Office Machinery	423.22	286.79	54.42	1.75	653.84	252.55	53.67	40.38	0.99	264.85	388.99	170.67
ERP Hardware Cost	186.61	—	—	—	186.61	186.54	0.07	—	—	186.61	—	0.07
Furniture & Fittings	458.81	3.00	93.18	12.75	355.88	234.20	29.58	78.72	7.17	177.89	177.99	224.61
Vehicles	224.75	8.65	19.58	—	213.82	91.48	20.50	16.83	—	95.15	118.67	133.27
<b>Total</b>	<b>12,142.65</b>	<b>1,771.54</b>	<b>216.48</b>	<b>31.68</b>	<b>13,666.03</b>	<b>5,116.38</b>	<b>870.24</b>	<b>173.00</b>	<b>17.89</b>	<b>5,795.73</b>	<b>7,870.30</b>	<b>7,026.25</b>
Previous Year	11,114.57	1,134.12	55.47	50.57	12,142.65	4,404.33	770.40	35.62	22.73	5,116.38	7,026.27	6,710.22

Notes:

Capitalised borrowing costs

Additions to Fixed Assets includes borrowing costs amounting to Nil (₹ 8.43 Lacs).

#### (ii) Intangible assets

PARTICULARS	COST					DEPRECIATION					BALANCE	
	Gross Block	Additions during the year	Disposals/ Adjustments	Assets held for Disposal	As at 31.03.2014	Upto 31.03.2013	For the year	Disposals/ Adjustments	Assets held for Disposal	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
ERP Software Cost	219.44	—	—	—	219.44	147.53	15.92	—	—	163.45	55.99	71.91
<b>Total</b>	<b>219.44</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>219.44</b>	<b>147.53</b>	<b>15.92</b>	<b>—</b>	<b>—</b>	<b>163.45</b>	<b>55.99</b>	<b>71.91</b>
Previous Year	140.77	78.67	—	—	219.44	112.06	35.47	—	—	147.53	71.91	28.71

#### (iii) Capital Work-in-Progress

	<b>594.88</b>	95.67
<b>Grand Total</b>	<b>8,521.17</b>	7,193.85

Notes:

Borrowing costs of Nil (₹ 0.59 Lacs) carried in Capital Work-in-Progress.







## Notes forming part of the Consolidated Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>6. (b) Non-Current Investments</b>		
<b>Investments in Equity Instruments</b>		
<b>I. Quoted</b>		
4,00,000 (4,00,000) Shares of ₹ 2/- each in Camlin Fine Sciences Ltd. [Market Value ₹ 153.00 Lacs (₹ 61.80 Lacs)]	<b>9.73</b>	9.73
<b>II. Trade</b>		
(a) 2,150 (2,150) Equity Shares of ₹ 100/- each in Excella Pencils Ltd.	<b>2.15</b>	2.15
Add: Share of post acquisition profit	<b>33.13</b>	33.13
(b) 5,22,000 (5,22,000) Equity Shares of ₹ 10/- each in ColArt Camlin Canvas Pvt. Ltd. (Associate) \$	<b>—</b>	—
\$ Valued at ₹ Nil as accumulated losses as on March 31, 2014 exceed the net worth of the Company		
	<b>45.01</b>	45.01
<b>(c) Long-term Loans and Advances</b>		
(i) Capital Advances	<b>2,018.63</b>	354.77
(ii) Security Deposits	<b>390.94</b>	420.76
(iii) Loans and Advances to related party		
Mayur Colours Ltd.	<b>—</b>	41.95
	<b>2,409.57</b>	817.48
Less: Allowance for Doubtful Loans and Advances	<b>22.29</b>	—
	<b>2,387.28</b>	817.48
<b>7. CURRENT ASSETS</b>		
<b>(a) Inventories</b>		
(i) Raw Materials [includes in transit ₹ 17.91 Lacs (₹ 54.18 Lacs)]	<b>1,484.38</b>	942.21
(ii) Packing Materials [includes in transit ₹ 89.76 Lacs (₹ 29.62 Lacs)]	<b>1,801.13</b>	1,560.41
(iii) Work-in-Process [includes in transit ₹ 33.10 Lacs (₹ 2.24 Lacs)]	<b>1,002.00</b>	809.27
(iv) Finished Goods [includes in transit ₹ 317.97 Lacs (₹ 165.86 Lacs)]	<b>2,784.88</b>	3,056.22
(v) Stock-in-Trade [includes in transit ₹ 210.25 Lacs (₹ 190.38 Lacs)]	<b>3,646.45</b>	3,242.34
	<b>10,718.84</b>	9,610.45

Notes forming part of the Consolidated Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>(b) Trade receivables</b>		
<b>Unsecured</b>		
(i) Outstanding for a period exceeding six months from the due date		
1. Considered Good	<b>108.26</b>	309.32
2. Considered Doubtful	<b>177.95</b>	138.27
(ii) Other Debts - Considered Good	<b>6,975.71</b>	6,343.66
	<b>7,261.92</b>	6,791.25
Less: Allowance for doubtful receivables	<b>177.95</b>	138.27
	<b>7,083.97</b>	6,652.98
<b>(c) Cash and cash equivalents</b>		
(i) Balances with Banks		
In Current Accounts	<b>320.48</b>	349.18
In EEFC Accounts	<b>61.50</b>	1.72
Deposits with maturity of less than three months	<b>5,301.96</b>	175.00
Cash on Hand	<b>7.51</b>	8.20
	<b>5,691.45</b>	534.10
(ii) Other Bank Balances		
Deposits with original maturity of more than three months but less than twelve months	<b>2,747.08</b>	800.00
Maturing after twelve months	<b>24.65</b>	49.03
Staff Security Deposits	<b>8.51</b>	8.18
Earmarked for payment of Dividends/Interest on Fixed Deposits	<b>15.13</b>	15.71
	<b>2,795.37</b>	872.92
	<b>8,486.82</b>	1,407.02
<b>(d) Short-term Loans and Advances</b>		
Unsecured (Considered Good)		
(i) Advances to Related Parties	<b>3.44</b>	4.19
(ii) Trade Advances	<b>223.97</b>	125.16
(iii) Prepaid Expenses	<b>90.55</b>	118.93
(iv) Income Tax (net of provisions)	<b>174.30</b>	126.94
(v) Deposits, balances and input credits for other taxes and duties	<b>561.30</b>	366.85
(vi) Other advances	<b>123.73</b>	199.16
	<b>1,177.29</b>	941.23
<b>(e) Other current assets</b>		
Interest accrued on Deposits	<b>303.76</b>	33.90
	<b>303.76</b>	33.90





## Notes forming part of the Consolidated Financial Statements

	<b>31.03.2014</b> (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>8. REVENUE FROM OPERATIONS (GROSS)</b>		
Sale of Products [Refer Note No. 1 I (i)]	<b>48,793.54</b>	45,276.09
Add: Other Operating Revenues	<b>274.72</b>	315.99
Revenue from Operations (Gross)	<b>49,068.26</b>	45,592.08
Less: Excise Duty-[Net of Rebate] [Refer Note No. 17]	<b>2,032.77</b>	1,754.91
Revenue from Operations (Net)	<b>47,035.49</b>	43,837.17
<b>9. OTHER INCOME</b>		
(i) Interest	<b>578.71</b>	23.45
(ii) Dividend on Trade Investments	<b>2.40</b>	2.00
(iii) Profit on Sale of Assets	<b>0.98</b>	0.02
	<b>582.09</b>	25.47
<b>10. COST OF MATERIALS</b>		
Colours/Pigments	<b>1,981.10</b>	1,761.17
Chemicals	<b>2,156.93</b>	1,974.55
Components	<b>4,343.17</b>	4,810.16
Containers	<b>2,720.23</b>	2,908.23
Others	<b>7,082.24</b>	5,276.07
	<b>18,283.67</b>	16,730.18
<b>11. PURCHASE OF STOCK-IN-TRADE</b>		
(i) Stationery Items	<b>10,958.37</b>	11,091.38
(ii) Chemical and Chemical Products	<b>1,235.47</b>	2,025.78
	<b>12,193.84</b>	13,117.16
<b>12. CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Stocks as per last Balance Sheet		
Work-in-Process	<b>809.27</b>	1,027.58
Stock-in-Trade	<b>3,242.34</b>	3,039.59
Finished Goods	<b>3,056.22</b>	2,686.47
	<b>7,107.83</b>	6,753.64
Less:		
Closing Stock as at year end		
Work-in-Process	<b>1,002.00</b>	809.27
Stock-in-Trade	<b>3,646.45</b>	3,242.34
Finished Goods	<b>2,784.88</b>	3,056.22
	<b>7,433.33</b>	7,107.83
	<b>(325.50)</b>	(354.19)

Notes forming part of the Consolidated Financial Statements

	31.03.2014 (₹ in Lacs)	31.03.2013 (₹ in Lacs)
<b>13. EMPLOYEE COST</b>		
Salaries, Wages and Bonus	4,863.66	4,578.13
Contribution to Provident & other funds [Refer Note No. 21 iv]	428.33	416.44
Staff and Labour Welfare	187.92	166.37
	<b>5,479.91</b>	5,160.94
<b>14. FINANCE COSTS</b>		
Interest Expense on Debts and Borrowings	671.03	497.14
[Net of interest of Nil (₹ 14.51 Lacs) earned on Time Deposits pledged with the Bank]		
Interest Expense relating to Taxes and Duties	39.03	1.43
Other Borrowing Costs	166.91	236.03
	<b>876.97</b>	734.60
<b>15. OTHER EXPENSES</b>		
Power and Fuel	442.75	419.61
Job work charges	1,613.80	838.73
Repairs		
— Building	18.46	4.52
— Machinery	90.29	87.31
Rent	906.59	902.60
Rates and Taxes	27.36	28.22
Net losses/(gains) in respect of translations of foreign currencies	84.06	(30.14)
Insurance	62.04	85.11
Advertisement and Sale Promotion	1,806.76	1,845.11
Transport & Forwarding Charges	1,796.33	1,691.10
Commission/discount/service charges on sales	1,161.39	1,048.46
Travelling & Conveyance	970.74	889.05
Payment to Auditors	30.96	39.36
Miscellaneous Expenses	2,129.97	1,856.69
	<b>11,141.50</b>	9,705.73
Payment to Auditors		
(a) Audit fees for Standalone Accounts	14.17	11.17
(b) Audit fees for Consolidated Accounts	3.25	3.00
(c) Tax Audit Fees	3.81	2.84
(d) Vat Audit Fees	3.50	3.50
(e) Consultancy services	—	4.25
(f) Certifications	5.60	13.65
(g) Reimbursement of expenses	0.63	0.95
	<b>30.96</b>	39.36





## Notes forming part of the Consolidated Financial Statements

**NOTES TO ACCOUNTS****16. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)****(i) Contingent Liabilities:**

1. Claims against the Company not acknowledged as debts ₹ 232.26 Lacs (₹ 183.36 Lacs)
2. Other money for which the Company is contingently liable ₹ 14.39 Lacs (₹ 34.78 Lacs)

**(ii) Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 579.05 Lacs (₹ 530.41 Lacs).

**17. EXCISE REMISSION AT JAMMU:**

- (a) The Jammu and Kashmir High Court delivered a judgement dated December 23, 2010 quashing the Excise Notification, applicable to the undertakings set up in Jammu, which restricted the quantum of excise duty remission and upheld the entitlement to total exemption from excise duty. In view of the legal advice confirming the Company's right to such total exemption on the grounds laid down in the judgement of the High Court, rebate of excise duty, being the duty on assessable value of goods, net of Cenvat Credit on inputs, of ₹ 288.86 Lacs (₹ 411.45 Lacs), is recognised as revenue and accrued as income from the operations. The cumulative amount of remission as on March 31, 2014, so recognised is ₹ 1,479.11 Lacs (₹ 1,190.25 Lacs).
- (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.

**18. DERIVATIVES INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE:**

(a) The hedged exposure of foreign currency transactions is as follows:

On Account of	Currency	(Amt in Lacs)	
		2013-14	2012-13
Loan from Bank -Unsecured	(USD)	<b>32.50</b>	32.50
Trade Payables	(USD)	—	1.02
	(YEN)	—	160.95

(b) The unhedged exposure of foreign currency transactions is as follows:

On Account of	Currency	(Amt in Lacs)	
		2013-14	2012-13
(i) Trade Receivables	(USD)	<b>4.81</b>	4.88
(ii) Trade Payables	(USD)	<b>5.29</b>	0.95
	(GBP)	<b>0.01</b>	0.10
	(YEN)	<b>660.84</b>	142.45

**19. EQUITY SHARES:**

On September 2, 2013, the Company pursuant to its right issue of equity shares allotted 312,83,831 Equity Shares of face value of ₹ 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 Lacs.

The utilization of funds received by way of Rights Issue is as follows:

	(₹ in Lacs)
Right issue expenditure	167.23
Capital expenditure	2,077.33
Amount kept with Banks in Fixed Deposits & Current Account	8,079.10
Total funds raised from Rights issue of equity Shares	10,323.66

## Notes forming part of the Consolidated Financial Statements

- 20.** In the Board meeting held on 20<sup>th</sup> March 2014, the company decided to exit from its loss-making business of running preschools and as a result sell its entire holding in the Wholly Owned Subsidiary ('WOS'), Alphakids Learning and Activity Centre Limited (formerly Camlin Alphakids Ltd).

The Investments made in this WOS, i.e. Equity Capital of ₹ 130 Lacs & Preference Capital of ₹ 100 Lacs have been sold to Mr. Dilip Dandekar & his associate Company/relatives for a purchase consideration of ₹ 50 Lacs in April, 2014. This sale is subject to ratification by shareholders.

The consolidated financial result also includes the following assets. Liabilities, income and expenses relating to Alphakids a discontinuing operations as defined in AS24 – Discontinued Operations issued by the Institute of Chartered Accountants of India, (required by clause 41(iv)(m) of the Listing Agreement). Pending the completion of the sale as described above, no adjustment is required to be made to the carrying value of assets and liabilities of Alphakids in the consolidated financial statement as at March 31, 2014.

	(₹ in Lacs)
	<b>Year ended 31 March 2014</b>
Revenue	<b>232.13</b>
Expenditure	<b>312.74</b>
Operating Loss	<b>(80.61)</b>
Exceptional Items-Write back of Loans	<b>305.32</b>
Profit before Tax (including write back of Loans)	<b>224.71</b>
Profit after Tax	<b>200.71</b>
Total Assets	<b>131.81</b>
Total liabilities	<b>107.76</b>

### 21. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS

- (i) Total Lease Rentals on account of operating leases payable are as follows:**

		(₹ in Lacs)	
Sr. No.	Particulars	2013-14	2012-13
(a)	Payable not later than 1 year	<b>612.94</b>	441.66
(b)	Payable later than 1 year and not later than 5 years	<b>903.94</b>	888.73
(c)	Payable later than 5 years	<b>Nil</b>	Nil

- (ii) Deferred Taxes:**

Major items of Deferred Tax Liabilities and Deferred Tax Assets

				(₹ in Lacs)
Particulars	Opening Balance as on 01.04.2013	Increase/ (Decrease) During the year	<b>Closing Balance as on 31.03.2014</b>	
<b>Liabilities:</b>				
Depreciation	542.76	75.17	617.93	
<b>Sub-total</b>	<b>542.76</b>	<b>75.17</b>	<b>617.93</b>	
<b>Assets:</b>				
Provision for doubtful debts/Leave Encashment	87.58	15.87	103.45	
Expenses Allowable	896.03	36.18	932.21	
Unabsorbed Depreciation*	6.36	189.41	195.77	
Unabsorbed business loss*	35.27	—	35.27	
<b>Sub-total</b>	<b>1,025.24</b>	<b>241.46</b>	<b>1,266.75</b>	
<b>Net Deferred Tax Liability/(Asset)</b>	<b>(482.49)</b>	<b>(166.29)</b>	<b>(648.78)</b>	

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



**Notes** forming part of the Consolidated Financial Statements**(iii) Earnings Per Share (Basic & Diluted):**

	<b>2013-14</b>	2012-13
Net Profit/(Loss) after Tax – ₹ Lacs	<b>(777.78)</b>	(1,510.64)
Issued and Paid-up Equity Shares (Nos.)	<b>10,03,03,806</b>	6,89,22,350
Weighted average of Number of Equity Shares used in computing basic earnings per share. (Nos.)	<b>8,73,65,089</b>	6,89,07,153
Weighted average of Number of Equity Shares used in computing diluted earnings per share.(Nos.)	<b>8,73,65,089</b>	6,91,03,725
Earnings per Share – Basic ₹	<b>(0.89)</b>	(2.19)
Earnings per Share – Diluted ₹	<b>(0.89)</b>	(2.19)
Earnings per Share for 2012-13 restated for rights issue		(2.20)
Earnings per share for 2013-14 including effects of right issue	<b>(0.89)</b>	

**(iv) 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.

Principal actuarial assumptions:

	<b>2013-14</b>	2012-13	2011-12	2010-11	2009-10
Discount rate	<b>9.33%</b>	8.25%	8.50%	8.25%	8.25%
Rate of Return on Plan Assets	<b>8.70%</b>	8.70%	8.60%	8.00%	8.00%

## Notes forming part of the Consolidated Financial Statements

### Reconciliation of Benefit Obligation:

	(₹ in Lacs)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Liability at the beginning of the year	<b>699.56</b>	605.45	750.98	682.98	487.74
Interest Cost	<b>57.71</b>	51.46	60.05	56.35	36.58
Current Service Cost	<b>44.42</b>	38.88	30.54	34.18	31.60
Past Service Cost	—	—	—	—	108.73
Benefit Paid	<b>(190.34)</b>	(78.58)	(172.07)	(77.67)	(45.16)
Actuarial (Gain)/Loss on Obligations	<b>70.87</b>	82.35	(63.71)	54.80	63.49
Liability at the end of the year	<b>682.22</b>	699.56	605.45	750.64	682.98
Value of Plan Assets at the end of the year	<b>623.26</b>	689.39	658.16	730.83	698.74

### Reconciliation of value of Plan Assets:

	(₹ in Lacs)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Value of Plan Assets at the beginning of the year	<b>689.39</b>	658.16	730.83	698.74	650.36
Return on Plan Assets	<b>59.98</b>	56.60	55.27	55.90	52.97
Contributions	<b>69.90</b>	50.98	31.95	47.12	34.32
Benefit Paid	<b>(190.34)</b>	(78.58)	(172.07)	(77.67)	(45.16)
Actuarial (Gain)/Loss on Obligations	<b>(5.67)</b>	2.23	12.20	6.74	6.25
Value of Plan Assets at the end of the year	<b>623.26</b>	689.39	658.16	730.83	698.74

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

	(₹ in Lacs)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Current Service Cost	<b>44.42</b>	38.88	30.54	34.18	31.60
Past Service Cost	—	—	—	—	108.73
Interest Cost	<b>57.71</b>	51.46	60.05	56.35	36.58
Return on Plan Assets	<b>(59.98)</b>	(56.60)	(55.27)	(55.90)	(52.97)
Net Actuarial (Gain)/Loss recognised	<b>76.54</b>	80.12	(75.90)	48.06	57.25
Expenses recognised in the Statement of Profit and Loss	<b>118.69</b>	113.86	(40.58)	82.68	181.18







## Notes forming part of the Consolidated Financial Statements

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

<b>(a) Name of the Related Party</b>	<b>Nature of Relationship</b>
1. Kokuyo S&T Co. Ltd.	Holding Company
2. Kokuyo Riddhi Paper Products Pvt. Ltd.	Fellow Subsidiary
3. ColArt Camlin Canvas Pvt. Ltd.	
4. CAFCO Consultants Ltd.	
5. Camart Industries Ltd.	
6. Camlink Agencies LLP	
7. Camlink Consultants Pvt. Ltd.	
8. Dandekar Developers LLP	Entities over which KMP's/Directors and/or their relatives are able to exercise significant influence
9. Dandekar Investments & Consultants Pvt. Ltd.	
10. DDI Consultants Pvt. Ltd.	
11. Excella Pencils Ltd.	
12. Camlin Fine Sciences Ltd.	
13. Nilmac Packaging Industries Ltd.	
14. Triveni Pencils Ltd.	
15. Mayur Colours Ltd.	

**(b) Key Management Personnel and their Relatives:**

<b>Name of the Person</b>	<b>Nature of Relationship</b>
<b>Key Management Personnel</b>	
Mr. Dilip Dandekar	Chairman & Executive Director (C & ED)
Mr. Shriram Dandekar	Vice Chairman & Executive Director (VC & ED)
Mr. Nobuchika Doi	Executive Director
Mr. Takeo Iguchi	Executive Director
Mr. Ayyadurai Srikanth	Chief Executive Officer
<b>Relatives</b>	
Mr. Subhash Dandekar	Chairman Emeritus and brother of C & ED
Mrs. Aditi Dighe	General Manager - Marketing (Colour Group 2) and daughter of C & ED
Mr. Rahul Dandekar	Dy. General Manager - Sales Planning and son of C & ED
Mr. Nikhil Dandekar	Assistant Manager - Strategy Planning & Projects and son of VC & ED

Notes forming part of the Consolidated Financial Statements

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

(c) Transactions with Associate Companies:

		(₹ in Lacs)
Particulars	Entities over which KMP's/Directors and/ or their relatives are able to exercise significant influence	2013-14
Purchase of goods	Excella Pencils Ltd.	1,963.50
	<b>Total</b>	<b>1,963.50</b>
		<b>(3,358.90)</b>
Sale of goods	Excella Pencils Ltd	133.63
	<b>Total</b>	<b>133.63</b>
		<b>(310.94)</b>
Purchase of Fixed Assets	Triveni Pencils Ltd.	274.09
	Excella Pencils Ltd.	222.99
	<b>Total</b>	<b>497.08</b>
		<b>(16.72)</b>
Receiving Services	Mayur Colours Ltd.	326.12
	Nilmac Packaging Industries Ltd.	387.31
	Excella Pencils Ltd.	423.52
	<b>Total</b>	<b>1,136.95</b>
		<b>(559.84)</b>
Interest Received	Mayur Colours Ltd.	1.81
	<b>Total</b>	<b>1.81</b>
		<b>(2.18)</b>
Dividend Received	Camlin Fine Sciences Ltd.	2.40
	<b>Total</b>	<b>2.40</b>
		<b>(2.00)</b>
Net Amount Payable	Nilmac Packaging Industries Ltd.	4.60
	Other	3.64
	<b>Total</b>	<b>8.24</b>
		<b>(726.23)</b>
Net Amount Receivable	Mayur Colours Ltd.	123.00
	Others	0.67
	<b>Total</b>	<b>123.67</b>
		<b>(173.62)</b>
Sale of Investments	<b>Total</b>	—
		<b>(4.00)</b>





## Notes forming part of the Consolidated Financial Statements

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

		(₹ in Lacs)
Payments to Key Management Personnel and their Relatives		<b>2013-14</b>
Remuneration	Mr. Dilip Dandekar	<b>110.48</b>
	Mr. Shriram Dandekar	<b>92.33</b>
	Mr. Nobuchika Doi	<b>83.43</b>
	Mr. Takeo Iguchi	<b>83.94</b>
	Mr. Ayyadurai Srikanth	<b>60.77</b>
	Others	<b>31.91</b>
	<b>Total</b>	<b>462.86</b>
		<b>(420.05)</b>
<b>Transaction with Fellow Subsidiary Companies:</b>		(₹ in Lacs)
<b>Particulars</b>	<b>Fellow Subsidiary Company</b>	<b>2013-14</b>
Purchase of Goods	Kokuyo Riddhi Paper Products Pvt. Ltd.	<b>152.32</b>
	<b>Total</b>	<b>152.32</b>
		<b>(—)</b>

**(d) Transactions with Holding Company:**

		(₹ in Lacs)
<b>Particulars</b>	<b>Holding Company</b>	<b>2013-14</b>
Purchase of Goods	Kokuyo S&T Co. Ltd., Japan	<b>17.71</b>
	<b>Total</b>	<b>17.71</b>
		<b>(107.72)</b>
Reimbursement of Expenses	Kokuyo S&T Co. Ltd., Japan	<b>16.18</b>
	<b>Total</b>	<b>16.18</b>
		<b>—</b>
Net Amount Payable	Kokuyo S&T Co. Ltd., Japan	<b>42.05</b>
	<b>Total</b>	<b>42.05</b>
		<b>(13.10)</b>

Figures in brackets are for the previous year.

**(vi) 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	33.13	35.28
Colart Camlin Canvas Pvt. Ltd.	Manufacturing and export of Canvas Products	40.00%	52.20	NIL	(52.20)	NIL

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

**23.** Previous year's figures are recast/regrouped wherever necessary.



MR DILIP DANDEKAR - CHAIRMAN  
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ACHIEVEMENT AWARD" FROM  
FEDERATION OF MAHARASHTRA  
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