Annual report

2010-11

APPLYING SCIENCE TO
FOOD PROTECTION.

Camlin Fine
Chemicals Limited

Camlin. Inheriting a rich legacy. Creating an attractive future.


Late Mr. D. P. Dandekar


Mr. Subhash Dandekar

Rich pedigree

Camlin was founded as a writing ink, colour and writing instruments manufacturing company in 1931, by the late Mr. D. P. Dandekar. Mr. Subhash Dandekar grew the business of Camlin Limited to a leadership position and was responsible for diversifying the Company into pharmaceutical and fine chemicals.

The chemical division of Camlin Limited was de-merged into Camlin Fine Chemicals Limited in 2006. Since then, the company has grown attractively to emerge as the largest producer of food antioxidants like TBHQ and BHA. After acquiring Borregaard Italia Spa, the company will expand its global footprint in line with the rich Camlin culture.

The Company has inherited a rich legacy, which is reflected in its willingness to grow its business through proactive investments, product development, innovation and operational efficiency. Today the company is among the world's largest integrated players in the food protection space

Forward-looking statement

In this annual report the forward-looking information if any, is for enabling investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, arising as a result of new information, future events or otherwise.

Content

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Today's consumer demands a wider variety of food products than ever before.

Foods that are packaged, ready-to-cook and ready-to-eat.

In most forms of packaged food, there is some amount of oil and fat.

The increasing tenure between the time of manufacture and consumption exposes the fat and oil in food to the risk of oxidation. Affecting taste and odour. Impacting shelf- life.

The challenge for the food industry is to protect food longer, preserve freshness and extend shelf-life.

Camlin Fine Chemicals Limited manufactures antioxidants which prevent the oxidation of fats and oil, thus preventing off odours, maintaining freshness and taste and improving shelf-life.

Our visiting card

Largest in the world in our space. Rapidly increasing product portfolio. Innovative natural freshness enhancer for fruits and vegetables.

These are only some aspects of what makes Camlin Fine Chemicals a unique company.

Location

The Company's head office is located in Mumbai, with its plants located at Tarapur, Maharashtra.

Portfolio

Food applications

TBHQ, BHA, Ascorbyl Palmitate, BHT, Customised anitoxidant formulations, Natural shelf-life enhancers for fruits and vegetables.

Non-food applications

Catechol, MEHQ, TBC, Guaiacol, Veratrole and Guethol, Hydroquinone

Listing

The Company's equity shares are listed on the Bombay Stock Exchange.

Accreditations

- Certified with ISO 9001:2008 for application of a quality system
- Certified with ISO 22000: 2005 for food safety management
- FAMI-QS-certified
- Star-K Kosher-certified

This is what we achieved in 2010-11

	Revenue growth	Profit before tax growth	Cash profit growth	Exports growth	EBIDTA
Growth	31.61 %	27.96 %	39.15 %	44.90 %	28.33 %
2009-10	₹ 125.22 crore	₹ 6.58 crore	₹ 8.71 crore	₹ 98.59 crore	₹ 17.05 crore
2010-11	₹ 164.80 crore	₹ 8.42 crore	₹ 12.12 crore	₹ 142.87 crore	₹ 21.88 crore

Board room achievements

- Acquired 100% Borregaard Italia Spa through its subsidiary in Mauritius

Product achievements

- Launched Ascorbyl Palmitate for infant food and cosmetics
- Launched MEHQ for industrial applications
- Launched TBC for industrial applications
- Patent applied for natural shelf-life enhancer for fruits and vegetables

Market-place achievements

- Widened its reach in Europe, Middle East, South America and China
- Commissioned a sales office in Brazil, South America

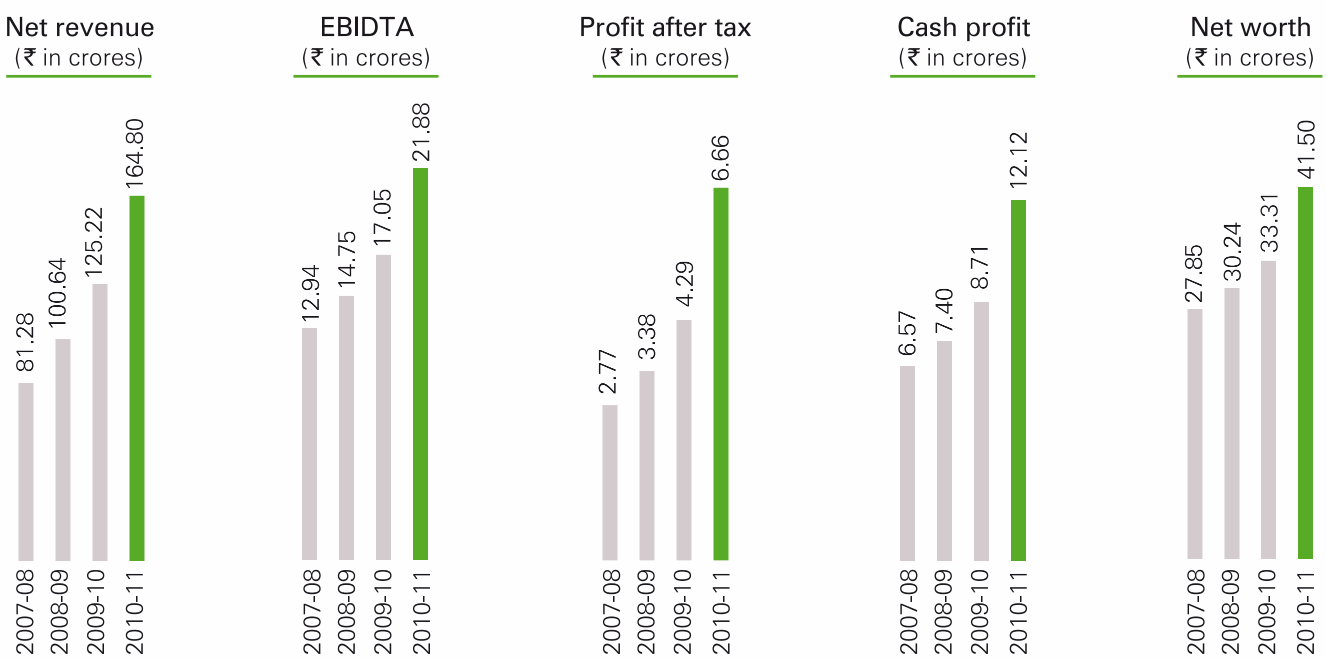
Plant achievements

- De-bottlenecked the Tarapur plant resulting in 20 per cent increased capacity
- Invested in automation at the Tarapur facility, improving the efficiency of packing products as well as a reduction of manpower and material handling.

Research achievements

- Invested in quality and process streamlining, leading to de-bottlenecking and process efficiency
- Developed specialty intermediates for pharmaceuticals.
- Aroma/flavour compounds-to be launched

Complex science. Simple numbers.



Managing Director's message

Dear Shareholders

Camlin Fine Chemicals Ltd de-merged from Camlin Ltd in 2006 with the objective to strengthen business focus, mobilise resources and generate attractive growth. Camlin Fine Chemicals retained the Camlin legacy of ethical and responsible work practices, resulting in global leadership in the specialised field of scientific food protection.

The food industry is one of the most dynamic in the world; constantly re-inventing itself to meet ever-changing consumer demands. This is reflected in a growing need to redefine packaged, ready-to-eat and ready to cook food. Over the years, Camlin Fine Chemicals Ltd has prepared itself for growing industry opportunities through various initiatives.

Camlin's values and principles are reflected in its performance. Your Company reported a 31.61% rise in revenues from ₹ 125.22 crore in 2009-10 to ₹ 164.80 crore during the year under review and a corresponding increase in bottomline from ₹ 6.58 crore in 2009-10 to ₹ 8.42 crore in 2010-11.

Acquisition

The year 2010-11 was a landmark one: the Company acquired Borregaard Italia Spa through its wholly-owned subsidiary in Mauritius on 8th March 2011. Borregaard Italia Spa was a subsidiary of Borregaard Industries Ltd, UK.

The acquisition will now provide us with a reliable supply of our key raw material. It has also given us the technology for the manufacture of Hydroquinone and Catechol, with an integrated production capacity of 8,000 MT per annum. Besides world-class engineering and technical expertise, this acquisition also opens more growth opportunities for the company by expanding the base of downstream products.

Looking ahead

The Company expects to report attractive growth over the foreseeable future, resulting from a superior leverage of long-term relationships with customers in 52 countries, the acquisition of Borregaard Italia Spa and the commissioning of a sales office in Brazil.

Besides, the Company is undergoing an identity transformation, from a chemical Company to a multidisciplinary organisation having expertise in basic chemistry, food chemistry, biochemistry and biotechnology, with primary focus on the food protection space.

Yours sincerely,

Ashish Dandekar
Managing Director

Core strengths

TEAM
The Company's efficient team possesses production and marketing skills, providing a competitive edge and services that meet the needs of its customers

FINANCIALS
The Company's revenue more than doubled during the last four years, and is expected to grow at a much faster rate

BUSINESS MODEL
After the acquisition of Borregaard Italia Spa, the Company is now the largest integrated global manufacturer of food antioxidants - TBHQ and BHA.

MARKET SHARE
The Company is the largest producer of TBHQ and BHA with nearly 35% share of global market and a product presence in 52 countries

SAFETY AND QUALITY MANAGEMENT SYSTEMS
The food antioxidant manufacturing facilities are designed and governed by food safety certifications like ISO 22000: 2005 and FAMI- QS, and audited by firms of global repute like Intertek. The manufacturing facility is also audited by large global food and ingredient companies.

RESEARCH & DEVELOPMENT
The Company's success is driven by research and development-led product innovation and process re-engineering. The Company's sustained R&D effort led to development of an innovative manufacturing process for biotechnology-based products that enhance the shelf-life of fruits and vegetables.

STRONG CUSTOMER RELATIONSHIPS AND PARTNERSHIPS
The Company has developed long-term relations with its customers based on timely deliveries of consistent quality products. The Company works closely with its customers and constantly keeps improving technology and applications based on their needs. The Company intends to have strategic relationships on a deeper level with key large customers, to leverage its strengths as an integrated manufacturer of antioxidants for long-term and mutual benefits.

Evolution

THE COMPANY IS ON THE PATH OF EVOLVING INTO ONE OF THE STRONGEST PLAYERS IN THE FOOD PROTECTION SPACE.

The Company is adding experience, expertise and proprietary knowledge-base of various branches of sciences like food chemistry, biochemistry and biotechnology, besides basic chemistry. As the food industry itself keeps evolving and presents challenges to food protection, the Company is at the forefront to meet the exacting needs of the industry.

The Company has a dedicated food application laboratory to cater to the growing needs of food protection in the industry.

The Company acquired Borregaard Italia Spa during the year, as a part of its backward integration. This is a big leap for the Company in its evolutionary process.

In addition, the product range has been diversified to meet preservation needs for fresh farm produce. The Company's natural post harvest freshness enhancer significantly reduces damages related to microbial spoilage, over-ripening, drying and handling damages, resulting in a more efficient farm to retail supply chain

The Company is also evolving to launch new flavour and aroma products.

Global isation

CAMLIN FINE CHEMICALS IS NOW A MULTI-NATIONAL ORGANISATION.

The Company through its subsidiary in Mauritius has acquired a manufacturing facility in Ravenna, Italy. The company has successfully enlarged its global footprint by upgrading its manufacturing facilities in line with global demands and requirements.

The Company's products are sold in 52 countries. The Company has marketing offices in Europe, Middle East and South America. The Company also has a warehousing hub in the Middle East.

The result: Camlin Fine is going closer to its international customers.

[*Our newly acquired Borregaard Italia Spa*]

Acquisi tion

CAMLIN FINE CHEMICALS ACCELERATED GROWTH THROUGH THE TIMELY ACQUISITION OF BORREGAARD ITALIA SPA, A SUBSIDIARY COMPANY OF BORREGAARD INDUSTRIES LTD, UK, THROUGH ITS WHOLLY-OWNED SUBSIDIARY IN MAURITIUS.

Borregaard Italia has its manufacturing facility in Italy. The acquisition came into effect from 8th March, 2011.

Rationale for acquisition

Camlin Fine Chemicals is the world's largest manufacturer of antioxidants, like TBHQ (tertiary butyl hydroquinone) and BHA (butylated hydroxyanisole), with an installed capacity of 4,200 MT. Prior to this acquisition, regular availability of key raw material hydroquinone, at stable prices, was a major concern, resulting in production discontinuity and cost variations.

The acquisition of Borregaard Italia Spa has resulted in stabilising the raw material availability – Hydroquinone. It has also given the Company the following competencies :

- Technology for the manufacture of hydroquinone (HQ) and catechol with a state-of-the-art manufacturing facility
- Integrated plant with a production capacity of 8,000 MT per annum
- High operational efficiency on account of plant automation
- Strong engineering and technical expertise

The acquisition also presents an opportunity in expanding the base of downstream products – TBC, Guaiacol, Veratrole and Guethol.

The acquisition will make it possible for Camlin Fine Chemicals to strengthen business integration, resolve availability issues, enhance production and grow its international market share.

Bringing Innovative Post-harvest solutions.

THE PRESERVATION OF FRESH FARM PRODUCE IS A GLOBAL CONCERN. LARGE RESOURCES AND MAJOR EFFORTS HAVE BEEN TAKEN TOWARDS REDUCING FARM PRODUCE LOSSES.

Camlin Fine Chemicals is among the few global companies dedicated to post-harvest food preservation. The Company's capability was built around proprietary knowledge formula on the biotechnology platform, helping enhance the shelf life of fresh fruits, vegetables and flowers (including cut fruits and vegetables).

Protection areas

The Company's product capability prevents fruits and vegetables from ethylene-related damage, microbial damage, weight loss and damage due to over-ripening and softening.

Differentiated

The current techniques being used currently in post-harvest preservation of farm produce comprise of mechanical (controlled atmosphere or cold chain facilities) and chemical means. Camlin Fine Chemicals has developed a natural post-harvest shelf life enhancer.

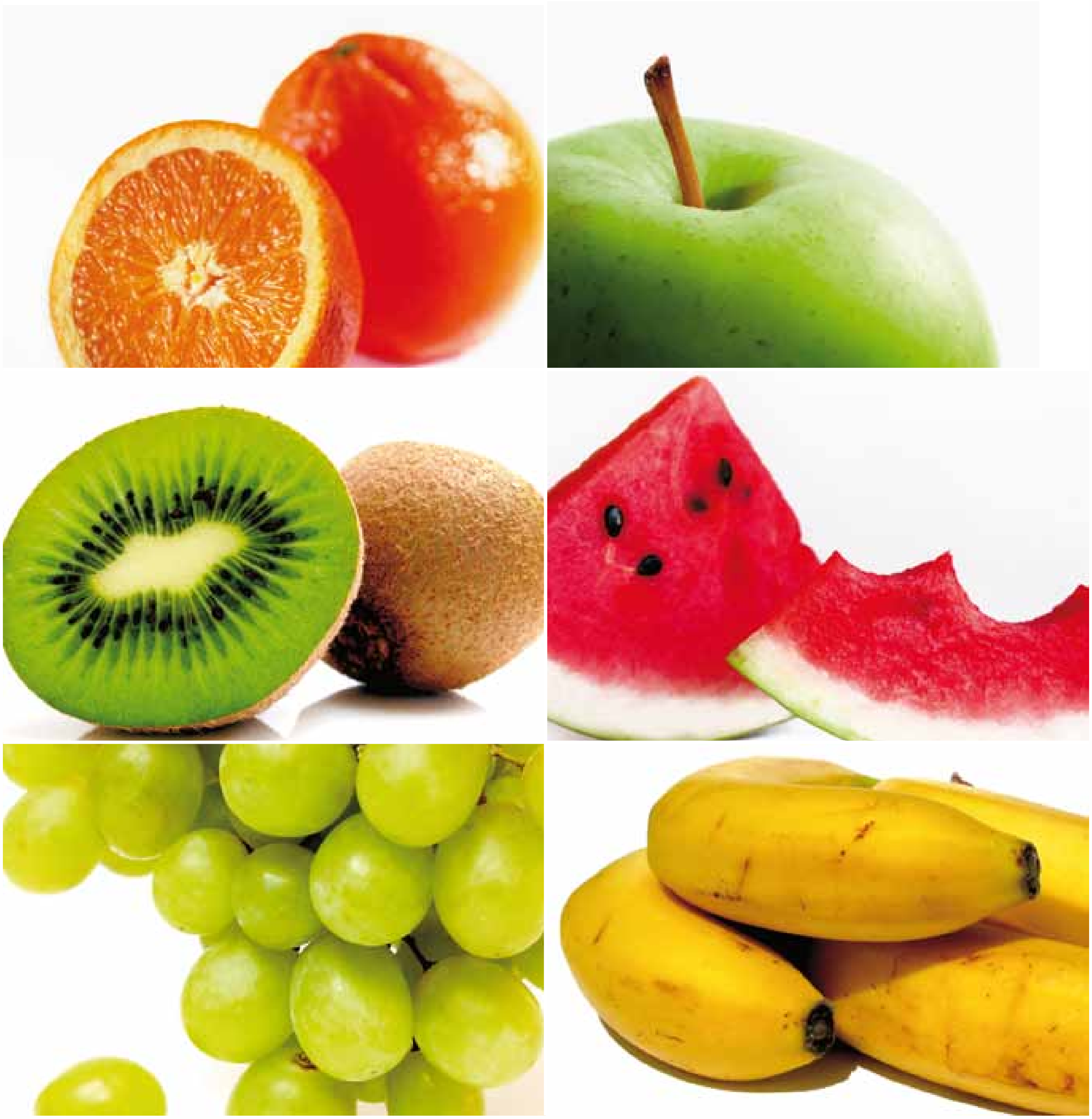
End-use applications

The Company's products can be used in a wide variety of fresh fruits and vegetables, including freshly cut fruits and salads.

Strengths

The formulation is made from 100% natural ingredients. It is a low cost solution as compared with capital-intensive preservation solutions like controlled atmosphere or cold chain facilities. It is easy to use and can be applied on almost any farm.

The patent for this product was filed by the company during the year under review.



Financial Highlights

(₹ in Lacs)

Sr. No.	Year Ending	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
A.	Assets Employed				
	1. Fixed Assets				
	Gross Block	6941.25	6045.90	5008.20	4879.15
	Less: Depreciation	2946.86	2323.69	1912.99	1525.86
	Net Block	3994.39	3722.21	3095.21	3353.29
	Capital Work In Progress	350.20	206.71	285.41	49.66
	Net Fixed Assets	4344.59	3928.92	3380.62	3402.95
	2. Net Current Assets	6772.46	3429.42	2393.90	1668.20
	3. Others	147.86	339.88	184.88	61.96
	Total	**11264.91**	**7698.22**	**5959.40**	**5133.11**
B.	Financed By				
	1. Equity Share Capital	930.60	581.45	580.00	580.00
	2. Share Warrants	—	—	80.60	80.60
	3. Reserves & Surplus	3210.44	2741.39	2360.94	2124.25
	4. Employee Stock Options Outstanding	8.82	7.96	2.59	—
	5. Shareholder's Funds	4149.86	3330.80	3024.13	2784.85
	6. Loan Funds	6821.59	4036.95	2619.62	2083.21
	7. Deferred Tax Liability	293.46	330.47	315.65	265.05
	Total	**11264.91**	**7698.22**	**5959.40**	**5133.11**
C.	Sales & Profitability				
	1. Gross Sales/Other Operating Income	16689.13	12779.73	10290.53	8421.79
	2. Less: Excise Duty/Discount	208.95	257.70	226.05	293.76
	3. Net Sales/Other Operating Income	16480.18	12522.03	10064.48	8128.03
	4. Other Income	128.27	111.91	42.93	57.92
	5. Total Income (3+4)	16608.45	12633.94	10107.41	8185.95
	6. Operating Profit (EBIDTA)	2188.45	1704.87	1475.11	1294.02
	7. Finance Cost	800.39	603.78	553.46	497.70
	8. Profit Before Depreciation & Tax	1388.06	1101.09	921.65	796.32
	9. Depreciation	546.23	442.59	401.13	379.76
	10. Profit Before Tax	841.83	658.50	520.52	416.56
	11. Taxes	175.65	229.82	182.04	139.52
	12. Profit After Tax	666.18	428.68	338.48	277.04
	13. Dividend & Tax on Dividend	216.31	136.05	101.79	67.86
	14. Retained Earnings	449.87	292.63	236.69	209.18
	15. Cash Accruals (9+12)	1212.41	871.27	739.61	656.80
D.	Per Share Information				
	1. Earning Per Share (Basic)	7.48	7.39	5.84	5.42
	2. Earning Per Share (Diluted)	7.41	7.30	5.84	5.38
	3. Book Value Per Share (₹)	44.59	57.28	52.14	48.01
	4. Dividend Per Share (₹) (Excluding Tax on Dividend)	2.00	2.00	1.50	1.00

BOARD OF DIRECTORS

Mr. Dilip D. Dandekar	—	*Chairman*
Mr. Ashish S. Dandekar	—	*Managing Director*
Mr. Pramod M. Sapre	—	*Director*
Mr. Sharad M. Kulkarni	—	*Director*
Mr. Abeezar E. Faizullabhoy	—	*Director*
Mr. Bhargav A. Patel	—	*Director*
Mr. Dattatraya R. Puranik	—	*Chief Financial Officer*
Ms. Arpita S. Patwardhan	—	*Dy. Company Secretary*

REGISTERED OFFICE
Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate, Central Road,
Andheri (East), Mumbai 400 093.
Tel. No. 91-22-6700 1000
Fax: 91-22-2832 4404
Website: www.camlinfinechem.com

WORKS

Plot No. D-2/3, M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506. (Unit-1)
Plot No. N-165, M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506. (Unit-2)

AUDITORS

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

BANKERS

IDBI Bank Limited
Exim Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTRARS AND TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Limited
(Unit: Camlin Fine Chemicals Limited)
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road,
Sakinaka, Andheri (East),
Mumbai 400 072.

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Notice

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Camlin Fine Chemicals Limited, will be held on Friday the 29th July, 2011 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Directors' Report and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Bhargav A. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dilip D. Dandekar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint B. K. Khare and Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 314(1)(b) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) to the appointment of Mr. Subhash D. Dandekar, who is a relative of Mr. Dilip D. Dandekar, Chairman and Mr. Ashish S. Dandekar, Managing Director of the Company for holding and continuing to hold an office of profit as 'Sr. Corporate Advisor' with effect from 1st April, 2011 for a period of 2 years on a monthly Honorarium of ₹ 40,000/- plus service tax (if applicable) and that he also be provided a car with a driver to be used for the purpose of the official work assignments and also reimburse expenses incurred on telephone and other communication facilities and all other incidental expenses incurred by him in the course of carrying out work for the Company.

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

   "RESOLVED THAT in accordance with the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the payment of remuneration not exceeding ₹ 18.00 Lacs (Rupees Eighteen Lacs) per annum to Mr. Dilip D. Dandekar, Chairman and Non-Executive Director of the Company for a period of three (3) years from 1st September, 2011 to 31st August, 2014 upon the terms and conditions, set out in the Agreement, to be executed between the Company and the said Director, as placed before this meeting and in such a manner and proportion as may be decided by the Remuneration Committee/Board of Directors of the Company.

   RESOLVED FURTHER THAT any one of the Directors of the Company and Dy. Company Secretary be and are hereby authorised to accept any modifications/directions given by the Central Government while approving the remuneration of Mr. Dilip D. Dandekar and to take all such appropriate steps as may be necessary for giving effect to the resolution for obtaining the approval from the Central Government."

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

   "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, if any, to the Board of Directors of the Company for borrowing from time to time, as they may deem fit, any sum or sums of monies which together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 500.00 Crores."

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

   "**RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all immovable and moveable 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 asset of the Company in certain events to or in favour of them, for securing term loans/borrowing upto ₹ 500.00 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, costs, charges, expenses and all other monies payable by the Company to the Lenders in terms of Agreements to be entered into by the Company in respect of the said term loans/borrowings."

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

    "**RESOLVED THAT** subject to approval of the Central Government and pursuant to provisions of Section 17, 21 and other applicable provisions of the Companies Act, 1956 the name of the Company be and is hereby changed from "**CAMLIN FINE CHEMICALS LIMITED**" to "**CAMLIN FINE SCIENCES LIMITED**".

    RESOLVED FURTHER THAT the name "**CAMLIN FINE CHEMICALS LIMITED**" wherever it appears in the Memorandum and Articles of Association be substituted by the new name "**CAMLIN FINE SCIENCES LIMITED**".

    RESOLVED LASTLY THAT any one of the Directors of the Company and Dy. Company Secretary be and are hereby authorized to file necessary Forms and applications with Ministry of Corporate Affairs and to do all such acts, deeds and things as may be deemed and expedient and necessary to give effect to this resolution."

By Order of the Board

ARPITA S. PATWARDHAN
Dy. Company Secretary

Registered Office:
Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate, Central Road,
Andheri (East), Mumbai 400 093.

Place : Mumbai,
Dated : 25th May, 2011

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 INSTRUMENT APPOINTING PROXY 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 u/s 173(2) of the Companies Act, 1956 in respect of business referred to under Item Nos. 6 to 10 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July, 2011 to 29th July, 2011 (both days inclusive).
4. The Dividend, if approved, will be paid within the stipulated period to those eligible shareholders whose names stand in the Register of Members as on 29th July, 2011.
5. Members holding Shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participants of the members.

   Members holding Shares in physical form are requested to communicate any change in address, immediately to the Company's Registrars and Share Transfer (R&T) Agents, M/s. Sharepro Services (India) Private Limited.
6. The Company, in compliance with new Clause 5AII of the Listing Agreement, will send reminders to the members in respect of shares which are lying unclaimed with the Company. The same shall be transferred to Unclaimed Suspense Account in case no response is received after sending three reminders at the address given and shall be dematerialized.
7. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
8. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
9. 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.
10. Members who are holding Shares in physical form are requested to get their Shares dematerialised with any Depository Participants in their own interest.
11. Members who have not encashed their Dividend Warrants for the financial year ended 31st March, 2008, 31st March, 2009 and 31st March, 2010 may approach the R & T Agent/Company for issuance of demand draft upon completion of necessary formalities in the said behalf in lieu of such warrants.

By Order of the Board

ARPITA S. PATWARDHAN
Dy. Company Secretary

Registered Office:
Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate, Central Road,
Andheri (East), Mumbai 400 093.

Place : Mumbai,
Dated : 25th May, 2011

Annexure forming part of the Notice

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

SPECIAL BUSINESS:

Item No. 6

At the 16th Annual General Meeting of the Company, members had approved the appointment of Mr. Subhash D. Dandekar as Sr. Corporate Advisor with effect from 1st April, 2009 for a period of 2 years. Mr. Subhash D. Dandekar's tenure has expired on 31st March, 2011. Subject to shareholders approval, the Board of Directors at its meeting held on 25th May, 2011 has re-appointed Mr. Subhash D. Dandekar for a further period of 2 years. Section 314(1)(b) of the Companies Act, 1956, inter alia provides that the appointment of a relative of a Director for holding an office or a place of profit in a Company carrying a total monthly remuneration exceeding ₹ 10,000/- but not more than ₹ 2,50,000/- shall require approval of the Members by Special Resolution.

Mr. Subhash D. Dandekar, an eminent industrialist and the founder of Fine Chemical Division of Camlin Limited, is the father of Mr. Ashish S. Dandekar and brother of Mr. Dilip D. Dandekar. Mr. Subhash D. Dandekar is also the Chairman Emeritus of Camlin Limited and the past Chairman of SICOM Limited and Past President of Maharashtra Chamber of Commerce & Industry and Maharashtra Economic Development Council. With his rich expertise, knowledge and vast experience, the Company will benefit immensely.

None of the Directors other than Mr. Ashish S. Dandekar and Mr. Dilip D. Dandekar are concerned or interested in the resolution.

Directors recommend the Special Resolution for your approval.

Item No. 7

U/s 309 of the Companies Act, 1956, a Director who is neither in the Whole-time employment of the Company nor a Managing Director may be paid remuneration by way of monthly, quarterly or annual payment with the approval of the Central Government.

At 15th Annual General Meeting held on 8th August, 2008 the members had approved the payment of remuneration of ₹ 12 Lacs to Mr. Dilip D. Dandekar, Chairman and Non-Executive Director of the Company for a period of 3 years from 1st September, 2008 to 31st August, 2011.

Mr. Dilip D. Dandekar being a Non-Executive Director, still devotes his time for the business of the Company and also shoulders the responsibilities under the superintendence, control and directions of the Board of Director. He has been actively involved in the progress of the Company since demerger.

Mr. Dilip D. Dandekar has wide experience in the field of Marketing, Administration and Business Development. Besides, he advises the Company on various issue and strategic plans which go a long way for the growth of the Company. Keeping in view, his varied and rich background and the involvement and responsibilities, it is appropriate that he is continued to be compensated reasonably commensurate with his responsibilities and contribution made by him.

The remuneration has also been approved by the Remuneration Committee in its meeting held on 25th May, 2011.

The Board of Directors in its meeting held on 25th May, 2011 decided to pay a remuneration not exceeding ₹ 18.00 Lacs (Rupees Eighteen Lacs) per annum to Mr. Dilip D. Dandekar for a period of three (3) years w.e.f. 1st September, 2011 subject to approval of members and Central Government.

Except for Mr. Dilip D. Dandekar, no other Non-Executive Director will be paid any remuneration.

No Director other than Mr. Dilip D. Dandekar is concerned or interested in the resolution.

Draft Agreement to be entered into between the Company and Mr. Dilip D. Dandekar setting out the terms and conditions is available for inspection of the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company.

The Directors recommend the Special Resolution for your approval.

Item Nos. 8 & 9

At present the Company can borrow and create a charge on its assets up to a limit of ₹ 200.00 Crores. To provide resources for meeting additional fund requirements towards various expansion projects of the Company and increased working capital, it would be required to borrow further funds and may be required to create securities in favour of the lenders from time to time beyond presently specified limits. Therefore it is proposed to raise the borrowing limits to ₹ 500.00 Crores.

The Directors recommend the Ordinary Resolutions for your approval.

None of the Directors are concerned or interested in the resolutions.

Item No. 10

Currently, the Company is predominantly engaged in manufacture and sale of industrial and food grade antioxidants which fall under the category of "Fine Chemicals". However, for the purpose of achieving quantum jump in turnover and profits, the company is adding products belonging to various branches of sciences like food chemistry, bio chemistry, bio technology and pharmaceuticals which have applications in food, food protection and preservation, flavor and fragrances and healthcare. The diverse product range of the Company shall go well beyond the fine chemicals. In order that the activities of the Company get appropriately reflected in its name, it is proposed to change name of the Company.

For including the product range of medicines, pharmaceuticals, herbal, bacteriological and biological products in the main objects as necessitated under the scheme of amalgamation of Sangam Laboratories Limited (100% subsidiary) with the Company as approved by the Hon'ble High Court Bombay, the Company is simultaneously approaching shareholders for their approval as required under the Companies (passing of Resolution by Postal Ballot) Rules, 2001.

The Directors recommend the Special Resolution for your approval.

Copy of the Memorandum and Articles of Association incorporating the proposed amendments along with the copy of the High Court Order shall be open for inspection to the members at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on all working days except Saturdays and Sundays.

None of the Directors are concerned or interested in the resolution.

By Order of the Board

ARPITA S. PATWARDHAN
Dy. Company Secretary

Registered Office:
Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate, Central Road,
Andheri (East), Mumbai 400 093.

Place : Mumbai,
Dated : 25th May, 2011

Directors' Report

Dear members

Your Directors are pleased to present the 18th Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2011.

Highlights of 2010-11:

Net Sales/Income from operations of the Company were ₹ 16,480.18 Lacs as against ₹ 12,522.03 Lacs in the previous year.

Profit before tax was ₹ 841.84 Lacs as compared to ₹ 658.50 Lacs in the previous year.

Profit after tax was ₹ 666.19 Lacs as compared to ₹ 428.68 Lacs in the previous year.

Considering the profits available for distribution, Directors have recommended a dividend of ₹ 2.00 per share of ₹ 10/- each (i.e. 20%).

Financial Results:

(₹ In Lacs)

	March 31, 2011	March 31, 2010
Net Sales & Other Income	16608.45	12633.94
Profit before Interest & Depreciation	2188.45	1704.87
Interest	800.39	603.78
Depreciation	546.23	442.59
Profit before Tax	841.83	658.50
Less: Provision for Tax (Net)	175.65	229.82
Profit after Tax	666.18	428.68
Balance brought forward from last year	499.02	239.39
Balance available for Appropriation	**1165.20**	**668.07**
Appropriations:		
Proposed Dividend	186.12	116.29
Corporate Dividend Tax	30.19	19.76
General Reserve	55.00	33.00
Balance Carried Forward	893.89	499.02
	1165.20	**668.07**

Operational Performance:

During the year under review, total income of the Company rose to ₹ 16,608.45 Lacs from ₹ 12,633.95 Lacs registering growth of 31.46%.

Despite increase in competition and steep rise in prices of major raw materials your Company was able to improve its profitability. This was mainly due to tighter control over costs, installation of new assets, improvement in productivity and other operational parameters. With set off of accumulated losses of Sangam Laboratories Limited, a 100% subsidiary since amalgamated with the Company, the tax liability was considerably reduced and accordingly the net profit after tax for the year was ₹ 666.18 Lacs as against ₹ 428.68 Lacs in the previous year in spite of increase in Profit Before Tax by 27.84%.

The Company's main products viz. TBHQ and BHA achieved combined sales of 2665 MT thus making the Company, the largest manufacturers and exporter globally.

Your Directors expect the growth in operational profits to get further boost during the current year with easy availability of key raw material viz. Hydroquinone at the competitive price from its Italian subsidiary Company.

Dividend:

Your Directors are pleased to recommend payment of a dividend @ of ₹ 2.00 per equity share (i.e. 20%) on 9306003 Equity Shares of ₹ 10/- each for the year ended 31st March, 2011. If approved by the shareholders at the Annual General Meeting, the dividend will absorb ₹ 216.31 Lacs inclusive of Dividend Distribution Tax of ₹ 30.19 Lacs.

Rights Issue:

During the year, your Company raised an aggregate of ₹ 548.39 Lacs through Rights Issue of Equity Shares in the ratio of 1:3 at a price of ₹ 15.75/- per Equity Share. The Rights Issue opened on 10th August, 2010 and closed on 24th August, 2010. Due to attractive price the issue received overwhelming response from the Members. These Shares have been listed on the Bombay Stock Exchange Limited.

Employee Stock Option Scheme:

During the year under review, the Compensation Committee granted options to the employees in accordance with the Securities and Exchange Board of India (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines 1999 ('the SEBI Guidelines').

During the year under review, the Company allotted 3315 Equity Shares upon exercise of stock options by the eligible employees under the Employee Stock Option Scheme.

The applicable disclosure as stipulated under SEBI Guidelines as at 31st March, 2011 is given in Annexure A to this report.

Fixed Deposits:

The Company has not accepted any fixed deposits during the year. There were no overdue deposits or unclaimed deposits as at 31st March, 2011.

Subsidiaries:

During the year Chemolutions Chemicals Limited, Fine Lifestyle Brands Limited and Fine Renewable Energy Limited ceased to be subsidiaries of the Company.

- Sangam Laboratories Limited

  Vide order dated 21st April, 2011 Hon'ble High Court Bombay approved Scheme of Amalgamation of Sangam Laboratories Limited, a 100% owned subsidiary with the Company. Accordingly the accounts of the said subsidiary have been merged with the Company.

- Dulcette Technologies LLC

  A 51% owned joint venture of the Company posted a total income of ₹ 89.40 Lacs for the financial year ended 31st March, 2011.

- CFCL Mauritius Pvt. Limited

  A 100% owned subsidiary of the Company incorporated on 25th January, 2011 primarily for the purpose of overseas investments.

- Borregaard Italia s.p.a.

  A 100% subsidiary of CFCL Mauritius Pvt. Limited since 8th March, 2011 engaged in manufacture and sale of key raw materials required by the Company.

In terms of approval granted by the Board of Directors at its meeting held on 7th February, 2011 u/s 212(8) of the Companies Act, 1956, copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditors of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon request by any member of the Company.

Directors:

Mr. Bhargav A. Patel and Mr. Dilip D. Dandekar retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

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

As required under the Listing Agreement, particulars of Directors seeking reappointment at the ensuing Annual General Meeting have been given under Corporate Governance Report.

Directors' Responsibility Statement:

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

i. that in the preparation of the annual accounts for the financial year ended 31st March, 2011 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

ii. that the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2011 and of the profit of the Company for the year under review;

iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2011 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. that the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

Secretarial Audit:

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

Cost Audit:

The Company's Cost Records for the year ended 31st March, 2011 in respect of manufacturing activities of Bulk Drugs are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Mumbai.

Auditors:

M/s. B. K. Khare and Co., Chartered Accountants, retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment as Statutory Auditors, if made, would be within the limits prescribed u/s 224 (1B) of the Companies Act, 1956.

Members are requested to consider and re-appoint M/s. B. K. Khare and Co., Chartered Accountants, as the Statutory Auditors of the Company for the year 2011-2012.

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

As required u/s 217(2A) of Companies Act, 1956 there are no employees drawing ₹ 60,00,000/- or more if employed throughout the year or ₹ 5,00,000/- or more per month if employed for the part of the year.

Information & Technology:

In line with the overall growth objective and strengthening our infrastructure base, the Company has invested in Information Technology (IT) viz. SAP Enterprising Resource Planning system for leveraging its business values. Through implementation of SAP the Company has improved its operational efficiencies, inventory minimisation and cost optimisation.

The Company views SAP as a strategic tool to enhance its operational efficiencies, through various functional integration.

Conservation of Energy, Technology Absorption, 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, foreign exchange earnings and outgoings respectively, is given in the annexure to this report.

Corporate Governance:

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

Management Discussion and Analysis:

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis Report which forms a part of this report.

Acknowledgment:

The Board wishes to place on record its appreciation of sincere efforts put in by the employees of the Company, in helping it reach its current growth levels.

Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and governmental authorities.

For & on behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 25th May, 2011

Annexure 'A' to Directors' Report

DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA
(EMPLOYEE STOCK OPTION SCHEME & EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999.

(a)	Options granted	307000
(b)	Exercise price	₹ 50/- & ₹ 62/- plus applicable taxes, as may be levied on the Company.
(c)	Option vested	50330
(d)	Options exercised	17795
(e)	Total number of shares arising as a result of exercise of options	17795
(f)	Option lapsed	70050
(g)	Variation in terms of option	Exercise Price for the Shares Issued in Tranche IV is ₹ 62/-
(h)	Money realized by exercise of options	₹ 8,89,750/-
(i)	Total number of options in force	219155
(j)	Employee-wise details of options granted to	
	1. Senior Management Personnel/Director	Mr. D. R. Puranik – 10000 Mr. S. P. Padhya – 10000 Mr. P. K. Dhotre – 10000 Mr. A. V. Dukane –10000 Mr. P. M. Sapre – 10000 Mr. S. M. Kulkarni – 10000 Mr. A. E. Faizullabhoy – 10000 Mr. B. A. Patel – 10000 Mr. G. S. Satpute – 10000 Dr. A. P. Shanbhag – 10000 Mr. D. T. Ingle – 10000
	2. Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year.	None
	3. Identified employees who were granted options, 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.	None
(k)	Diluted earning per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'earning per share'.	7.41

For & on behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 25th May, 2011

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:

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

i. Steam Generation Equipment.

ii. Shift from Light Diesel Oil (LDO) to Furnace Oil (FO).

iii. Additional accessories to Boiler System.

iv. Installation of biomass resources for generation of thermal energy.

v. Installation of windmills at the Plant.

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

The Company has installed three windmills for generating electricity through wind energy.

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

(c) Impact of the above matters:

As a result of measures taken enumerated in (a) and (b) above further economy in conservation of energy coupled with reduction in cost of production shall be possible. Necessary measures are taken to make the change clean and environmental friendly by installation of additional accessories to Boiler System.

Substantial savings in steam generation cost will be felt due to the substitution of furnace oil with biomass resources.

(d) Total energy consumption and energy consumption per unit of production:

FORM A

Form of disclosure of particulars with respect to conservation of energy

(A) Power and Fuel Consumption

		March 31, 2011	March 31, 2010
1.	**Electricity**		
	Purchased		
	Units (KWH)	6639614	6537594
	Total amount (₹ in Lacs)	324.87	387.85
	Rate per Unit (₹)	4.66	5.93
2.	**Furnace Oil**		
	Quantity in (K. Litres)	355972	813490
	Total amount (₹ in Lacs)	94.67	226.36
	Rate per Unit (₹)	26.60	27.83

	March 31, 2011	March 31, 2010
3. **Steam (Briquettes)**		
Steam Quantity (M.T.)	6944.07	6872.02
Total amount (₹ in Lacs)	327.38	280.04
Cost per M.T. of Steam (₹)	4714.48	4075.15
(B) Consumption per Unit of production (M.T.)	Standards (if any)	Standards (if any)
Electricity (KWH)	2300.63	2538.00
Furnace Oil (K. Litres)	123.64	315.80
Steam (Briquettes) (M.Ton)	2.41	2.67

B. Technology Absorption

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company : New Product development, Process development.

2. Benefits derived as a result of the above R&D : Cost reduction, Quality up gradation, Development of new markets.

3. Future plan of action : Future plan of action envisages, acceleration in the process of development already set in motion and undertaking more process development works for Bulk Drugs, Fine Chemicals and other products aimed to achieve cost reduction and improvement in quality.

(₹ in Lacs)

	March 31, 2011	March 31, 2010
4. Expenditure on R & D:		
(a) Capital	3.31	19.20
(b) Recurring	115.90	126.60
(c) Total	119.21	145.80
(d) Total R&D Expenditure as a percentage of total turnover	0.71%	1.15%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts made towards Technology Absorption, Adaptation and Innovation	:	The Company's R&D Laboratory is recognised by the Department of Scientific and Industrial Research, Government of India, where continuous efforts are made to innovate new products and improve the quality of Bulk Drugs and Fine Chemical Products manufactured/ procured by the Company and to make the manufacturing process safe, cost effective and environment friendly.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	:	Technical, innovation and improvements undertaken at the laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales, reducing cost and improving quality and sale of the production. The Company is heading towards global leadership in food grade antioxidants.
3.	Technology Import	:	N. A.

C. Foreign Exchange Earnings and Outgo

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

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

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

The inspection of manufacturing facilities of the Company by multinational buyers is being organized to inspire the confidence of potential buyers.

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

(₹ in Lacs)

	March 31, 2011	March 31, 2010
Foreign exchange used	8596.90	5586.35
Foreign exchange earned	14254.77	9686.52

For & On Behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 25th May, 2011.

Management Discussion and Analysis

Market Overview:

The year under review, was a difficult year for all manufacturers of Antioxidants - TBHQ and BHA, as the availability of key raw material Hydroquinone (HQ) was severely affected combined with volatility in prices. The prices increased by more than 100% over the last year severely affecting costs of TBHQ and BHA. The price rise took sometime to be implemented due to stiff resistance from the customers to accept increased pricing of TBHQ and BHA resulting in erosion of sales for part of the year.

Worldwide there are very few manufacturers of HQ and the major manufacturers of this raw material are located in USA, France, Italy and Japan. Disruption of production in Japan due to the earthquake and increase in demand in china for this material further worsened the already volatile situation, both on availability and pricing front.

The Company, in spite of being a dominant buyer for HQ worldwide, was facing availability issues for this raw material. However, the Company managed well on the procurement of HQ throughout the crisis period and was able to gain back most of the lost market from November 2010 onwards.

Business Strategy Analysis:

The Company's product range has applications in 2 growing segments of the market, Food and Industrial. The Company created two major business divisions namely Food Ingredients Division and Industrial products Division. These business divisions were created to bring in a sharper focus on the growing sections of fine chemicals market. The strategic change has been reflected in the growth in the customer base of industrial products division in products like TBHQ-Technical Grade, MEHQ and TBC.

The Food Division, in spite of the volatility on pricing on account of HQ, have managed to hold on to the existing market share and further added new markets in china, Middle East and Latin America which have contributed significantly during the year under review. We plan to build a larger customer base in these markets in the coming year.

The key element for growth for Food Antioxidants and Industrial products revolves majorly on the availability and pricing of key raw material, HQ. We have addressed this key concern with the acquisition of 100% Equity Shares of Borregaard Italia s.p.a. on 8th March, 2011.

Backward Integration:

Borregaard Italia Spa's manufacturing plant is based in Ravenna, Italy, manufacturing Diphenols i.e. HQ and Catechol. The rated combined capacity of the plant is 8000 MT/year. The plant has been in operation since 1984 under joint venture with Enichem, Italy and thereafter Borregaard Synthesis, a division of Borregaard Industries Limited, UK took over this plant in 1994.

This plant is fully automated and the entire production of 8000 MT/year has been done with the operating strength of just 35 workers including the production and QC/QA team. This operating efficiency for such a large production has been possible only due to total automation in the plant.

Borregaard Italia s.p.a. announced voluntary liquidation as it was not a focus area of business for Borregaard Synthesis, The Company seized the opportunity to acquire 100% Equity Shares of Borregaard Italia s.p.a. which was completed on 8th March, 2011.

The rationale for the acquisition of Borregaard Italia spa was that, Borregaard Italia s.p.a. had:

1. Technology for manufacturing HQ and Catechol.
2. Existing state of art, functioning plant having production capacities to meet most of our growth needs.
3. Strong Technical team.
4. Technology and Catalyst plant – the key element in manufacturing of HQ and Catechol.

Moreover the advantage of acquiring the plant was that we saved over 2 years in setting up of new plant ourselves. The plant in Ravenna, Italy has commenced production within 2 months of our acquisition.

Further the cost of acquisition was very favourable as compared to setting up a new plant. Also the cost of acquiring technology for manufacturing of Diphenols is prohibitive making it unviable.

The acquisition of Borregaard Italia makes the Company an integrated manufacturer of Food and Industrial Antioxidants. We have now strength of HQ to meet the needs of our food and industrial antioxidants production. The manufacturing at the Borregaard plant has started in April 2011 as scheduled and we expect the HQ for our captive consumption in June 2011 itself.

The Catechol market is in a glut situation with the pricing and margins remaining under severe pressure. We plan to develop and manufacture Catechol downstream products namely Guaiacol, Guethol, Veratrole and TBC in the current year.

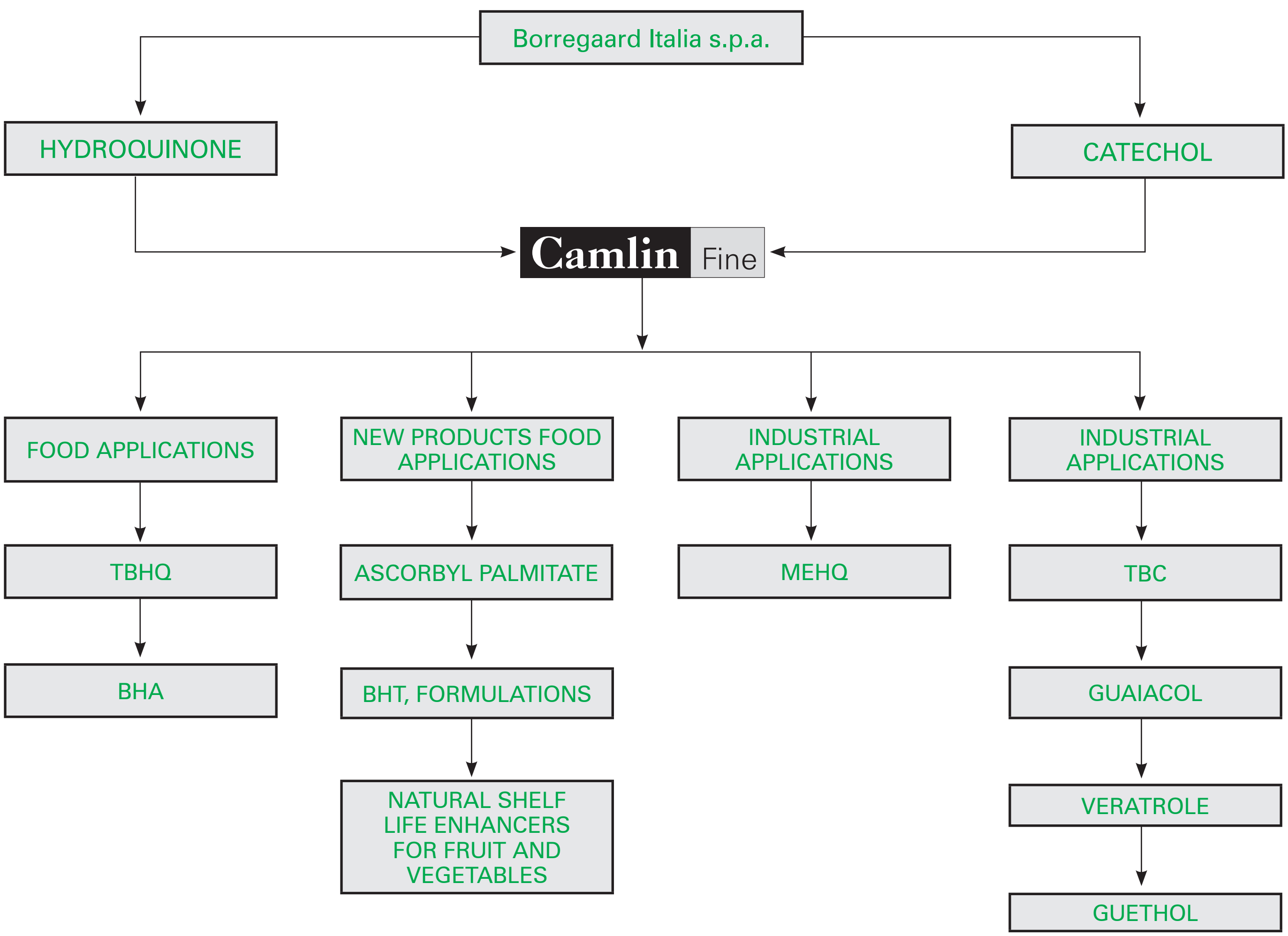
The Company's R&D team is ready with the manufacturing process for the downstream products and we would be shortly starting the commercialization process.

Further Borregaard Italia has Intellectual property for few products which the Company can develop and commercialize. We are currently in the evaluation stage of market feasibility and launch of these products.

The Industrial products division thus will have additional downstream products from Catechol, which have wide range of applications ranging from Food, pharmaceuticals and various Industrial applications.

Way forward:

The acquisition of Borregaard Italia s.p.a, makes the Company the world's largest integrated supplier of food antioxidants TBHQ and BHA. The structure of business is shown below:



(A) Food Ingredients Division

The focus of food ingredient division is in the area of shelf life enhancement of food products which contain fats and oils with our range of synthetic antioxidants namely TBHQ, BHA, Ascorbyl Palmitate, BHT and another segment is preservation and shelf life enhancement of farm produce, fruits and vegetables.

Food Antioxidants

The global market for synthetic food antioxidants is about 10,000 MT and valued at approximately $ 110 million and growing globally at the rate of 3% p.a. The applications of the synthetic antioxidants is mainly in the prevention of rancidity of the edible fats and oils, hence it is used widely in packaged oils like palm oil, sunflower oil, rice bran oil, soyabean oil etc. and also in oils and fats used in fried snacks, confectionery, bakery, extruded snack foods etc. to enhance shelf life.

In the current year we are targeting to increase our market share in evolving markets like China, India, Latin America and Middle East, where the food processing industry has been growing at a rate of more than 10%. In the other markets globally which are expected to grow at 3% we will consolidate our position in the existing evolved markets like USA and Europe.

The customer centric focus, we intend to have a deeper relationship with our customers and increase our market presence to consolidate our position with customers with improved service. We have planned to appoint sales managers in the Key growth markets.

Consequently we have already appointed a commercial manager for Latin America covering countries like Brazil, Argentina, Colombia, Chile, Peru, Ecuador etc. We are in the process of appointing sales managers for other strategic regions/countries by the end of the year.

We currently have an existing sales network of Borregaard in Europe and China, which we intend to leverage to expand our reach in those products.

We also intend to have strategic relationships on a deeper level with key large customers to leverage our strengths as an integrated manufacturer of Antioxidants to secure a larger market share alongwith long term contracts.

The new food antioxidant, Ascorbyl Palmitate, catering to baby food and also in food antioxidants is already commercialized and we have begun supplies to key customers. We intend to increase capacity to a tune of 120MT annually in coming year.

The customized food antioxidants, a strategic partnership with Kemin food technologies has progressed well. The customized antioxidant blends business has recorded a growth of 10% over last year. The current business volume contribution is primarily from North America and the alliance plans to drive growth by adding new markets.

New Product in Preservation segment, the Company has indigenously developed a product for natural freshness preservation of fresh fruits and vegetables. Patent application has been filed for this product. The world wide statistics for fresh agriculture produce mentions about 30% wastage of fresh farm produce because of damage due to microbes, fungi damage due to over ripening in transport and storage which will be addressed by this product.

As a part of the commercial process, the Company is now conducting commercial field and evaluation trials with large exporters of various fruits in South America, Europe and India.

The manufacturing scale up for production of the product is being carried out and in this year the Company will be ready for full scale production to treat about 200 MT/ Month of fruits and vegetables and then progressively add capacity.

(B) Industrial Products Division

We would be adding a wide range of products for industrial applications which are as mentioned below:

(a) Catechol:

The Catechol market currently in the market is in a glut situation with the prices and margins under severe pressure. We are currently directing our efforts towards developing downstream products like TBC, Guaiacol, Veratrole and Guethol.

(b) TBC:

Applications:

- Polymerisation Inhibitor for Styrene and allied monomers

Estimated consumption is approx. 2000 Mts/Year valued, Growth is expected at 3% per year.

The Company along with Borregaard Italia s.p.a. has begun commercial sales. In the current year we estimate to sell 300 Mts.

(c) Guaiacol:

Guaiacol has a huge potential market application as it is a starting material for production of vanillin, a food additive and Guaifenesin, a cough suppressant. The global market size is about 23,000 MT. We have started the process of development of product in the R&D and will plan to commercialize it shortly.

(d) Guethol:

Guethol has a potential application in the production of ethyl vanillin which has applications in the food and fragrance industry. We have started the process of development of product in the R&D and will plan to commercialize it shortly.

(e) Technical Grade TBHQ (M-TBHQ):

Applications:

- Antioxidant in Biodiesel
- Anti-skinning Agent in Printing Inks

The world production capacity of Biodiesel is 35 Million Tons per year. Major markets are Western Europe (31%), USA (20%) and central Europe (17%). Current capacity utilization is around 25-30% leading to a consumption of 10 Million Mts/Year.

The estimated consumption potential for M-TBHQ is 2000-3000 Mts/Year valued at US$17 Million per year. Growth expected at 3-4% per year.

The Company has begun sales of M-TBHQ in South America and Europe for applications in printing inks. We have planned for increased sales of M-TBHQ in applications in Printing inks and Biodiesel in Europe and South America in the coming year.

(f) MEHQ:

Applications:

- Polymerisation Inhibitor for Acrylic Monomers

Estimated consumption approx. 5000 MT valued at US$28-30 Million. Growth expected at 4-5% per year.

The Company has approvals with major customers in USA, Europe and Asia and expected to meet the target volume of 1000 Mts/Year in a 3 year time frame.

Long term Objectives and plans:

To be a fully Integrated Diphenol downstream player:

The Company wants to be a global leader in the Food preservation segment by expanding the product range in various areas of shelf life enhancement like Dairy, Baby food, infant formulas, Agriculture produce like fruits & vegetables, Horticulture, Aqua industry with preservation of fish, shrimps and also Meat industry.

The Company is planning to expand the manufacturing capacity of synthetic antioxidants to cater to the demand created in the growing and evolving food markets like China, India, Asia, South America and Middle East and maintain its global leadership position and improve market share.

The Company is working on backward integration to improve the margins and be a step ahead of the competition by innovating manufacturing processes, improving yields and has invested in a process development laboratory.

The Company has expanded on its research and development by adding on a food application laboratory with food technologists for conducting research and customer projects in food preservation and to work closely with food industry to develop new technologies.

Risks and Concerns:

Risk is intrinsic to business and it is the de-risking ability of the Company which marks it successful. The strategy given above would take care of any such risk associated with business.

The availability of key raw materials from international sources at the right quantity and at right price are also risk factors associated with the business of the Company. However, the Company has taken care of this risk by acquiring an international Company, namely Borregaard Italia s.p.a. as a step towards backward integration, through its wholly owned subsidiary in Mauritius. The main key raw material supplies shall be available at the right quantity and at right price without any limitation from this Company. The risk of over dependence on few overseas suppliers besides price sensitivity is mitigated by this acquisition.

Further, on the international currencies front, volatility of exchange rate is a matter of concern for a Company like us whose major sales are worldwide exports. However, the risk associated with currency fluctuation is mitigated by effective forex management along with judicial use of natural hedge provided by exports and the Company adopts a very conservative and cautious approach in forex operations.

Increase in the cost structure is a risk that threatens profitability. The Company has taken suitable cost controls at various levels and cost are constantly monitored to ensure that they are commensurate with the increase business volume.

Lack of clarity on the Government's future policies continues to be an area of major concern for the industry. The exact impact in view of this cannot be assessed until the proposed changes are actually introduced and implemented.

Internal Control Systems and their Adequacy:

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

Discussion on Financial Performance with Respect to Operational Performance:

Sales during the year ended 31st March, 2011 were higher by ₹ 16371.51 Lacs as against ₹ 12,603.11 Lacs in the previous year. There was an increase of ₹ 3768.40 Lacs in sales over the previous year. Profit before tax was ₹ 841.83 Lacs as against ₹ 658.50 Lacs showing an increase of ₹ 183.33 Lacs over the previous year.

Human Resources and Industrial Relations:

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

Relations with the employees at all levels remained cordial during the year. Your Company has 211 permanent employees as on 31st March, 2011.

For & on behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai,
Dated : 25th May, 2011

Report on Corporate Governance

Your Directors present the Company's Report on Corporate Governance as per Clause 49 of the Listing Agreement for the year ended 31st March, 2011.

1. Company's Philosophy on Code of Governance:

Camlin Fine Chemicals philosophy of Corporate Governance is to conduct its business on the basis of ethical business value and maximise its value to all its stakeholders. The Company has inculcated a culture of transparency, accountability and integrity. The Company has already put in place systems and procedures and has complied with the revised Clause 49 of the Listing Agreement.

2. Board of Directors:

Composition:

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

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

Necessary disclosures regarding composition of the Board, category, attendance of Directors at the Board Meetings and last Annual General Meeting, number of other Directorship and other Committee Memberships are given below:-

Name & Designation of Directors	Category	No. of Board Meetings attended	No. of Directorships held in other Companies(*)	Attendance at last AGM	No. of Committee positions held in other Companies	
					Chairman of Committee	Member of Committee
Mr. Dilip D. Dandekar, Chairman	NED	7	8	Yes	Nil	1
Mr. Ashish S. Dandekar, Managing Director	ED	8	8	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	8	Nil	Yes	Nil	Nil
Mr. Sharad M. Kulkarni	NED (I)	7	10	Yes	4	3
Mr. Abeezar E. Faizullabhoy	NED (I)	5	1	No	Nil	Nil
Mr. Bhargav A. Patel	NED (I)	6	2	Yes	Nil	Nil

ED – Executive Director, NED (I) – Non-Executive Director (Independent).

(*) Excludes Directorship in Private Limited Companies, Foreign Companies, Companies u/s 25 and Alternate Directorship.

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 financial year 2010-2011, Eight (8) Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1	5th May, 2010	6	5
2	1st July, 2010	6	5
3	29th July, 2010	6	5
4	26th August, 2010	6	5
5	11th October, 2010	6	6
6	21st October, 2010	6	5
7	22nd November, 2010	6	5
8	7th February, 2011	6	5

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 web-site of the Company at www.camlinfinechem.com.

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

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

(A) Mr. Bhargav A. Patel:

Mr. Bhargav A. Patel, aged 48 years is an Independent Director of the Company. Mr. Bhargav A. Patel is an Industrialist and is holding a MBA degree from US University with wide experience of 24 years in the field of Engineering, Textile Machinery and Leather Industry.

Other Directorships:

Name of the Company	Position
Peass Exports Limited	Director
Peass Automation Limited	Director
Peass Industrial Engineers Pvt. Limited	Director
Peass Infrastructure Pvt. Limited	Director
Arno Enterprises Pvt. Limited	Director
Poloroid Investments Pvt. Limited	Director
Ampell Leathers Pvt. Limited	Director

(B) **Mr. Dilip D. Dandekar:**

Mr. Dilip D. Dandekar, aged 60 years is Director of the Company since June 2006. Mr. Dilip D. Dandekar, G.C.D., has long and vast experience in the filed of Marketing, Administration and overall Management.

Other Directorships:

Name of the Company	Position
Camlin Limited	Chairman and Managing Director
Chemolutions Chemicals Limited	Director
Camlin Alphakids Limited	Director
Triveni Pencils Limited	Director
Nilmac Packaging Industries Limited	Director
Camart Industries Limited	Director
Camlin International Limited	Director
CAFCO Consultants Limited	Director
Camlin North America Inc.	Director
DDI Consultants Pvt. Limited	Director
Indo Schottle Auto Parts Pvt. Limited	Director
Colart Camlin Canvas Pvt. Limited	Director

Committees of the Board:

The Board of Directors has constituted four Committees: Audit Committee, Shareholders/Investors Grievance Committee, Remuneration Committee and Compensation Committee. The role 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 Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration Committee and Compensation Committee are placed before the Board periodically for its information and noting. The details as to the composition, terms of reference, number of meeting and the related attendance etc., of these Committees are given below:

3. Audit Committee:

Composition, meetings and the attendance during the year:

The Audit Committee was constituted on 27th November, 2006. The Company has complied with all the requirements of Clause No. 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee.

During the financial year 2010-2011, four (4) meetings of the Audit Committee were held on the 5th May, 2010, 29th July, 2010, 21st October, 2010 and 7th February, 2011.

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

Name	Designation	Category	No. of Meetings attended
Mr. Sharad M. Kulkarni	Chairman	NED (I)	4
Mr. Pramod M. Sapre	Member	NED (I)	4
Mr. Abeezar E. Faizullabhoy	Member	NED (I)	2
Mr. Bhargav A. Patel	Member	NED (I)	3

The Audit Committee meetings were attended by the Non-Executive Chairman, Independent Directors, the Managing Director and the Chief Financial Officer. The representatives of the Internal Auditors, Statutory Auditors were also invited to the meeting. The Company Secretary acted as the Secretary to the Committee.

Terms of reference:

The terms of reference of the Committee, inter alia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as specified in Section 292(A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

4. Remuneration Committee:

Composition, meetings and the attendance during the year:

The Remuneration Committee was constituted on 27th November, 2006.

During the financial year 2010-2011, one (1) meetings of the Remuneration Committee was held on the 4th May, 2010.

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

Name	Designation	Category	No. of Meetings attended
Mr. Pramod M. Sapre	Chairman	NED (I)	1
Mr. Sharad M. Kulkarni	Member	NED (I)	1
Mr. Abeezar E. Faizullabhoy	Member	NED (I)	—
Mr. Bhargav A. Patel	Member	NED (I)	1

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/ Whole Time Director of the Company and while approving:

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

Remuneration Policy:

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

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

Remuneration to Directors:

(A) Managing Director:

Following is the Remuneration paid to the Managing Director during the financial year ended 31st March, 2011.

(₹ In Lacs)

Name	Salary including HRA	Perquisites#	Contribution to P.F. and Other Funds	Total
Mr. Ashish S. Dandekar	33.20	4.17	10.73	48.10

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 with driver, telephone/fax facilities, benefit of personal accident insurance scheme etc.

The Managing Director is also entitled to Company's contribution to provident fund, superannuation, gratuity and encashment of leave at the end of tenure as per the rules of the Company.

Agreement for a period of three (3) years w.e.f. 1st September, 2010 has been entered into with the Managing Director.

The Company has introduced the ESOP Scheme, viz. "CAMLIN FINE CHEMICALS EMPLOYEES' STOCK OPTION SCHEME, 2008" to its permanent Employees/Directors in the financial year 2008-09.

(B) Non-Executive Directors/Independent Directors:

During the financial year 2010-2011, the Company has paid remuneration to Mr. Dilip D. Dandekar. The detail of payment is given below:

Name	Remuneration Paid
Mr. Dilip D. Dandekar	₹ 12,00,000

Besides the above payment of remuneration, the Company does not pay any other remuneration to Non-Executive Directors/Independent Directors except sitting fees for attending the meetings of the Board/Committees of the Board and reimbursement of conveyance for attending such meetings. The details of payment of sitting fees to Non-Executive Directors during the year 2010-2011 are given below:

(₹)

Name	Board	Audit Committee	Shareholders/ Investors Grievance Committee	Compen-sation committee	Remune-ration committee	Total
Mr. Sharad M. Kulkarni	70000	40000	—	10000	5000	125000
Mr. Pramod M. Sapre	80000	40000	—	10000	5000	135000
Mr. Abeezar E. Faizullabhoy	50000	20000	10000	—	—	80000
Mr. Bhargav A. Patel	60000	30000	—	10000	5000	105000
Mr. Dilip D. Dandekar	70000	—	15000	10000	—	95000
GRAND TOTAL	330000	130000	25000	40000	15000	540000

Sitting fees paid to the members of Non-mandatory committees excluded.

Details of Shareholding of Non-Executive Director/Independent Directors as on 31st March, 2011.

Name	Shares held
Mr. Dilip D. Dandekar	143,072
Mr. Pramod M. Sapre	4,499
Mr. Sharad M. Kulkarni	2,140
Mr. Abeezar E. Faizullabhoy	1,800

5. Shareholders/Investors Grievance Committee:

Composition, meetings and the attendance during the year.

The Shareholders/Investors Grievance Committee was constituted on 27th November, 2006 to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non-receipt of Annual Reports and non-receipt of Dividend etc.

During the financial year 2010-2011 four (4) meeting were held on 5th May, 2010, 29th July, 2010, 21st October, 2010 and 7th February, 2011.

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

Name	Designation	Category	No. of Meetings attended
Mr. Abeezar E. Faizullabhoy	Chairman	NED (I)	2
Mr. Dilip D. Dandekar	Member	NED	3
Mr. Ashish S. Dandekar	Member	ED	4

The Board has designated Ms. Arpita S. Patwardhan, Dy. Company Secretary as the Compliance Officer.

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

During the year, one (1) complaint about non-receipt of Rights Issue form was received from a shareholder, which was attended to promptly and resolved to the satisfaction of the concerned Shareholder. There were no pending complaints at the close of the financial year.

6. Compensation Committee:

Composition, meeting and the attendance during the year:

The Compensation Committee was constituted on 29th April, 2008.

During the financial year, one (1) meeting was held on 21st October, 2010.

Details of Composition of the Committee and attendance of the members at the meeting are given below:

Name	Designation	Category	No. of Meetings attended
Mr. Abeezar E. Faizullabhoy	Chairman	NED (I)	—
Mr. Dilip D. Dandekar	Member	NED	1
Mr. Ashish S. Dandekar	Member	ED	1
Mr. Pramod M. Sapre	Member	NED (I)	1
Mr. Sharad M. Kulkarni	Member	NED (I)	1
Mr. Bhargav A. Patel	Member	NED (I)	1

Terms of reference:

To formulate Employees Stock Option Scheme (ESOP) and its implementation.

To administer and supervise the compliance of the detailed terms and conditions in accordance with SEBI Guidelines

7. General Body Meetings:

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

Financial Year	Venue	Date and Time
2009-2010	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020.	1st July, 2010 at 3.30 p.m.
2008-2009	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020.	21st August, 2009 at 3.30 p.m.
2007-2008	Maharashtra Chamber of Commerce Industry and Agriculture, Babasaheb Dahanukar Sabhagriha, 6th Floor, Oricon House, Fort, Mumbai 400 001.	8th August, 2008 at 3.00 p.m.

Three Special Resolutions were passed at the 15th Annual General Meeting, two Special Resolutions were passed at the 16th Annual General Meeting and two Special Resolutions were passed at the 17th Annual General Meeting.

During the Financial Year 2010-2011, 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 No. 22 (f) (c & d) to the financial statements in the Annual Report.

Compliance with Regulations

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

Accounting Standards

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

Risk Management

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

CEO/CFO Certification

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

9. Means of Communication:

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as Economic Times and Maharashtra Times.
- As per requirements of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc., is provided on the Company's web-site i.e. www.camlinfinechem.com within the time frame prescribed in this regard.

10. General Shareholder Information:

(i) As indicated in the Notice to our Shareholders, the 18th Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Friday, the 29th July, 2011 at 3.00 p.m.

(ii)	Financial Calendar		Financial Reporting by:
	Unaudited Results for the quarter ending 30th June, 2011	:	14th August, 2011
	Unaudited Results for the quarter ending 30th September, 2011	:	15th November, 2011
	Unaudited Results for the quarter ending 31st December, 2011	:	14th February, 2012
	Audited Results for the year ending 31st March, 2012	:	end of May, 2012
(iii)	Date of Book Closure	:	From 22nd July, 2011 to 29th July, 2011 (both days inclusive)
(iv)	Date of Dividend Payment	:	on or before 20th August, 2011
(v)	Listing of Equity Shares on Stock Exchange	:	The Equity Shares of the Company are listed at Bombay Stock Exchange Limited (Stock Code 532834)

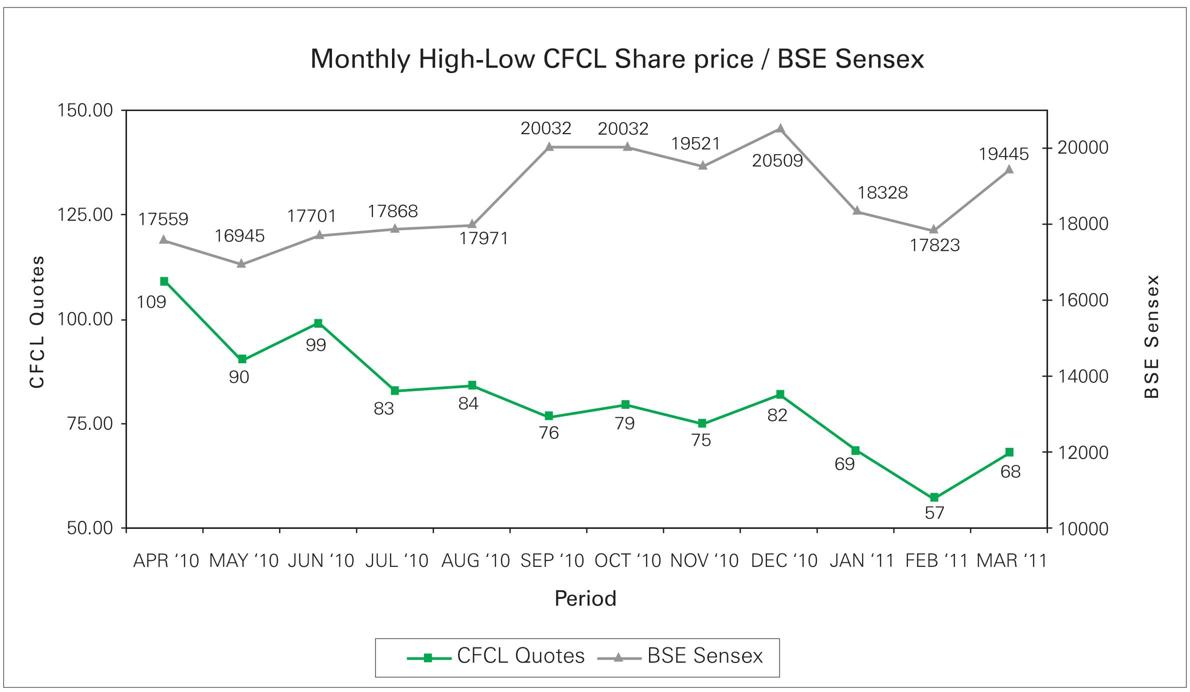
(vi) Demat ISIN in CDSL/NSDL : INE052I01016

(vii) Share Price (High & Low) for the year 2010-2011 at BSE:-

Month	High (₹)	Low (₹)
April, 2010	117.75	87.00
May, 2010	110.40	88.00
June, 2010	106.90	73.15
July, 2010	138.90	81.00
August, 2010	99.00	69.20
September, 2010	90.80	72.00
October, 2010	88.75	73.00
November, 2010	89.80	72.00
December, 2010	86.00	60.00
January, 2011	81.40	65.00
February, 2011	72.95	51.70
March, 2011	74.00	55.90

Stock Performance:

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



(viii) Registrars and Share Transfer Agents for Shares:

M/s. Sharepro Services (India) Pvt. Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

(ix) Share Transfer System:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agent and approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgment, subject to the transfer instrument being valid and complete in all respects.

(x) Distribution of Shareholding as on 31st March, 2011:

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Up to 500	5421	89.19	907997	9.76
501 - 1000	304	5.00	229127	2.46
1001 - 2000	149	2.45	218452	2.35
2001 - 3000	62	1.02	152058	1.63
3001 - 4000	26	0.43	92688	1.00
4001 - 5000	25	0.41	116419	1.25
5001 - 10000	28	0.46	204669	2.20
10001 and above	63	1.04	7384593	79.35
TOTAL	**6078**	**100.00**	**9306003**	**100.00**

(xi) Shareholding Pattern as on 31st March, 2011:

Category Code	Category of shareholder	No. of Shareholders	Total No. of Shares	Total Shareholding as a percentage of total number of shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals/Hindu Undivided Family	13	4,006,829	43.06
(b)	Central Government/State Government(s)	–	–	–
(c)	Bodies Corporate	3	601,482	6.46
(d)	Financial Institutions/Banks	–	–	–
(e)	Any other (Specify)	–	–	–
	SUB TOTAL (A)(1)	**16**	**4,608,311**	**49.52**
(2)	Foreign			
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	1	117,280	1.26
(b)	Bodies Corporate	–	–	–
(c)	Institutions	–	–	–
(d)	Any other (Specify)	–	–	–
	SUB TOTAL (A)(2)	**1**	**117,280**	**1.26**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**17**	**4,725,591**	**50.78**

Category Code	Category of shareholder	No. of Shareholders	Total No. of Shares	Total Shareholding as a percentage of total number of shares
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds/UTI	–	–	–
(b)	Financial Institutions/Banks	4	450	–
(c)	Central Government/State Government(s)	–	–	–
(d)	Venture Capital Funds	–	–	–
(e)	Insurance Companies	–	–	–
(f)	Foreign Institutional Investors	–	–	–
(g)	Foreign Venture Capital Investors	–	–	–
(h)	Any other (Specify)	–	–	–
	SUB TOTAL (B)(1)	4	450	–
(2)	Non-Institutional			
(a)	Bodies Corporate	178	663,355	7.13
(b)	Individuals			
	Individual shareholders holding nominal share capital upto ₹ 1 Lac	5,806	2,606,927	28.02
	Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	28	1,261,143	13.55
(c)	Non-Resident (Non-Rep)	17	11,291	0.12
	Non-Resident (Rep)	27	36,446	0.39
	Trust	1	800	0.01
	SUB TOTAL (B)(2)	6,057	4,579,962	49.22
	Total Public Shareholding (B)=(B)(1)+(B)(2)	6,061	4,580,412	49.22
	Total (A)+(B)	6,078	9,306,003	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	–	–	–
	GRAND TOTAL	6,078	9,306,003	100.00

(xii) Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN No.INE052I01016. As on 31st March, 2011, 96.18% of the totals shares of the Company have been dematerialised.

(xiii) Outstanding: GDR/ADR/Warrants/Options:

As of date, the Company has not issued GDRs/ADRs/Options.

During the year, your Company raised an aggregate of ₹ 548.39 Lacs through Rights Issue of Equity Shares in the ratio of 1:3 at a price of ₹ 15.75/- per Equity Share.

The Company has issued 3,315 Equity Shares of ₹ 10/- each to its employees under the ESOP Scheme - 2008 at a price of ₹ 50/- per Share on 13th January, 2011.

The Company has granted 64,000 stock options to the eligible employees of the Company on 25th October, 2010. Each option entitles the holder thereof to apply for and be allotted one Equity Share of ₹ 10/- each upon payment of the exercise price during the exercise period. The vesting period commences after one year from the date of grant of option and expires at end of five years from the date of such grant.

(xiv) Subsidiary Company:

The Company does not have any materially unlisted Indian Subsidiary Company and hence is not required to have an Independent Director of the Company on the Board of such Subsidiary.

(xv)	Plant Location	:	D-2/3 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506. (Unit 1) N-165 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506. (Unit 2)
(xvi)	Address for correspondence:		
	Registered Office	:	Plot No. F/11 & F/12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri (East), Mumbai - 400 093.
	Tel No.	:	022- 67001000
	Fax No.	:	022-28324404
	E-mail	:	secretarial@camlinfinechem.com

(xvii) Secretarial Department:

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

11. Non Mandatory Requirements:

Audit Qualifications:

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

For & on behalf of the Board

ASHISH S. DANDEKAR
Managing Director

Place : Mumbai
Dated : 25th May, 2011

Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of Camlin Fine Chemicals Limited.

We have examined the compliance of conditions of Corporate Governance by Camlin Fine Chemicals Limited for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

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

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

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 25th May, 2011

Auditors' Report

TO

THE MEMBERS OF CAMLIN FINE CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of **CAMLIN FINE CHEMICALS LIMITED** as at March 31, 2011 and also the related Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to the above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of these books.

   (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the Report are in agreement with the books of account.

   (d) In our opinion, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.

   (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause(g) of Sub Section(1) of Section 274 of the Companies Act, 1956.

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of Balance Sheet, of the State of the Company's affairs as at 31st March 2011;

      (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 25th May, 2011

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

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

(b) According to the information and explanations given to us, all the assets have not been physically verified by the Management during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, during the year, the Company has not disposed of substantial part of fixed assets.

(ii) (a) Physical verification of inventory was conducted by the Management at reasonable intervals during the year. In respect of stocks lying with vendors the management has obtained confirmations as on the date of Balance Sheet.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.

(iii) (a) The Company had granted unsecured loans to subsidiary and associate Companies covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 2,220.47 Lacs and balance outstanding at the end of the year is ₹ 2,220.47 Lacs.

(b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loan given to the Company listed in the register maintained u/s 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us, during the year ended March 31, 2011 the Company has taken unsecured loans from Companies and other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 320.00 Lacs and balance outstanding at the end of the year is ₹ Nil.

(d) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of unsecured loans taken from parties listed in the register maintained u/s 301 of the Companies Act, 1956 were not prejudicial to the interest of the Company.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed asset and with regard to the sale of goods and services. During the course of our audit, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.

(v) (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section;

(b) In our opinion and according to the information and explanation given to us, in respect of transactions which have been made in pursuance of contracts or arrangement entered in the register maintained u/s 301 and exceeding the value of ₹ 5,00,000 in respect of any party during the year, we are not in the position to compare the prices with the prevailing market prices or prices charged to other parties as there have been no other such purchases or sales of exact type of goods, materials or sales of services and hence we have relied on managements representation as to reasonableness of such prices.

(vi) According to the information and explanations given to us, the Company has not accepted deposits in terms of provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.

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

(viii) The Central Government has prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

(ix) (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess are in arrears, as on 31st March, 2011 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess which have not been deposited on account of dispute.

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

(xi) Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.

(xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

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

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has given corporate guarantee for loans taken by its subsidiary Company from bank, the terms and conditions thereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.

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

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures during the year.

(xx) We have verified the end use of money raised by right issue of Equity Shares on 3rd September, 2010 with the terms of the issue, and the management has disclosed the same vide Note No. iii of Schedule 22 on Notes to Accounts.

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

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

Santosh Parab
Partner
Membership No. 47942

Place : Mumbai
Date : 25th May, 2011

Balance Sheet As at 31st March, 2011

(₹ in Lacs)

	Schedules	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		930.60		581.45
Reserves and Surplus	2		3,210.44		2,741.39
Employee stock options outstanding		22.78		19.04	
Less: Deferred employee compensation expenses [Refer note 22 (v)]		13.96	8.82	11.08	7.96
			4,149.86		**3,330.80**
Loan Funds					
Secured Loans	3		6,390.60		4,036.95
Unsecured Loans	4		430.99		—
			6,821.59		**4,036.95**
Deferred Tax Liability (Net) [Refer note 22 (xi)(d)]			293.46		330.47
TOTAL			**11,264.91**		**7,698.22**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5		6,941.25		6,045.90
Less: Depreciation			2,946.86		2,323.69
Net Block			3,994.39		3,722.21
Capital Work In Progress			350.20		206.71
			4,344.59		3,928.92
Investments	6		147.86		339.88
Current Assets, Loans and Advances					
Inventories	7		2,897.62		2,252.51
Sundry Debtors	8		4,025.10		3,295.76
Cash and Bank Balances	9		495.30		292.35
Loans and Advances	10		3,482.91		936.36
			10,900.93		**6,776.98**
Less: Current Liabilities & Provisions					
Liabilities	11		3,727.38		3,065.34
Provisions	12		401.09		282.22
			4,128.47		**3,347.56**
Net Current Assets			**6,772.46**		**3,429.42**
TOTAL			**11,264.91**		**7,698.22**
Schedules 1 to 23 forming part of Accounts					

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
Chief Financial Officer

Arpita Patwardhan
Dy. Company Secretary

D. D. Dandekar	*Chairman*
A. S. Dandekar	*Mg. Director*
S. M. Kulkarni	*Director*
A. E. Faizullabhoy	*Director*
P. M. Sapre	*Director*

Profit and Loss Account For the year ended 31st March, 2011

(₹ in Lacs)

	Schedules	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Net Sales	13	16,162.56	12,345.41
Other Operational Income	14	317.62	201.00
Other Income	15	128.27	87.53
TOTAL INCOME		**16,608.45**	**12,633.94**
EXPENDITURE			
Consumption of Materials & Goods Traded-in	16	11,301.09	7,344.37
(Increase)/Decrease in Stocks	17	(603.43)	190.71
Payment to Employees	18	785.34	652.35
Manufacturing & Other Expenses	19	2,937.00	2,741.64
Finance Cost	20	800.39	603.78
Depreciation		546.23	442.59
TOTAL EXPENDITURE		**15,766.62**	**11,975.44**
Net Profit/(Loss) before Tax		841.83	658.50
Provision for Taxes			
— Current Tax		218.65	215.00
— Deferred Tax		(43.00)	14.82
Profit/(Loss) after Tax		666.18	428.68
Balance brought forward from last year		499.02	239.39
		1,165.20	**668.07**
APPROPRIATIONS			
Transfer to General Reserve		55.00	33.00
Proposed Dividend on Equity Shares		186.12	116.29
Tax on Dividend		30.19	19.76
Balance Carried to Balance Sheet		893.89	499.02
		1,165.20	**668.07**
Earnings Per Share – Basic (in ₹)		7.48	7.39
– Diluted (in ₹)		7.41	7.30
Earnings Per Share – Basic Restated for Rights Issue (in ₹)		N.A.	5.10
Schedules 1 to 23 forming part of Accounts			

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
Chief Financial Officer

Arpita Patwardhan
Dy. Company Secretary

D. D. Dandekar *Chairman*

A. S. Dandekar *Mg. Director*

S. M. Kulkarni *Director*

A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

Cash Flow Statement For the year ended 31st March, 2011

(₹ in Lacs)

		Year ended March 31, 2011	Year ended March 31, 2010
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before tax and non-recurring items	841.86	658.50
	Adjustments for:		
	Depreciation	546.23	442.59
	Deferred employee compensation expenses amortised	1.53	6.79
	Foreign Exchange loss/(gain) (Unrealised)	35.51	(33.14)
	Loss on Sale of Fixed Assets	0.27	(2.32)
	Provision for Doubtful Debts (Net)	17.88	18.90
	Provision for leave encashment	10.25	7.55
	Interest Expenses	800.39	603.78
	Interest Received/Dividend Received	(73.16)	(32.51)
	Operating Profit before Working Capital changes	2,180.76	1,670.14
	Adjustments for:		
	Trade and other Receivables	(3,286.69)	(1,718.35)
	Inventories	(593.73)	237.52
	Trade Payables	641.22	525.87
	Other Payables	(39.37)	(31.50)
	Cash used in Operations	**(1,097.81)**	**683.68**
	Direct taxes paid	**(190.60)**	**(147.20)**
	Net cash used from Operating Activities*	**(1,288.41)**	**536.48**
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	(895.89)	(1,088.22)
	Sale of Fixed Assets	0.05	99.65
	(Purchase)/Sale of Investments	(66.73)	(155.00)
	Interest received	73.06	32.46
	Dividend received	0.10	0.05
	Net cash used in Investing Activities	**(889.41)**	**(1,111.06)**
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from borrowings (Net of repayments)	2,330.00	1,417.34
	Proceeds from Share Capital	551.88	7.24
	Proceeds from Unsecured Loan	417.76	—
	Interest Paid	(791.80)	(608.25)
	Dividend Paid	(114.08)	(87.00)
	Tax on Dividend	(19.76)	(14.79)
	Net cash generated from Financing Activities	**2,374.00**	**714.54**

Cash Flow Statement For the year ended 31st March, 2011 *(Contd.)*

(₹ in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	196.18	139.96
Cash and Cash Equivalents (Opening Balance)	292.35	152.39
Cash and Bank Balance acquired pursuant to the Scheme of Amalgamation	6.77	—
Cash and Cash Equivalents (Closing Balance)	495.30	292.35

Notes:

1. Pursuant to the scheme of amalgamation (the scheme) of Sangam Laboratories Ltd. (Sangam) a wholly owned subsidiary of the company, with the company as sanctioned by the Honorable High Court of Bombay vide its order dated 21st April, 2011 the entire business and all the assets and liabilities, duties and obligations of Sangam were transferred to and vested in the company from 1st April, 2010 (the appointed date) at the values indicated below.

Fixed Assets (Net Block)	66.33
Investment	0.25
Current Assets, Loans and Advances	104.27
Current Liabilities & Provisions	52.38
Loan Funds	36.88
Deferred Tax Liability (Net)	5.99

This amalgamation into the company is a non-cash transaction.

2. Cash and cash equivalent include unclaimed dividend of ₹ 5.17 Lacs (Previous year ₹ 2.97 Lacs) and unpaid application money received for allotment of shares and due for refund ₹ 0.50 Lacs (Previous year ₹ Nil) which are not available for use by the company. (refer schedule no. 11)

3. *The net decrease in cash used from operating activities include out flow on account of increase in Trade & Other Receivable of ₹ 2,022.04 Lacs on account of Loans & Advances to subsidiary company towards their investment/advances in step-down subsidiary Borregaard Italia s.p.a. The Long term loan towards this amount against are collateral

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
Chief Financial Officer

Arpita Patwardhan
Dy. Company Secretary

D. D. Dandekar *Chairman*

A. S. Dandekar *Mg. Director*

S. M. Kulkarni *Director*

A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

Schedules to Balance Sheet

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
1. SHARE CAPITAL		
Authorised		
135,00,000 Equity Shares of ₹ 10/- each (2009-2010: 100,00,000 Equity Shares of ₹ 10/- each) [Refer note 22 (iv)]	1,350.00	1,000.00
Issued, Subscribed & Paid-up		
93,06,003 Equity Shares of ₹ 10/- each (Previous Year 58,14,480)	930.60	581.45
Out of these Shares:		
(a) 48,00,000 Equity Shares issued as fully paid-up to the shareholders of Camlin Limited pursuant to Scheme of Arrangement without payment being received in cash.		
(b) 9,50,000 Equity Shares issued on preferential allotment to individuals of Promoter Group.		
(c) Include 17,795 Equity Shares (Previous Year 14,480) issued under ESOS. Refer note 22 (v).		
	930.60	**581.45**
2. RESERVES AND SURPLUS		
Capital Reserve [Refer note 22 (iv)]	80.60	80.60
Share Premium Account		
As per last Balance Sheet	406.22	399.00
Add: Additions during the year	202.23	7.22
Balance as on 31st March, 2011 [Refer note 22 (iii) & (v)]	608.45	406.22
General Reserve		
As per last Balance Sheet	1,755.55	1,722.55
Add: Employee Stock Option Vested but Lapsed	0.35	—
Add: Transferred on Amalgamation (not available for distribution of dividend refer note 22 (iv))	16.00	—
Add: Transfer from Profit & Loss Account	55.00	33.00
	1,826.89	1,755.55
Profit & Loss Account		
Balance in Profit & Loss Account	893.90	499.02
Less: Debit balance in profit & loss account of Sangam transferred on amalgamation (Refer note 22 (iv))	199.40	—
	694.49	**499.02**
	3,210.44	**2,741.39**

Schedules to Balance Sheet

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
3. SECURED LOANS		
From Banks: [Refer note 22 (vi)]		
(i) Term Loans [Repayable within one Year ₹ 447.37 Lacs (Previous Year ₹ 622.53 Lacs)]	2,971.40	1,689.48
(ii) Foreign Currency Loan [Repayable within one Year ₹ Nil (Previous Year ₹ Nil)]	1,352.04	—
(iii) Cash Credits	1,912.41	2,160.90
From Others:		
Loan Against Leased Assets [Refer note 22(v)] [Repayable within one Year ₹ 36.06 Lacs (Previous Year ₹ 31.83 Lacs)]	154.75	186.58
	6,390.60	**4,036.95**
4. UNSECURED LOANS		
Inter Corporate Deposit [Repayable within one Year ₹ 425.00 Lacs (Previous Year ₹ Nil)]	425.00	—
Sales Tax Deferral	5.99	—
	430.99	—

5. FIXED ASSETS

(₹ in Lacs)

PARTICULARS	COST					DEPRECIATION					BALANCE	
	Gross Block	Transfered on Amalgamation	Additions during the year	Disposals/ Adjustments	As at March 31, 2011	Up to March 31, 2010	Transfered on Amalgamation	Provided During the Year	Disposals/ Adjustments	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
(i) Tangible Assets												
Freehold Land	190.38*	—	—	—	190.38	—	—	—	—	—	190.38	190.38
Leasehold Land	1.69	0.98	—	—	2.67	0.68	0.17	0.03	—	0.88	1.79	1.01
Site Development	37.55	—	—	—	37.55	4.41	—	0.61	—	5.02	32.53	33.14
Building & Shed	952.21	24.49	44.73	—	1,021.43	170.29	7.56	59.15	—	237.00	784.43	781.92
Plant, Machinery & Equipment	4,396.13	117.90	419.92	0.60	4,933.35	2,070.95	69.39	419.62	0.28	2,559.68	2,373.67	2,325.18
ERP Hardware/ Software Cost	105.73	—	8.70	—	114.43	37.09	—	16.22	—	53.31	61.12	68.64
Furniture & Fittings	88.32	0.18	64.26	—	152.76	14.70	0.10	7.64	—	22.44	130.32	73.62
Vehicles	75.27	—	2.79	—	78.06	21.63	—	7.38	—	29.01	49.05	53.64
Lease Assets	198.62	—	—	—	198.62	3.94	—	14.44	—	18.38	180.24	194.68
(ii) Intangible Assets												
Technical Know-How	—	—	212.00	—	212.00	—	—	21.14	—	21.14	190.86	—
Grand Total	**6,045.90**	**143.55**	**752.40**	**0.60**	**6,941.25**	**2,323.69**	**77.22**	**546.23**	**0.28**	**2,946.86**	**3,994.39**	**3,722.21**
Previous Year	5,008.20	—	1,166.92	129.22	6,045.90	1,912.99	—	442.59	31.89	2,323.69	3,722.21	—
Capital Work In Progress**											350.20	206.71

* In respect of Lands transferred pursuant to Scheme of Arrangement, the company is in the process of transferring it in its name.

** Capital Work In Progress includes ₹ 216.52 Lacs towards Research & Development Expenses. This expenditure includes payment to employees of ₹ 27.45 Lacs and manufacturing & other expenses of ₹ 189.07 Lacs.

Schedules to Balance Sheet

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
6. INVESTMENTS – LONG TERM		
Trade (Unquoted, fully paid up)		
In Subsidiaries		
CFCL Mauritius Pvt. Ltd. 1,32,000 Equity Shares of USD 1 fully paid (Previous Year Nil)	59.73	—
Dulcette Technologies LLC, USA Capital Contribution ($76,000) (Previous Year Capital Contributions $76,000)	32.53	32.53
Sangam Laboratories Ltd. (Previous Year 25,10,000 Equity Shares)	—	251.00
In Other Companies		
Chemolutions Chemicals Ltd. 2,45,000 Equity Shares of ₹ 10/- each (Previous Year 2,55,000 Equity Shares)	24.50	25.50
Fine Renewable Energy Ltd. 51,000 Equity Shares of ₹ 10/- each (Previous Year 51,000 Equity Shares)	5.10	5.10
Fine Lifestyle Brand Ltd. 2,55,000 Equity Shares of ₹ 10/- each (Previous Year 2,55,000 Equity Shares)	25.50	25.50
Non Trade (Unquoted, fully paid up)		
The Saraswat Co-op Bank Ltd. 5,000 Equity Shares of ₹ 10/- each	0.50	0.25
(Previous Year 2,500 Equity Shares)	**147.86**	**339.88**
7. INVENTORIES		
(at cost or net realisable value whichever is lower) :		
Raw Materials	277.78	268.11
Packing Materials	25.31	34.69
Work-in-Process	2,487.62	1,899.22
Finished Goods	106.91	50.48
	2,897.62	**2,252.51**
8. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding over Six months		
(a) Considered Good	911.02	419.50
(b) Considered Doubtful	47.79	27.28
	958.81	446.78
(ii) Other Debts Considered Good [Net of Bills Discounted ₹ 2,490.42 Lacs (Previous year ₹ 1,898.81 Lacs)]	3,114.09	2,876.26
	4,072.90	3,323.04
Less: Provision for Doubtful Debts	47.79	27.28
	4,025.10	**3,295.76**

Schedules to Balance Sheet

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
9. CASH AND BANK BALANCES		
(i) Cash on Hand	7.72	2.40
(ii) Current Account with Scheduled Bank	134.20	30.82
(iii) Fixed Deposit with Scheduled Bank	268.38	259.13
(iv) Margin Money with Scheduled Bank	85.00	—
	495.30	**292.35**
10. LOANS AND ADVANCES		
(Unsecured Considered Good)		
(i) Balances with Excise Authorities	157.31	52.02
(ii) Advances recoverable in cash or in kind or for the value to be received [Refer note 22 (viii)]	1,529.97	400.30
(iii) Loans and Advances to Subsidiaries [Refer note 22 (viii)]	1,644.97	349.07
(iv) Deposits	150.66	134.97
	3,482.91	**936.36**
11. LIABILITIES		
(i) Sundry Creditors		
Due to SME Undertakings [Refer note 22 (xii)]	—	—
Others	3,493.00	2,844.07
	3,493.00	2,844.07
(ii) Interest Accrued but not due on Loans	11.17	2.57
(iii) Unclaimed Dividend*	5.17	2.97
(iv) Unpaid application money received by the company for allotment of securities and due for refund*	0.50	—
(v) Other Liabilities	217.54	215.73
	3,727.38	**3,065.34**
* There are no amount due and outstanding to be credited to the Investor Education and Protection Fund		
12. PROVISIONS		
(i) Provision for Taxes (Net)	123.54	95.18
(ii) Provision for Employees Benefits	61.24	50.99
(iii) Proposed Dividend	186.12	116.29
(iv) Tax on Dividend	30.19	19.76
	401.09	**282.22**

Schedules to Profit and Loss Account

(₹ in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
13. SALES		
Gross Sales	16,371.51	12,603.11
Less: Excise Duty	208.95	257.70
	16,162.56	**12,345.41**
14. OTHER OPERATIONAL INCOME		
Gain on Foreign Exchange Fluctuations	13.34	104.63
Sale of Process Know-How	200.00	—
[Tax Deducted at Source ₹ 20.00 Lacs (Previous Year ₹ Nil)]		
Processing Charges	21.63	71.99
[Tax Deducted at Source ₹ 0.45 Lacs (Previous Year ₹ 1.44 Lacs)]		
Other Operating Receipts	82.65	24.38
	317.62	**201.00**
15. OTHER INCOME		
Interest	73.06	32.46
[Tax Deducted at Source ₹ 6.27 Lacs (Previous Year ₹ 2.46 Lacs)]		
Dividend Received	0.10	0.05
Profit on Sale of Assets	—	2.32
Miscellaneous Receipts	55.11	52.70
	128.27	**87.53**
16. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	268.11	340.68
Add: Stock taken over on Amalgamation	9.46	—
Add: Purchases	10,948.96	6,536.70
	11,226.53	6,877.38
Less: Closing Stock of Raw Materials	277.78	268.11
	10,948.75	**6,609.27**
(ii) Packing Materials	240.73	95.66
(iii) Purchase of Finished Goods for resale	111.61	639.44
	11,301.09	**7,344.37**
17. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS		
(Produced & Purchased for resale)		
Stocks as per last Balance Sheet		
Work-in-Process	1,899.22	1,749.10
Finished Goods	50.48	391.31
	1,949.70	2,140.41
Add: Stock taken over on Amalgamation		
Work-in-Process	40.79	—
Finished Goods	0.61	—
	41.40	—
Less: Closing Stock as at year end		
Work-in-Process	2,487.62	1,899.22
Finished Goods	106.91	50.48
	2,594.53	**1,949.70**
	(603.43)	**190.71**

Schedules to Profit and Loss Account

(₹ in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
18. PAYMENT TO EMPLOYEES		
Salaries, Wages and Bonus	709.17	550.43
Deferred employee compensation expense amortised	1.53	6.79
Contribution to Provident & other funds	45.45	43.41
Staff and Labour Welfare	56.64	51.72
	812.79	652.35
Less: Relating to Product Development Capitalised	27.45	—
	785.34	**652.35**
19. MANUFACTURING & OTHER EXPENSES		
Power and Fuel	871.24	905.45
Repairs		
— Building	0.02	1.90
— Machinery	167.09	119.77
— Others	152.78	104.64
Job Charges	255.75	123.25
Labour Charges	190.15	135.80
Rent	102.97	127.68
Rates and Taxes	8.91	11.21
Insurance	52.59	39.29
Advertisement and Sales Promotion	114.65	142.82
Transport & Forwarding Charges	321.90	211.11
Commission/Discount/Service Charges on Sales	118.70	37.77
Travelling & Conveyance	187.72	132.61
Directors Meeting Fees	6.24	6.75
Auditor's Remuneration	12.64	11.88
Legal & Professional fees	192.68	223.73
Provision for Doubtful Debts	17.88	18.90
Loss on Sale/Discarding of Assets	0.27	—
Miscellaneous Expenses	351.89	387.08
	3,126.07	2,741.64
Less: Relating to Product Development Capitalised	189.07	—
	2,937.00	**2,741.64**
20. FINANCE COST		
On Term Loans	244.02	167.33
On Others	556.37	436.45
	800.39	**603.78**

Schedules to Accounts

21. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards.

(ii) FIXED ASSETS

(a) Fixed assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of CENVAT and VAT). All direct expenses attributable to acquisition of Fixed Assets are capitalised.

(b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The up gradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.

(c) Intangible assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

(iii) IMPAIRMENT OF ASSETS

The carrying amount of Cash Generating Units/Assets is reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(iv) DEPRECIATION

(a) Depreciation on all assets of the Company except leasehold land and improvements to leasehold premises, is provided on Straight-Line basis as applicable under the Companies Act, 1956.

(b) Leasehold land and improvements to leasehold premises are depreciated over respective period of lease.

(c) Capitalised ERP Hardware/Software, Technical Knowhow and development expenditure of projects/products incurred is amortised over the estimated period of benefits, not exceeding five years.

(v) INVESTMENTS

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

Current investments are stated at cost or fair value whichever is lower.

(vi) VALUATION OF INVENTORIES

A.	Raw Material and Packing Materials.	At weighted average cost.
B.	Work-in-Process and Finished Goods.	At Cost or Net Realisable Value whichever is lower. Cost includes cost of materials, labour and appropriate manufacturing overheads.

(vii) 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, wherever applicable. CENVAT credit is accounted by adjustment against cost immediately upon receipt of the relevant inputs and booking of the invoices in respect thereof.

(viii) FOREIGN CURRENCY TRANSACTIONS

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

(b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract.

(c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

(ix) RESEARCH AND DEVELOPMENT

Revenue expenditure on Research and Development is included under the natural heads of expenditure.

Capital expenditure on Research and Development (R&D) is capitalised as fixed assets. Development cost including legal expenses and/or in relation to patent/trade marks relating to the new and improved product and/or process development is recognised as an intangible asset to the extent that it is expected that such asset will generate future economical benefits. Other Research & Development cost is expected as incurred.

(x) EMPLOYEE STOCK OPTION SCHEME

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(xi) RETIREMENT BENEFITS

(a) Short Term Employee benefits

All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the Profit & Loss Account.

(b) Defined Contribution Plan

The Company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner and contribution of the Company is charged to the Profit & Loss Account on accrual basis.

The Company has a scheme of Superannuation with LIC of India and contribution of the Company is charged to the Profit & Loss Account on accrual basis.

(c) Defined Benefit Plan

The Company's liability towards gratuity to its employees is covered by a group gratuity policy with an insurance company. The contribution paid/payable to insurance company is debited to Profit & Loss Account on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to Profit & Loss Account on accrual basis. Charge to the Profit and Loss Account includes premium paid, current service cost, interest cost, expected return on plan assets and gain/loss in actuarial valuation during the year net of fund value of plan asset as on the balance sheet date.

(d) Other long-term benefits

Liability towards leave salary is provided on actuarial basis using the Projected Unit Credit method and it is unfunded.

(xii) REVENUE/EXPENSE RECOGNITION

(a) Revenue from the sale of products is recognized when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding collectability of the amount due, associated costs or the possible return of goods.

(b) Revenue in respect of overdue interest, insurance claim, export benefits, etc. is recognised to the extent the Company is reasonably certain of its ultimate realisation.

(c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.

(d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

(xiii) CONTINGENT LIABILITIES

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

(xiv) 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.

(xv) EARNING PER SHARE

Basic earning per equity share is computed by dividing net profit 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 adjusted for the effects of all dilutive potential equity shares.

(xvi) BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(xvii) LEASE HOLD IMPROVEMENTS

Expenditure incurred on improvements to leasehold premises is classified into Capital and Revenue. Additions of assets are capitalized under Fixed Assets and balance expenditure, if any, is recognized as expenditure in Profit and Loss Account.

(xviii) CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

(xix) LEASE

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

22. NOTES TO ACCOUNTS

(i) Contingent Liabilities:

(a) In respect of Bills of Exchange/cheque discounted with the Bankers ₹ 2490.42 Lacs. (Previous year ₹ 1898.81 Lacs).

(b) In respect of bank guarantees aggregating to ₹ 364.99 Lacs issued to VAT and Customs authorities. (Previous year ₹ 366.65 Lacs).

(c) In respect of corporate bank guarantee amounting to ₹ 500 Lacs (Previous year ₹ 500 Lacs) issued against the borrowings of Chemolutions Chemicals Ltd, an associate of the Company.

(ii) Commitments:

(a) Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 4.97 Lacs. (Previous year ₹ 25.40 Lacs).

(b) The Company has entered into an agreement on March 13, 2007 with Viachem Company LLC, USA to incorporate a joint venture company Dulcette Technologies LLC, USA for marketing of Company’s products in international markets. The total investment in this joint venture is expected to be to the tune of USD 3,00,000 with Camlin Fine Chemicals Ltd’s share of 51%. Total capital contribution of the Company is USD 76,000 equivalent to ₹ 32.53 Lacs.

(iii) Right Issue

During the year, the Company has raised ₹ 549.39 Lacs through issue of ₹ 34.88 Lacs equity shares of face value of ₹ 10/- each at premium of ₹ 5.75 per share on right basis.

Proceeds of the issue are to be utilised for meeting capital expenditure for development of plant process and de-bottlenecking, and expenses of the issue. The proceeds (net of expenses of ₹ 18.37 Lacs) of the right issue has been utilised as follows:

(i) Capital expenditure amounting to ₹ 451.19 Lacs.

(ii) Balance Proceeds are being utilised as working capital for the short term until the ultimate utilisation for the aforesaid purposes.

(iv) Pursuant to the scheme of amalgamation (the scheme) of Sangam Laboratories Ltd. (Sangam) a wholly owned subsidiary of the Company, with the Company as sanctioned by the Honorable High Court of Bombay vide its order dated 21st April, 2011 the entire business and all the assets and liabilities, duties and obligations of Sangam were transferred to and vested in the Company from 1st April, 2010. Upon necessary filings with the Registrar of Companies, the Scheme has become effective on 19th May, 2011.

The accounting for the amalgamation was done as per pooling of interest method as modified under the scheme and approved by the Honorable High Court and the same has been given effect to in the financial statement as under:

(i) The assets and liabilities of Sangam were recorded in the books of the Company at their respective book values.

(ii) The Company credited to its General Reserve ₹ 16.00 Lacs, being the excess of the value of the net assets of Sangam over the value of investment in Sangam, the face value of share cancelled and debit balance in Profit and Loss Account of Sangam transferred to the Company. As per the scheme, the aforesaid amount shall not be utilised for the purpose of the declaring dividend in future, and to that extend it will not be a free reserve.

Had the scheme not prescribed the above treatment, the aforesaid amount of ₹ 16.00 Lacs would have been credited to Capital Reserve and accordingly the General Reserve would have been lower by the same amount.

(iii) As per the scheme the authorised share capital of Sangam is to be added to form part of the authorised share capital of the Company. Accordingly the authorised share capital of the Company has been so added and disclosed at schedule 1 to balance sheet.

(iv) On account of above merger, the figures for current year are not strictly comparable with that of previous year.

(v) Employee Stock Option Scheme

The Company has Employee Stock Option Scheme called "Camlin Fine Chemicals Employees Stock Option Scheme, 2008" which was approved on 8th August, 2008. The scheme is an employee share based payment plan administered through Employee Stock Option. Each option under the scheme will entitle one fully paid up equity share of ₹ 10/- each of the Company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010
Number of Options granted	1,94,100	16,700	32,200	64,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant			
Exercise Price (per share)	₹ 50	₹ 50	₹ 50	₹ 62
Method of settlement	By issue of Shares at Exercise Price			
Vesting Conditions	10% On expiry of 12 months from the date of grant;			
	15% On expiry of 24 months from the date of grant;			
	20% On expiry of 36 months from the date of grant;			
	25% On expiry of 48 months from the date of grant;			
	30% On expiry of 60 months from the date of grant;			

Schedules to Accounts

Details of Stock options are as follows:

Summary of Stock Options	No. of Stock Options			
	Tranche I	Tranche II	Tranche III	Tranche IV
Options outstanding on 1st April, 2010	1,63,070	5,450	32,200	Nil
Options granted during the year	Nil	Nil	Nil	64,000
Options forfeited/lapsed during the year	13,545	1,000	3,700	20,600
Options vested but lapsed	3,405	Nil	Nil	Nil
Options exercised during the year	3,265	Nil	50	Nil
Options outstanding on 31st March, 2011	1,42,855	4,450	28,450	43,400
Options vested but not exercised on 31st March, 2011	28,810	925	2,800	Nil

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV
Average Share Price *	₹ 73.35	Nil	₹ 73.35	Nil
Exercise/Grant Price **	₹ 50.00	₹ 50.00	₹ 50.00	₹ 62.00
Market Price ***	₹ 60.00	₹ 45.00	₹ 58.50	₹ 76.00

* Being, the average share price at the Recognized Stock Exchange on the date of exercise of the option.

** Exercise price is the price payable by employee for exercising the option granted.

*** Market price is the latest available closing price, prior to the date of the meeting of board of directors in which options are granted.

The Company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares is based on the latest available closing market price, prior to the date of meeting of the board of directors, in which the options were granted, on the stock exchange in which the shares of the Company are listed. The difference between the intrinsic value and the exercise price is being amortised as employee compensation cost over the vesting period. The details thereof are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Opening unamortised amount	8,84,597	Nil	2,23,864	N.A.
Total amount to be amortised over the vesting period	Nil	Nil	Nil	8,96,000
Charge to Profit and Loss Account for the year	83,050	Nil	19,106	50,633
ESOP lapsed	1,35,450	Nil	31,450	2,88,400
Unamortised amount carried forward	6,66,657	Nil	1,73,308	5,56,967

Accordingly, during the year, 3,315 equity shares of ₹ 10/- each have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 1,65,675/- has been accounted.

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

Foreign currency term loan from bank are secured by first pari-passu mortgage and charge on the entire immovable properties and movable fixed assets of the Company, both present and future, pledge of 100% equity stake of the Company in its subsidiary CFCL Mauritius Pvt. Ltd. and pledge of 100% equity stake of CFCL Mauritius Pvt. Ltd. in its subsidiary Borregaard Italia s.p.a. Italy.

Cash Credits/Packing Credit from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them as also mortgage/hypothecation of specified immovable and movable Fixed Assets of the Company ranking pari passu by way of second charge.

Vehicle Loans are secured by hypothecation of related vehicles.

Loans amounting to ₹ 175.87 Lacs (Previous Year ₹ 660.11 Lacs) are guaranteed by Managing Director.

Loan against leased Assets are secured by furniture & fixtures taken on lease.

Schedules to Accounts

(vii) On 14th December, 2010, the Company has entered into share purchase agreement with the shareholders of Borregaard Italia s.p.a. a Company registered and situated in Italy, to purchase entire share capital. Accordingly, the Company has invested a sum of ₹ 516.37 Lacs equivalent to EURO 8,14,463 through an intermediary subsidiary CFCL Mauritius Pvt. Ltd. which is registered in the country of Mauritius. The balance consideration of EURO 6,00,000 is payable in the month of February 2012, after certain milestones stated in the aforesaid agreement. For the purpose of the balance consideration, the Company through EXIM Bank has arranged a bank guarantee from an Italian Bank Banca Popolare di Sondrio amounting to EURO 6,00,000 against a 100% margin deposit. The margin deposit of EURO 6,00,000 equivalent to ₹ 377.07 Lacs has been included and disclosed under the head "Advances recoverable in cash or kind".

CFCL Mauritius Pvt. Ltd. has also incurred acquisition cost of ₹ 121.51 Lacs which is over and above aforesaid consideration of ₹ 516.37 Lacs.

(viii) Details of Loans and Advances in the nature of Loans to Subsidiaries/Associates.

Particulars	Balance at the year end	Maximum amount outstanding during the year
CFCL Mauritius Pvt. Ltd. (Subsidiary)	1,644.97	3,026.07
	(Nil)	(Nil)
Chemolutions Chemicals Ltd. (Associate)	542.50	542.50
	(272.00)	(272.00)
Fine Lifestyle Brands Ltd. (Associate)	33.00	33.00
	(51.08)	(51.08)

Out of aforesaid loan amounting to ₹ 1,644.97 Lacs CFCL Mauritius Pvt. Ltd. has advanced an amount of ₹ 1,125.68 Lacs to the step down subsidiary Borregaard Italia s.p.a. as trade advance for the purpose of its business.

(ix) Remuneration to Directors:

(a) To Chairman – Professional Fess ₹ 12.00 Lacs (Previous year ₹ 6.00 Lacs).

(b) To Managing Director

(Within limits specified in the Schedule XIII of the Companies Act, 1956)

(₹ in Lacs)

Particulars	March 31, 2011	March 31, 2010
Salaries	33.20	27.60
House Rent Allowance	3.86	5.52
Contributions to and provisions for Provident Fund, Family Pension Fund and Superannuation	10.73	10.30
Other perquisites	0.31	0.70
Total	**48.10**	**44.12**

As the future liability for gratuity and leave encashment is provided on the actuarial basis for the Company as a whole, the amount pertaining to the director is not ascertainable and, therefore, not included in above.

(x) Auditor's Remuneration (Net of Service Tax) includes:

(₹ in Lacs)

	March 31, 2011	March 31, 2010
Audit Fees	7.50	6.00
Tax Audit	1.50	1.00
Certification	1.80	0.50
Other Services	1.70	4.25
Out of Pocket Expenses	0.14	0.13
Total	**12.64**	**11.88**

Schedules to Accounts

(xi) Disclosures pursuant to the requirements of Accounting Standards issued by Institute of Chartered Accountants of India.

(a) Earnings Per Share (Basic and Diluted)

Particulars	March 31, 2011	March 31, 2010
Basic		
Net Profit/(Loss) After Tax as per Profit and Loss Account available for equity shareholders (₹ Lacs)	666.21	428.68
Weighted average no. of equity shares used in computing basic earning per share	89,08,533	58,03,715
Effect of potential ordinary shares on conversion of stock options.	80,992	71987
Weighted average no. of equity shares used in computing diluted earning per share.	89,89,525	58,75,702
– Basic Earnings per Share (₹)	7.48	7.39
– Diluted Earnings per Share (₹)	7.41	7.30
Weighted average no. of equity shares used in computing basic earning per share restated for Right Issue.	NA	83,94,636
– Basic Earnings per Share restated for Right Issue (₹)	NA	5.11

(b) Since, the Company operates in a single business segment namely, 'Fine Chemicals', the segment-wise disclosure is not required. Further, in the opinion of the management, there is no reportable geographical segment.

(c) Foreign Currency Transactions:

Exchange variation (Net) arising on translation of Foreign Currency transactions credited to the Profit & Loss Account is ₹ 13.34 Lacs (Previous Year Profit of ₹ 104.63 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2011 is as follows:

(₹ in Lacs)

		March 31, 2011	March 31, 2010
(a) Sundry Debtors	(USD)	50.32	23.91
	(EURO)	(1.63)	32.03
(b) Sundry Creditors	(USD)	(37.02)	(33.51)

(d) Deferred Taxes:

Major items of Deferred Tax Assets and Deferred Tax Liabilities:

(₹ in Lacs)

Particulars	Opening Balance as on April 1, 2010	Net Increase/ (Decrease) During the year	Sangam	Closing Balance as on March 31, 2011
LIABILITIES				
Depreciation	355.67	(42.49)	5.99	319.17
Retirement Benefits	0.93	4.10	—	5.03
Lease Payments	2.76	5.71	—	8.47
Sub Total	**359.36**	**(32.68)**	**5.99**	**332.67**
ASSETS				
Provision for doubtful debts	9.27	6.61	—	15.88
Leave Encashment	17.33	3.01	—	20.34
Taxes, Duties and other sums (Net)	—	—	—	—
Demerger Expenses	2.29	(2.29)	—	—
Unpaid Bonus & Ex-gratia	—	2.99	—	2.99
Sub Total	**28.89**	**10.32**	**—**	**39.21**
Net Deferred Tax Asset/(Liability)	**(330.47)**	**(43.00)**	**(5.99)**	**(293.46)**

Schedules to Accounts

(e) Retirement Benefits:

Defined Contribution Plans

Company's Contribution paid/payable during the year to Provident Fund, Superannuation Fund are charged to the Profit & Loss Account.

Defined Benefit Plans

(i) Gratuity as per Actuarial valuation

(₹ in Lacs)

No.	Particulars	March 31, 2011	March 31, 2010
I	Expense recognised in the Statement of Profit and Loss Account		
	1. Current Service Cost	5.72	5.70
	2. Interest	7.00	6.23
	3. Expected Return on plan assets	(7.01)	(7.29)
	4. Actuarial (Gain)/Loss	1.60	9.00
	5. Total expense	7.31	13.65
II	Net Asset/(Liability) recognised in the Balance Sheet		
	1. Present Value of Defined Benefit Obligation at end of the year	102.90	84.89
	2. Fair Value of plan assets at the end of the year	118.05	87.64
	3. Funded status [Surplus/(Deficit)]	15.15	2.75
	4. Net Asset/(Liability) at the end of the year	15.15	2.75
III	Change in the obligation during the year		
	1. Present Value of Defined Benefit Obligation at the beginning of the year	84.89	77.31
	2. Current Service Cost	5.72	5.70
	3. Interest Cost	7.00	6.23
	4. Actuarial (Gain)/Loss	11.71	0.89
	5. Benefit payments	(6.42)	(5.25)
	6. Present Value of Defined Benefit Obligation at the end of the year	102.90	84.89
IV	Change in Fair Value of Assets during the year ended		
	1. Fair Value of plan assets at the beginning of the year	87.64	81.45
	2. Expected return on plan assets	7.01	7.28
	3. Contributions by employer	19.71	12.27
	4. Actual benefits paid	(6.42)	(5.25)
	5. Actuarial Gain/(Loss) on Plan Assets	10.11	(8.11)
	6. Fair Value of plan assets at the end of the year	118.05	87.64
V	The major categories of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
VI	Actuarial assumptions		
	1. Discount Rate	8.25%	7.5%
	2. Expected rate of return on plan assets	8%	8%

(ii) Leave Encashment: The accumulated balance of Leave Encashment (Unfunded) provided in the books as at 31st March, 2011 ₹ 61.24 Lacs (Previous year ₹ 50.99 Lacs), determined on actuarial basis using projected unit credit method.

Schedules to Accounts

(f) Related Party Disclosures

(a) Subsidiaries, Joint Venture & Associate Companies

Name of the Related Party	Nature of Relationship
CFCL Mauritius Private Limited	Subsidiary Company from 25th January, 2011.
Borregaard Italia s.p.a.	Step down Subsidiary from 8th March, 2011.
Chemolutions Chemicals Ltd.	Subsidiary Company till 4th March, 2011 there after Associate Company.
Dulcette Technologies LLC	Subsidiary Company (Joint Venture with Viachem LLC with 51% stake)
Fine Lifestyle Brands Ltd.	Subsidiary Company till 12th August, 2010 thereafter Associate Company.
Fine Lifestyle Solutions Ltd.	Step down Subsidiary Company till 12th August, 2010 thereafter Associate Company.
Fine Renewable Energy Ltd.	Subsidiary Company till 6th January, 2011.
Focussed Event Management Pvt. Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company
Abana Medisys Pvt. Ltd.	Associate Company

(b) Key Management Personnel & their relatives

Name of the Person	Nature of Relationship
Mr. A. S. Dandekar	Managing Director
Mr. S. D. Dandekar	Management Consultant
Mr. D. D. Dandekar	Chairman
Mrs. L. A. Dandekar	Promoter Group
Vivek A. Dandekar	Promoter Group
Abha A. Dandekar	Promoter Group

(c) Transactions with Related Parties

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Venture	Associate Companies	Key Management Personnel & their Relatives
1.	Purchases:			
	i. Goods	Nil	0.85	Nil
		(8.04)	(Nil)	(Nil)
	ii. Services	Nil	Nil	14.40
		(Nil)	(Nil)	(8.40)
	iii. Salaries	Nil	Nil	12.13
		(Nil)	(Nil)	(4.05)
2.	Sales:			
	i. Goods	98.60	Nil	Nil
		(141.12)	(Nil)	(Nil)
	ii. Fixed Asset	Nil	Nil	Nil
		(2.83)	(Nil)	(Nil)
	iii. Job Charges	21.62	Nil	Nil
		(72.24)	(Nil)	(Nil)
	iv. Services	30.00	Nil	Nil
		(21.05)	(Nil)	(Nil)

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Venture	Associate Companies	Key Management Personnel & their Relatives
3.	Investments:			
	i. Purchases	59.73	Nil	Nil
		(155.00)	(Nil)	(Nil)
	ii. Sales	1.00	Nil	Nil
		(Nil)	(Nil)	(Nil)
4.	Finance:			
	i. Inter Corporate Loans Given	1,915.47	Nil	Nil
		(349.08)	(Nil)	(Nil)
	ii. Interest Received	52.79	7.19	Nil
		(24.64)	(Nil)	(Nil)
	iii. Inter Corporate Loans Taken	Nil	125.00	320.00
		(Nil)	(Nil)	(Nil)
	iv. Interest Paid	Nil	2.44	3.42
		(Nil)	(Nil)	(Nil)
5.	Other Transactions:			
	Reimbursement received from parties	5.32	6.57	Nil
		(8.27)	(5.18)	(Nil)
6.	Outstanding:			
	i. Payable	Nil	Nil	Nil
		(5.41)	(Nil)	(Nil)
	ii. Receivable	136.41	337.25	Nil
		(257.57)	(5.18)	(Nil)
	iii. Inter Corporate Loans Given	1644.97	575.71	Nil
		(349.08)	(Nil)	(Nil)
7.	Managerial Remuneration:	Nil	Nil	48.10
		(Nil)	(Nil)	(44.12)

Figures for Previous Year are Nil, except for those applicable, specified in brackets.

(d) Significant Transactions with Related Parties

(₹ in Lacs)

	Particulars	March 31, 2011	March 31, 2010
	Subsidiary Companies		
(i)	Purchase of Investments:		
	Sangam Laboratories Ltd.	Nil	155.00
	CFCL Mauritius Pvt. Ltd.	59.73	Nil
(ii)	Sales:		
	Chemolutions Chemicals Ltd.	98.60	115.30
(iii)	Finance:		
	(a) Inter Corporate Loans Given		
	Chemolutions Chemicals Ltd.	270.50	272.00
	Sangam Laboratories Ltd.	Nil	95.00
	Fine Lifestyle Brands Ltd.	Nil	51.08
	CFCL Mauritius Pvt. Ltd.	1,644.97	Nil

(₹ in Lacs)

	Particulars	March 31, 2011	March 31, 2010
	(b) Interest Received		
	Sangam Laboratories Ltd.	Nil	7.92
	Chemolutions Chemicals Ltd.	52.79	12.63
(iv)	**Outstanding:**		
	Inter Corporate Loans Given		
	CFCL Mauritius Pvt. Ltd.	1,644.97	Nil
(v)	**Receivables:**		
	Sangam Laboratories Ltd.	Nil	13.12
	CFCL Mauritius Pvt. Ltd.	121.52	Nil
	Borregaard Italia s.p.a.	14.89	Nil
	Associate Companies		
	(i) **Finance:**		
	Interest Paid		
	Vibha Agencies	2.24	Nil
	Interest Received		
	Chemolutions Chemicals Ltd.	7.19	Nil
	(ii) **Outstanding:**		
	Inter Corporate Loans Given		
	Chemolutions Chemicals Ltd.	542.50	272.00
	(iii) **Receivables**		
	Chemolutions Chemicals Ltd.	239.09	244.44
	Key Management Personnel		
	(i) **Managerial Remuneration**		
	Mr. A. S. Dandekar	48.10	44.12

(g) Lease (₹ in Lacs)

Particulars	Finance Lease	
	March 31, 2011	March 31, 2010
Total Minimum Lease Payments at the year end	54.77	22.53
Less: Amount Representing finance charges	22.94	10.49
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	31.83	12.04
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 36.16 Lacs as on 31.03.2011 (₹ 31.59 Lacs as on 31.03.2010)]	54.77	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 119.13 Lacs as on 31.03.2011 (₹ 154.75 Lacs as on 31.03.2010)]	142.80	196.55
Later than five years [For finance lease : Present value ₹ Nil as on 31.03.2011 (₹ Nil as on 31.03.2010)	—	—

(xii) Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of **Micro, Small & Medium Enterprises Development Act, 2006** as on 31st March, 2011.

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

Schedules to Accounts

SCHEDULE 23

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

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

(i) Details of Goods Manufactured/Sales/Stocks (₹/Units in Lacs)

	Class of Goods	Unit of Measure	#Licensed Capacity in Tons	Installed Capacity in Tons	OPENING STOCK (Qty.)	OPENING STOCK Value (₹)	PRODUCTION/ PURCHASE (Qty.)	PRODUCTION/ PURCHASE Value (₹)	SALES (Qty.)	SALES Value (₹)	CLOSING STOCK (Qty.)	CLOSING STOCK Value (₹)
(A)	MANUFACTURED ITEMS											
	Chemical & Chemical Products***	Ltrs./Kgs.	5,130	3,700	0.14	47.55	29.04	—	28.92	16,002.24	0.20	91.30
			(5,130)	(3,500)	(0.56)	(244.77)	(25.76)	—	(26.18)	(11,685.21)	(0.14)	(47.55)
(B)	TRADING ITEMS											
	Chemical & Chemical Products	Nos./Pks.	N.A.	N.A.	—	2.93	—	100.27	—	160.32	—	15.61
			N.A.	N.A.	—	(146.54)	—	(639.44)	—	(660.20)	—	(2.93)
					0.14	50.48	29.04	100.27	28.92	16,162.56	0.20	106.91

Figures in brackets are for the previous year.
\# As certified by the Management and relied upon by the Auditors, being a technical matter.
*** Installed Capacity worked out on the basis of existing product mix.

(₹/Units in Lacs)

		Unit of Measure	March 31, 2011 Qty.	March 31, 2011 Value ₹	March 31, 2010 Qty.	March 31, 2010 Value ₹
(ii)	Raw Materials Consumed					
	Hydroquinone	Kgs./Ltrs.	27.50	7,244.68	24.23	3,762.85
	Other Raw Materials* (None of the items individually exceed 10% of the total value of Raw Materials consumed)	Kgs./Ltrs.		4,056.39		3,581.52
				11,301.07		**7,344.37**
	* Includes Resale of Material					
(iii)	Value of consumption of Raw Materials and Stores					
	(a) Indigenous			2,691.60		2,140.79
	(b) Imported (Landed Cost) – Raw Material			8,609.47		5,203.58
				11,301.07		**7,344.37**
(iv)	Percentage of Consumption of Raw Materials & Stores					
	(a) Indigenous			24%		29%
	(b) Imported (Landed Cost) – Raw Material			76%		71%
				100%		**100%**
(v)	Value of Imports on C.I.F. Basis					
	(a) Raw Materials			8,326.35		5,365.97
	(b) Purchases of Traded Products			43.73		—
				8,370.08		5,365.97
(vi)	Earnings in Foreign Exchange					
	Exports at F.O.B. Value (Including Trading)			14,254.77		9,686.52
(vii)	Expenditure in Foreign Currency					
	Professional Fees			73.79		98.43
	Commission and Sales Promotion			125.77		81.04
	Foreign Travel			27.26		40.91
				226.82		**220.38**

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
Chief Financial Officer

Arpita Patwardhan
Dy. Company Secretary

D. D. Dandekar *Chairman*

A. S. Dandekar *Mg. Director*

S. M. Kulkarni *Director*

A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	11–75361
State Code	11
Balance Sheet Date (Date / Month / Year)	31 / 03 / 11

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	NIL
Rights Issue	54939
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	1126491
Total Assets	1126491

Sources of Funds

Paid-up Capital	93060
Reserves & Surplus	321926
Secured Loans	639063
Unsecured Loans	43099
Deferred Tax Liability (Net)	29346

Application of Funds

Net Fixed Assets	434459
Investments	14786
Net Current Assets	677246
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

IV. Performance of Company (Amount in ₹ Thousands)

Turnover (Income)	1660845
Total Expenditure	1576662
Profit Before Tax (+ / –)	+ 84183
Profit After Tax (+ / –)	+ 66618
Earning Per Share in ₹	7.48
Dividend %	20%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	29.33
Product Description	API'S
Item Code No. (ITC Code)	29.09
Product Description	Food Antioxidants
Item Code No. (ITC Code)	29.09
Product Description	Sweeteners

As per our report of even date annexed
For B. K. Khare & Co.
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Mumbai
Dated: 25th May, 2011.

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A. S. Dandekar *Mg. Director*
S. M. Kulkarni *Director*
A. E. Faizullabhoy *Director*
P. M. Sapre *Director*

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

(₹ in Lacs)

		Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	Borregaard Italia s.p.a.
1.	Name of the Subsidiary	Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	Borregaard Italia s.p.a.
2.	Financial year of the Subsidiary Company ends on	31st December, 2010	31st March, 2011	31st March, 2011
3.	Holding Company's interest:			
	I. no. of shares held	N.A.	1,32,000	20,00,000
	II. percentage of shareholding	61%	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.	(19.48)	(8.01)	(74.19)
	II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	(39.41)	Nil	Nil
5.	The net aggregate amount of the subsidiary's profit/(loss) dealt with in the Holding Company's a/cs.:			
	I. For the financial year of the subsidiary	Nil	Nil	Nil
	II. For the previous financial year of the subsidiary since it became the Holding Company's Subsidiary.	Nil	Nil	Nil

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

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P. M. Sapre *Director*

DETAILS OF SUBSIDIARY PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

(₹ in Lacs)

Sr. No.	Name of Subsidiary	Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	Borregaard Italia s.p.a.*
1.	Capital	52.43	59.03	1,268.06
2.	Reserves	(105.56)	(7.85)	543.18
3.	Total Assets	60.57	1,787.75	2,952.49
4.	Total Liabilities	60.57	1,787.75	2,952.49
5.	Details of Investments	Nil	633.18	96.46
6.	Turnover	89.40	Nil	Nil
7.	Profit/(Loss) Before Tax	(32.04)	(8.01)	(74.19)
8.	Provision For Taxation	Nil	Nil	Nil
9.	Profit/(Loss) After Tax	(32.04)	(8.01)	(74.19)
10.	Proposed Dividend	Nil	Nil	Nil

Exchange Rate as on 31st March, 2011 – 1 US$ = ₹ 44.65.

* Borregaard Italia s.p.a. is step down subsidiary of Camlin Fine Chemicals Limited in which CFCL Mauritius Limited a subsidiary of Camlin Fine Chemicals Limited holds 100% of equity shares.

Auditors' Report

TO THE BOARD OF DIRECTORS OF CAMLIN FINE CHEMICALS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Camlin Fine Chemicals Limited (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These consolidated financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We have relied on the unaudited consolidated financial statements of certain subsidiaries whose consolidated financial statements reflect total assets of ₹ 7244.10 lacs as at 31st March, 2011, total revenue of ₹ 185.83 lacs, cash flows amounting to ₹ 32.4 lacs for the year ended 31st March, 2011. The unaudited financial statements/ consolidated financial statements as approved by the management have been furnished to us and our report in so far as it relates to the amounts included in respect of subsidiaries is based on solely on such approved unaudited financial statements/consolidated financial statements.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, and Accounting Standard 23 Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules 2006.

5. Based on our audit as aforesaid and on the consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associates and to the best of our information and according to the explanations given to us, in our opinion 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 31st March, 2011;

   (b) in the case of the Consolidated Profit and Loss Account, of the profit 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.

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

Santosh Parab
Partner
Membership No. 47942

Place: Mumbai
Date: 25th May, 2011

Consolidated Balance Sheet As at 31st March, 2011

(₹ in Lacs)

	Schedules	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		930.60		581.45
Reserves and Surplus	2		3,705.84		2,323.80
Employee stock options outstanding		22.78		19.04	
Less: Deferred employee compensation expenses		13.96	8.82	11.08	7.96
[Refer Note No. 22 (vii)]					
			4,645.26		**2,913.21**
Minority Interest			—		11.28
Loan Funds					
Secured Loans	3		6,390.60		4,648.78
Unsecured Loan	4		430.99		13.23
			6,821.59		4,662.01
Deferred Tax Liability (Net)			293.46		318.39
[Refer Note No. 22 (x)(d)]					
TOTAL			**11,760.31**		**7,904.89**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5		9,835.48		6,251.73
Less: Depreciation			2,950.10		2,425.18
Net Block			6,885.38		3,826.55
Capital Work in Progress			365.12		211.48
			7,250.50		4,038.03
Investments	6		122.34		0.50
Current Assets, Loans and Advances					
Inventories	7		3,311.74		2,620.95
Sundry Debtors	8		5,032.81		4,245.47
Cash and Bank Balances	9		1,313.24		353.05
Loans and Advances	10		1,423.85		732.44
			11,081.64		**7,951.91**
Less: Current Liabilities & Provisions					
Liabilities	11		6,012.99		3,803.33
Provisions	12		681.18		282.22
			6,694.17		**4,085.55**
Net Current Assets			**4,387.47**		**3,866.36**
TOTAL			**11,760.31**		**7,904.89**
Schedules 1 to 23 forming part of Accounts					

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
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S. M. Kulkarni *Director*

A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

Consolidated Profit and Loss Account For the year ended 31st March, 2011

(₹ in Lacs)

	Schedules	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Net Sales	13	16,760.47	14,028.18
Other Operational Income	14	458.14	136.63
Other Income	15	128.32	88.11
TOTAL INCOME		**17,346.93**	**14,252.92**
EXPENDITURE			
Consumption of Materials & Goods traded-in	16	11,944.31	8,775.03
(Increase)/Decrease in Stocks	17	(603.43)	154.18
Payment to Employees	18	1,013.74	776.71
Manufacturing & Other Expenses	19	3,258.07	3,067.50
Finance Cost	20	917.45	677.77
Depreciation		564.59	466.99
TOTAL EXPENDITURE		**17,094.73**	**13,918.18**
Profit before Exceptional Items		252.20	—
Add: Exceptional Items		663.94	—
[Refer Note No. 22 (iii)(d)]			
Net Profit/(Loss) before Tax		916.14	334.74
Provision for taxes			
— Current Tax		218.65	215.00
— Deferred Tax		(43.00)	11.73
Profit /(Loss) after Tax		740.49	108.01
Less: Minority Interest		—	(13.07)
Add: Share of Profit of Associates for the year		(29.65)	—
Balance brought forward from last year		81.42	129.39
		792.26	**250.47**
APPROPRIATIONS			
Transfer to General Reserve		55.00	33.00
Proposed Dividend on Equity Shares		186.12	116.29
Tax on Dividend		30.19	19.76
Balance Carried to Balance Sheet		520.95	81.42
		792.26	**250.47**
Earnings Per Share – Basic (in ₹)		7.98	2.09
Diluted (in ₹)		7.91	2.06
Earnings Per Share – Basic Restated for Rights Issue (in ₹)		N.A.	1.44
Schedules 1 to 23 forming part of Accounts			

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

Santosh Parab
Partner
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Mumbai
Dated: 25th May, 2011.

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A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

Consolidated Cash Flow Statement For the year ended 31st March, 2011

(₹ in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and non-recurring items	252.20	334.74
Adjustments for:		
Depreciation	564.58	466.99
Deferred employee compensation expenses amortised	1.53	6.79
Foreign Exchange loss/(gain) (Unrealised)	35.51	65.10
Profit on Sale of Fixed Assets	0.27	(1.45)
Provision for Doubtful Debts (Net)	17.88	21.53
Provision for leave encashment	10.25	7.55
Interest Expenses	917.46	677.77
Interest Received/Dividend Received	(73.16)	(8.71)
Operating Profit before Working Capital changes	1,726.52	1,570.32
Adjustments for:		
Trade and other Receivables	(1,271.46)	(2,392.02)
Inventories	(786.69)	314.66
Trade Payables	844.77	690.57
Other Payables	95.45	72.60
Cash generated in Operations	**608.59**	**256.13**
Direct taxes paid	**(190.60)**	**(147.96)**
Net cash generated from operating activities	**417.98**	**108.17**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,294.88)	(1,101.85)
Sale of Fixed Assets	0.05	100.02
(Purchase)/Sale of Investments	(524.08)	—
Interest received	73.06	8.57
Dividend received	0.10	0.14
Net cash used in Investing Activities	**(1,745.75)**	**(993.12)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings (Net of repayments)	2,363.30	1,816.64
Proceeds from Share Capital	564.38	7.25
Proceeds from Unsecured Loan	417.76	7.24
Interest Paid	(908.87)	(682.24)
Dividend Paid	(114.08)	(87.00)
Tax on Dividend	(19.76)	(14.79)
Increase in Minority Interest	—	1.79
Net cash generated from Financing Activities	**2,302.73**	**1,048.90**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	974.96	163.95
Cash and Cash Equivalents (Opening Balance)	353.05	189.10
Cash and Bank Balance on Disposal of Subsidiaries	(14.78)	—
Cash and Cash Equivalents (Closing Balance)	1,313.24	353.05

Notes: 1. The following non cash transaction do not form part of cash flow: (i) A rising out of the scheme of arrangement for the merger of Sangam Laboratories Ltd. with the Company. (ii) A rising out of Chemolutions Chemicals Ltd. Fine Renewable Energy Ltd., Fine Lifestyle Brands Ltd. and Fine Lifestyle Solutions Ltd. (Subsidiary of Fine Lifestyle Brands Ltd.) ceasing to be subsidiaries of the company. 2. Previous year's figures have been regrouped/restated.

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
Chief Financial Officer

Arpita Patwardhan
Dy. Company Secretary

D. D. Dandekar *Chairman*

A. S. Dandekar *Mg. Director*

S. M. Kulkarni *Director*

A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

Schedules to Consolidated Balance Sheet

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
1. SHARE CAPITAL		
Authorised		
135,00,000 Equity Shares of ₹ 10/- each		
(2009-2010 : 100,00,000 Equity Shares of ₹ 10/- each)		
[Refer Note No. 22 (iii)]	1,350.00	1,000.00
Issued, Subscribed & Paid-up		
93,06,003 Equity Shares of ₹ 10/- each (Previous Year 58,14,480)	930.60	581.45
Out of these Shares:		
(a) 48,00,000 Equity Shares issued as fully paid up to the share holders of Camlin Limited pursuant to Scheme of Arrangement without payment being received in cash.		
(b) 9,50,000 Equity Shares issued on preferential allotment to individuals of Promoter Group.		
(c) Include 17,795 equity shares issued under ESOS Refer Note No. 22 (vii) (Previous Year 14,480).		
	930.60	**581.45**
2. RESERVES AND SURPLUS		
Capital Reserve		
As per Last Balance Sheet	80.60	80.60
Capital Reserve on Consolidation	684.95	—
Share Premium Account		
As per Last Balance Sheet	406.22	399.00
Add: Additions during the year	202.22	7.23
Balance as on 31st March, 2011	608.44	406.23
[Refer Note No. 22 (vi) & (viii)]		
General Reserve		
As per last Balance Sheet	1,755.55	1,722.55
Add: Employee Stock Option Vested but Lapsed	0.35	—
Add: Transfer From Profit & Loss Account	55.00	33.00
	1,810.90	1,755.55
Profit & Loss Account		
Balance in Profit & Loss Account	520.95	81.42
	520.95	**81.42**
	3,705.84	**2,323.80**
3. SECURED LOANS		
From Banks:		
[Refer Note No. 22 (viii)]		
(i) Term Loans	2,971.40	2,283.49
[Repayable within one Year ₹ 447.37 Lacs (Previous Year ₹ 622.53 Lacs)]		
(ii) Foreign Currency Loan	1,352.04	—
[Repayable within one Year ₹ Nil (Previous Year ₹ Nil)]		
(iii) Cash Credits	1,912.41	2,178.71
From Others:		
(iv) Loan Against Leased Assets [Refer Note No. 22(x)(f)]	154.75	186.58
[Repayable within one Year ₹ 36.06 Lacs (Previous Year ₹ 31.83 Lacs)]		
	6,390.60	**4,648.78**
4. UNSECURED LOANS		
Inter Corporate Deposit	425.00	7.24
Sales Tax Deferral	5.99	5.99
	430.99	**13.23**

Schedules to Consolidated Balance Sheet

5. FIXED ASSETS

(₹ in Lacs)

PARTICULARS	COST					DEPRECIATION					BALANCE	
	Gross Block	Additions on Acquisition	Additions during the year	Disposals/ Adjustments	As at March 31, 2011	Up to March 31, 2010	Additions on Acquisition	Provided during the year	Disposals/ Adjustments	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
(i) Tangible Assets												
Freehold Land	190.38 *	—	—	—	190.38	—	—	—	—	—	190.38	190.38
Leasehold Land	2.67	—	—	—	2.67	0.85	—	0.03	—	0.88	1.79	1.82
Site Development	37.55	—	—	—	37.55	4.41	—	0.61	—	5.02	32.53	33.14
Building & Shed	976.70	176.71	44.73	—	1,198.14	177.85	—	59.15	—	237.00	961.14	798.85
Plant, Machinery & Equipment	4,514.03	2,681.01	419.91	0.60	7,614.34	2,140.34	2.75	419.61	0.28	2,562.42	5,051.92	2,379.86
ERP Hardware/Software Cost	105.73	—	8.70	—	114.43	37.09	—	16.22	—	53.31	61.13	68.64
Furniture & Fittings	88.50	—	64.26	—	152.76	14.80	—	7.64	—	22.44	130.32	73.70
Vehicles	75.27	—	2.79	—	78.06	21.63	—	7.38	—	29.01	49.05	53.64
Lease Assets	198.62	—	—	—	198.62	3.94	—	14.44	—	18.38	180.24	194.68
(ii) Intangible Assets	—	36.53	212.00	—	248.53	—	0.50	21.14	—	21.64	226.89	—
Technical Know-How Product Development	—	—	—	—	—	—	—	—	—	—	—	31.84
Grand Total	6,189.45	2,894.25	752.39	0.60	9,835.48	2,400.91	3.25	546.22	0.28	2,950.10	6,885.38	3,826.55
Previous Year	5,198.75	—	1,175.78	122.80	6,251.73	1,982.42	—	466.99	24.23	2,425.18	3,826.55	—
Capital Work in Progress**											365.12	211.48

* In respect of Land transferred pursuant to Scheme of Arrangement, the Company is in the process of transferring it in its name.

** Capital Work in Progress includes ₹ 216.52 Lacs towards Research & Development Expenses. This expenditure includes payment to employees of ₹ 27.45 Lacs and manufacturing and other expenses of ₹ 189.07 Lacs.

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
6. INVESTMENTS - LONG TERM		
Trade (Unquoted, fully paid up)		
In Other Companies		
Fine Renewable Energy Ltd.	5.10	—
51,000 Equity Shares of ₹ 10/- each (Previous Year 51,000 Equity Shares)		
Fine Lifestyle Brand Ltd.	20.35	—
2,55,000 Equity Shares of ₹ 10/- each (Previous Year 2,55,000 Equity Shares)		
Borealis Pvt. Ltd.	96.39	—
Non Trade (Unquoted, fully paid up)		
The Saraswat Co-op Bank Ltd.		
5,000 Equity Shares of ₹ 10/- each (Previous Year 5,000 Equity Shares)	0.50	0.50
	122.34	**0.50**
7. INVENTORIES		
Raw Materials	435.91	347.27
Packing Materials	25.31	37.34
Work-in-Process	2,732.85	1,940.02
Finished Goods	117.67	296.32
	3,311.74	**2,620.95**
8. SUNDRY DEBTORS (UNSECURED)		
(i) Outstanding over Six months		
(a) Considered Good	911.02	430.64
(b) Considered Doubtful	47.79	29.91
	958.81	460.55
(ii) Other Debts Considered good [Net of Bills Discounted ₹ 2,490.42 Lacs (Previous year ₹ 1,898.81 Lacs)]	4,121.79	3,814.83
	5,080.60	4,275.38
Less: Provision for Doubtful Debts	47.79	29.91
	5,032.81	**4,245.47**

Schedules to Consolidated Balance Sheet

(₹ in Lacs)

	As at March 31, 2011	As at March 31, 2010
9. CASH AND BANK BALANCES		
(i) Cash on Hand	8.05	18.17
(ii) Current Account with Scheduled Bank	951.81	59.76
(iii) Fixed Deposit with Scheduled Bank	268.38	275.12
(iv) Margin Money with Scheduled Bank	85.00	—
	1,313.24	**353.05**
10. LOANS AND ADVANCES		
(Unsecured Considered Good)		
(i) Balances with Excise Authorities	157.31	52.02
(ii) Balances with Tax Authorities	232.69	—
(iii) Advances recoverable in cash or in kind or for the value to be received [Refer Note No. 22 (ix)]	881.78	533.30
(iv) Deposits	152.07	147.12
	1,423.85	**732.44**
11. LIABILITIES		
(i) Sundry Creditors		
Due to SME Undertakings [Refer Note No. 22(xi)]		
Others	5,530.30	3,471.71
	5,530.30	3,471.71
(ii) Interest Accrued but not due on loans	11.17	2.57
(iii) Unclaimed Dividend *	5.17	2.97
(iv) Unpaid application money received by the companies for allotment of securities and due for refund *	0.50	—
(v) Other Liabilities	465.85	326.08
	6,012.99	**3,803.33**
* There are no amount due and outstanding to be credited to the Investor Education and Protection Fund		
12. PROVISIONS		
(i) Provision for Taxes (Net)	123.54	95.18
(ii) Provision for Employees Benefits	341.33	50.99
(iii) Proposed Dividend	186.12	116.29
(iv) Tax on Dividend	30.19	19.76
	681.18	**282.22**

Schedules to Consolidated Profit & Loss Account

(₹ in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
13. SALES		
Gross Sales	16,977.25	14,296.06
Less: Excise Duty	216.78	267.88
	16,760.47	**14,028.18**
14. OTHER OPERATIONAL INCOME		
Gain on Foreign Exchange Fluctuations	51.34	104.91
Sale of Process Know-How [Tax Deducted at Source ₹ 20.00 Lacs (Previous year ₹ Nil)]	200.00	—
Processing Charges [Tax Deducted at Source ₹ 0.45 Lacs (Previous year ₹ 1.44 Lacs)]	21.63	7.34
Other Operating Receipts	185.17	24.38
	458.14	**136.63**
15. OTHER INCOME		
Interest [Tax Deducted at Source ₹ 6.27 Lacs (Previous year ₹ 2.46 Lacs)]	73.06	8.57
Dividend Received	0.10	—
Profit on Sale of Assets	—	0.14
Miscellaneous Receipts	55.16	79.40
	128.32	**88.11**
16. CONSUMPTION OF MATERIALS AND GOODS TRADED-IN		
(i) Raw Materials		
Stock of Raw Materials as per last Balance Sheet	347.26	535.71
Add: Stock taken over on Acquisition	311.73	—
Add: Purchases	11,379.65	7,360.60
	12,038.64	7,896.31
Less: Closing Stock of Raw Materials	446.67	347.27
	11,591.97	**7,549.04**
(ii) Packing Materials	240.73	98.78
(iii) Purchase of Finished Goods for Resale	111.61	1,127.21
	11,944.31	**8,775.03**
17. (INCREASE)/DECREASE IN STOCK OF WORK IN PROCESS & FINISHED GOODS		
(Produced & Purchased for Resale)		
Stocks as per last Balance Sheet		
Work-in-Process	1,940.01	1,761.61
Finished Goods	296.32	628.91
	2,236.33	2,390.52
Less: Closing Stock as at year end		
Work-in-Process	2,732.85	1,940.02
Finished Goods	106.91	296.32
	2,839.76	**2,236.34**
	(603.43)	**154.18**

Schedules to Consolidated Profit & Loss Account

(₹ in Lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
18. PAYMENT TO EMPLOYEES		
Salaries, Wages and Bonus	921.93	670.87
Deferred employee compensation expense amortised	1.53	6.79
Contribution to Provident & other funds	45.45	43.41
Staff and Labour Welfare	72.28	55.64
	1,041.19	776.71
Less: Relating to Product Development Capitalised	27.45	—
	1,013.74	**776.71**
19. MANUFACTURING & OTHER EXPENSES		
Power and Fuel	871.37	933.35
Repairs		
— Building	0.02	2.42
— Machinery	171.18	123.56
— Others	160.06	39.44
Job Charges	278.71	229.81
Labour Charges	288.83	135.80
Rent	186.37	154.64
Rates and Taxes	8.91	11.47
Insurance	61.44	42.05
Advertisement and Sales Promotion	126.90	151.82
Transport & Forwarding Charges	336.38	226.91
Commission/Discount/Service Charges on Sales	173.25	41.42
Travelling & Conveyance	210.72	159.01
Directors Meeting Fees	6.24	6.75
Auditor's Remuneration	12.64	15.12
Legal & Professional fees	210.22	227.48
Bad Debts Written Off	—	—
Less: Provision Written Back	—	—
Provision for Doubtful Debts	17.88	21.53
Loss on Sale/Discarding of Assets	0.27	14.29
Miscellaneous Expenses	450.85	530.63
	3,572.24	3,067.50
Less: Relating to Product Development Capitalised	189.07	—
Less: Cost of Tangible Assets Capitalised	125.10	—
	3,258.07	**3,067.50**
20. FINANCE COST		
On Term Loans	281.60	170.82
On Others	635.85	506.95
	917.45	**677.77**

Schedules to Accounts

21. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

(i) FIXED ASSETS

(a) Fixed assets are recorded at cost of acquisition or construction and they are stated at historical cost (net of CENVAT and VAT). All direct expenses attributable to acquisition of Fixed Assets are capitalised.

(b) Capitalised hardware/software costs of Enterprise Resource Planning (ERP) System includes design software cost, which provides significant future economic benefits over an extended period. The cost comprises licence fee, cost of system integration and initial customisation. The costs are capitalised in the year in which the relevant system is ready for the intended use. The up gradation/enhancements are also capitalised and assimilated with the initial capitalisation cost.

(c) Intangible assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

(ii) IMPAIRMENT OF ASSETS

The carrying amount of Cash Generating Units/Assets is reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(iii) DEPRECIATION

(a) Depreciation on all assets of the Company except leasehold land and improvements to leasehold premises, is provided on Straight-Line basis as applicable under the Companies Act, 1956.

(b) Leasehold land and improvements to leasehold premises are depreciated over respective period of lease.

(c) Capitalised ERP Hardware/Software, Technical Knowhow and development expenditure of projects/products incurred is amortised over the estimated period of benefits, not exceeding five years.

(iv) INVESTMENTS

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

Current investments are stated at cost or fair value whichever is lower.

(v) VALUATION OF INVENTORIES

A.	Raw Material and Packing Materials.	At weighted average cost
B.	Work-in-Process and Finished Goods.	At Cost or Net Realisable Value whichever is lower. Cost includes cost of materials, labour and appropriate manufacturing overheads.

(vi) EXCISE DUTY

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

(vii) FOREIGN CURRENCY TRANSACTIONS

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

(b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract.

(c) Gains or losses on cancellation/settlement of forward exchange contracts are recognised as income or expense.

(viii) RESEARCH AND DEVELOPMENT

Revenue expenditure on Research and Development is included under the natural heads of expenditure.

Schedules to Accounts

Capital expenditure on Research and Development (R&D) is capitalised as fixed assets. Development cost including legal expenses and/or in relation to patent/trade marks relating to the new and improved product and/or process development is recognised as an intangible asset to the extent that it is expected that such asset will generate future economical benefits. Other Research & Development cost is expected as incurred.

(ix) EMPLOYEE STOCK OPTION SCHEME

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(x) RETIREMENT BENEFITS

(a) Short Term Employee benefits

All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the Profit & Loss Account.

(b) Defined Contribution Plan

The Company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner and contribution of the Company is charged to the Profit & Loss Account on accrual basis.

The Company has a scheme of Superannuation with LIC of India and contribution of the Company is charged to the Profit & Loss Account on accrual basis.

(c) Defined Benefit Plan

The Company's liability towards gratuity to its employees is covered by a group gratuity policy with an insurance company. The contribution paid/payable to insurance company is debited to Profit & Loss Account on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to Profit & Loss Account on accrual basis. Charge to the Profit and Loss Account includes premium paid, current service cost, interest cost, expected return on plan assets and gain/loss in actuarial valuation during the year net of fund value of plan asset as on the Balance Sheet date.

(d) Other long-term benefits

Liability towards leave salary is provided on actuarial basis using the Projected Unit Credit method and it is unfunded.

(xi) REVENUE/EXPENSE RECOGNITION

(a) Revenue from the sale of products is recognized when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding collectability of the amount due, associated costs or the possible return of goods.

(b) Revenue in respect of overdue interest, insurance claim, export benefits, etc is recognised to the extent the Company is reasonably certain of its ultimate realisation.

(c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees, which are accounted for on cash basis.

(d) Provisions are recognised when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

(xii) CONTINGENT LIABILITIES

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

(xiii) 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.

Schedules to Accounts

(xiv) EARNING PER SHARE

Basic earning per equity share is computed by dividing net profit 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 adjusted for the effects of all dilutive potential equity shares.

(xv) BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(xvi) LEASE HOLD IMPROVEMENTS

Expenditure incurred on improvements to leasehold premises is classified into Capital and Revenue. Additions of assets are capitalized under Fixed Assets and balance expenditure, if any, is recognized as expenditure in Profit and Loss Account.

(xvii) CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

(xviii) LEASE

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

22. NOTES TO ACCOUNTS

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

(ii) Principles of consolidation:

The Consolidated Financial Statements (CFS) comprises the Financial Statements of Camlin Fine Chemicals Limited and its subsidiaries, joint venture and associates as at 31.03.2011, The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated financial statements", Accounting Standard (AS-23) "Accounting for Investment in Associate in Consolidated Financial Statement" and Accounting Standard (AS-27) Financial Reporting of Interests in Joint Ventures" notified by companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on following basis.

(1) The financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's separate financial statements.

(2) The difference between the costs of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve.

(3) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of date of disposal is recognised in the Profit and Loss Account as Profit or Loss on disposal of investment in subsidiary. Similarly Deemed divestiture gain or loss on de-subsidiarisation of subsidiaries is also recognized in Profit and Loss Account.

Schedules to Accounts

The subsidiaries (which along with Camlin Fine Chemicals Limited, the parent, constitute the group) considered in the presentation of these consolidated Financial Statements are:

Name of the Entities	Country of Incorporation	% Shareholding March 31, 2011	% Shareholding March 31, 2010
Sangam Laboratories Limited	India	—	91.28%
Chemolutions Chemicals Limited till 4th March, 2011 there after Associate	India	49%	68%
Fine Lifestyle Brands Limited till 12th August, 2010 there after Associate	India	49.04%	51%
Fine Renewable Energy Limited till 6th January, 2011.	India	16.14%	77%
Dulcette Technologies LLC	USA	61%	61%
Fine Lifestyle Solutions Ltd. (Step down subsidiary 12th August, 2010) there after Associate.	India	75% Held by Fine Lifestyle Brands Ltd.	75% Held by Fine Lifestyle Brands Ltd.
CFCL Mauritius Pvt. Ltd. from 25th January, 2011	Mauritius	100%	—
Borregaard Italia s.p.a. from 8th March, 2011	Italy	100% Held by CFCL Mauritius Pvt. Ltd.	—

(a) The statutory accounting year of Dulcette Technologies LLC and Borregaard Italia s.p.a. is January to December every year, which is different from that of Camlin Fine Chemicals Limited. However, for the purpose of consolidation Dulecette Technologies LLC and Borregaard Italia s.p.a. has prepared financial statements for the year ended March 31, 2011, which have not been audited.

(b) Notes on Accounts of the financial statement of the Company and all the subsidiaries are set out in their respective financial statements.

(c) Capital Reserve : Capital Reserve represents the difference between the Group's share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

(d) Minority interest in the net assets of consolidated subsidiaries consist of

(1) Amount of equity attributable at the date on which investment in subsidiaries is made and

(2) The minorities share of movements in equity since the date the parent subsidiary relationship comes into existence.

(iii) Changes in Group Structure:

During the year ended 31st March, 2011, the following changes in Group Structure have taken place and the same have been appropriately dealt with in the consolidated financial statement.

(a) Sangam Laboratories Ltd.

Pursuant to the scheme of amalgamation (the scheme) of Sangam Laboratories Ltd. (Sangam) a wholly owned subsidiary of the Company, with the Company as sanctioned by the Honorable High Court of Bombay vide its order dated 21st April, 2011 the entire business and all the assets and liabilities, duties and obligations of Sangam were transferred to and vested in the Company from 1st April, 2010. Upon necessary filings with the Registrar of Companies, the Scheme has become effective on 19th May, 2011.

The accounting for the amalgamation was done as per pooling of interest method as modified under the scheme and approved by the Honorable High Court and the same has been given effect to in the financial statement as under:

(1) The assets and liabilities of Sangam were recorded in the books of the Company at their respective book values.

(2) The company credited to its General Reserve ₹ 16.00 Lacs, being the excess of the value of the net assets of Sangam over the value of investment in Sangam, the face value of share cancelled and debit

balance in Profit and Loss Account of Sangam transferred to the Company. As per the scheme, the aforesaid amount shall not be utilised for the purpose of the declaring dividend in future, and to that extend it will not be a free reserve.

Had the scheme not prescribed the above treatment, the aforesaid amount of ₹ 16.00 Lacs would have been credited to Capital Reserve and accordingly the General Reserve would have been lower by the same amount.

(3) As per the scheme the authorised share capital of Sangam is to be added to form part of the authorised share capital of the Company. Accordingly the authorised share capital of the Company has been so added and disclosed at schedule 1 to balance sheet.

(4) On account of above merger, the figures for current year are not strictly comparable with that of previous year.

(b) CFCL Mauritius Pvt. Ltd. was in incorporated on 25th January, 2011 and did not commence business operations till 31st March, 2011. The unaudited financial statements as on the even date are prepared by the management based on the information available.

(c) On 14th December, 2010, the Company has entered into share purchase agreement with the shareholders of Borregaard Italia s.p.a. a Company registered and situated in Italy, to purchase entire share capital. Accordingly, the Company has invested a sum of ₹ 516.37 Lacs equivalent to EURO 8,14,463 through an intermediary subsidiary CFCL Mauritius Pvt. Ltd. which is registered in the country of Mauritius. The balance consideration of EURO 6,00,000 is payable in the month of February 2012, after certain milestones stated in the aforesaid agreement. For the purpose of the balance consideration, the company through EXIM Bank has arranged a bank guarantee from an Italian Bank Banca Popolare di Sondrio amounting to EURO 6,00,000 against a 100% margin deposit. The margin deposit of EURO 6,00,000 equivalent to ₹ 377.07 Lacs has been included and disclosed under the head "Advances recoverable in cash or kind".

CFCL Mauritius Pvt Ltd. has also incurred acquisition cost of ₹ 121.51 Lacs which is over and above aforesaid consideration of ₹ 516.37 Lacs.

(d) During the year Chemolutions Chemicals Ltd. , Fine Renewable Energy Ltd., Fine Lifestyle Brands Ltd. and Fine Lifestyle Solutions Ltd. (Subsidiary of Fine Lifestyle Brands Ltd.) have ceased to be subsidiaries of Camlin Fine Chemicals Ltd. The deemed divestiture gain of ₹ 663.94 Lacs (inlcudes deferred tax ₹ 18.07 Lacs) arising on Sale of/dilution in stake in these subsidiaries have been accounted for as an exceptional item.

(iv) Contingent Liabilities:

(a) In respect of Bills of Exchange/cheque discounted with the Bankers ₹ 2490.42 Lacs. (Previous year ₹ 1898.81 Lacs).

(b) In respect of bank guarantees aggregating to ₹ 364.99 Lacs issued to VAT and Customs authorities. (Previous year ₹ 366.65 Lacs).

(c) In respect of corporate bank guarantee amounting to ₹ 500 Lacs (Previous year ₹ 500 Lacs) issued against the borrowings of Chemolutions Chemicals Ltd, an associate of the Company.

(v) Commitments:

Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 4.97 Lacs. (Previous year ₹ 25.40 Lacs).

(vi) Right Issue:

During the year, the Company has raised ₹ 549.39 Lacs through issue of ₹ 34.88 Lacs equity shares of face value of ₹ 10/- each at premium of ₹ 5.75 per share on right basis.

Proceeds of the issue are to be utilised for meeting capital expenditure for development of plant process and de-bottlenecking, and expenses of the issue. The proceeds (net of expenses of ₹ 18.37 Lacs) of the right issue has been utilised as follows:

(i) Capital expenditure amounting to ₹ 451.19 Lacs.

(ii) Balance Proceeds are being utilised as working capital for the short term until the ultimate utilisation for the aforesaid purposes.

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(vii) Employee Stock Option Scheme:

The Company has Employee Stock Option Scheme called "Camlin Fine Chemicals Employees Stock Option Scheme, 2008" which was approved on 8th August 2008. The scheme is an employee share based payment plan administered through Employee Stock Option. Each option under the scheme will entitle one fully paid up equity share of ₹ 10/- each of the Company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010
Number of Options granted	1,94,100	16,700	32,200	64,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant			
Exercise Price (per share)	₹ 50	₹ 50	₹ 50	₹ 62
Method of settlement	By issue of Shares at Exercise Price			
Vesting Conditions	10% On expiry of 12 months from the date of grant;			
	15% On expiry of 24 months from the date of grant;			
	20% On expiry of 36 months from the date of grant;			
	25% On expiry of 48 months from the date of grant;			
	30% On expiry of 60 months from the date of grant;			

Details of Stock options are as follows:

Summary of Stock Options	No. of Stock Options			
	Tranche I	Tranche II	Tranche III	Tranche IV
Options outstanding on 1st April, 2010	1,63,070	5,450	32,200	Nil
Options granted during the year	Nil	Nil	Nil	64,000
Options forfeited/lapsed during the year	13,545	1,000	3,700	20,600
Options vested but lapsed	3,405	Nil	Nil	Nil
Options exercised during the year	3,265	Nil	50	Nil
Options outstanding on 31st March, 2011	1,42,855	4,450	28,450	43,400
Options vested but not exercised on 31st March, 2011	28,810	925	2,800	Nil

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV
Average Share Price *	₹ 73.35	Nil	₹ 73.35	—
Exercise/Grant Price **	₹ 50.00	₹ 50.00	₹ 50.00	₹ 62.00
Market Price ***	₹ 60.00	₹ 45.00	₹ 58.50	₹ 76.00

* Being, the average share price at the Recognized Stock Exchange on the date of exercise of the option.

** Exercise price is the price payable by employee for exercising the option granted.

*** Market price is the latest available closing price, prior to the date of the meeting of board of directors in which options are granted.

The Company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares is based on the latest available closing market price, prior to the date of meeting of the board of directors, in which the options were granted, on the stock exchange in which the shares of the Company are listed.

The difference between the intrinsic value and the exercise price is being amortised as employee compensation cost over the vesting period. The details thereof are:

(Amount in ₹)

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Opening unamortised amount	8,84,597	Nil	2,23,864	N.A.
Total amount to be amortised over the vesting period	Nil	Nil	Nil	8,96,000
Charge to Profit and Loss Account for the year	83,050	Nil	19,106	50,633
ESOP lapsed	1,35,450	Nil	31,450	2,88,400
Unamortised amount carried forward	6,66,657	Nil	1,73,308	5,56,967

Accordingly, during the year, 3,315 equity shares of ₹ 10/- each have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 1,65,675/- has been accounted.

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

Foreign currency term loan from bank are secured by first pari-passu mortgage and charge on the entire immovable properties and movable fixed assets of the Company, both present and future, pledge of 100% equity stake of the Company in its subsidiary CFCL Mauritius Pvt. Ltd. and pledge of 100% equity stake of CFCL Mauritius Pvt. Ltd. in its subsidiary Borregaard Italia s.p.a. Italy.

Cash Credits/Packing Credit from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them as also mortgage/hypothecation of specified immovable and movable Fixed Assets of the Company ranking pari passu by way of second charge.

Vehicle Loans are secured by hypothecation of related vehicles.

Loans amounting to ₹ 175.87 Lacs (Previous Year ₹ 660.11 Lacs) are guaranteed by Managing Director.

Loan against leased Assets are secured by furniture & fixtures taken on lease.

(ix) Details of Loans and Advances in the nature of Loans to Associates:

Particulars	Balance at the year end	Maximum amount outstanding during the year
Chemolutions Chemicals Ltd. (Associate)	542.50	542.50
	(272.00)	(272.00)
Fine Lifestyle Brands Ltd. (Associate)	33.00	33.00
	(51.08)	(51.08)

(x) Disclosures pursuant to the requirements of Accounting Standards issued by Institute of Chartered Accountants of India.

(a) Earnings Per Share (Basic and Diluted)

Particulars	March 31, 2011	March 31, 2010
Basic		
Net Profit/(Loss) After Tax as per Profit and Loss Account available for equity shareholders (₹ Lacs)	710.84	121.09
Weighted average no. of equity shares used in computing basic earning per share	89,08,533	58,03,715
Effect of potential ordinary shares on conversion of stock options.	80,992	71987

Particulars	March 31, 2011	March 31, 2010
Weighted average no. of equity shares used in computing diluted earning per share.	89,89,525	58,75,702
– Basic Earnings per Share (₹)	7.98	2.09
– Diluted Earnings per Share (₹)	7.91	2.06
Weighted average no. of equity shares used in computing basic earning per share restated for Right Issue.	NA	83,94,636
– Basic Earnings per Share restated for Right Issue (₹)	NA	1.44

(b) Since, the group operates in a single business segment namely, 'Fine Chemicals', the segment-wise disclosure is not required. Further, in the opinion of the management, there is no reportable geographical segment.

(c) Foreign Currency Transactions

Exchange variation (Net) arising on translation of Foreign Currency transactions credited to the Profit & Loss Account is ₹ 13.34 Lacs (Previous Year Profit of ₹ 104.63 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2011 is as follows:

(₹ in Lacs)

			March 31, 2011	March 31, 2010
(a)	Sundry Debtors	(USD)	50.32	23.91
		(EURO)	(1.63)	32.03
(b)	Sundry Creditors	(USD)	(37.02)	(33.51)

(d) Deferred Taxes:

Major items of Deferred Tax Assets and Deferred Tax Liabilities:

(₹ in Lacs)

Particulars	Opening Balance as on April 1, 2010	Closing Balance as on March 31, 2011
LIABILITIES		
Depreciation	373.27	319.17
Retirement Benefits	0.93	5.03
Lease Payments	2.76	8.47
Sub Total	**376.96**	**332.67**
ASSETS		
Unabsorbed depreciation/business loss	29.68	—
Provision for doubtful debts	9.27	15.88
Leave Encashment	17.33	20.34
Demerger Expenses	2.29	—
Unpaid Bonus & Ex-gratia	—	2.99
Sub Total	**58.57**	**39.21**
Net Deferred Tax Asset/(Liability)	**(318.39)**	**(293.46)**

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(e) Related Party Disclosures

(a)

Name of the Related Party
Chemolutions Chemicals Ltd. (w.e.f. 5th March, 2011)
Fine Lifestyle Brands Ltd. (w.e.f. 13th August, 2010)
Fine Lifestyle Solutions Ltd. (w.e.f. 13th August, 2010)
Focussed Event Management Pvt. Ltd.
Vibha Agencies Pvt. Ltd.
Abana Medisys Pvt. Ltd.
Pagoda Advisors Pvt. Ltd.

(b) Key Management Personnel & their relatives

Name of the Person	Nature of Relationship
Mr. Ashish S. Dandekar	Managing Director
Mr. Subhash D. Dandekar	Management Consultant
Mr. Dilip D. Dandekar	Chairman
Mrs. Leena A. Dandekar	Promoter Group
Mr. Vivek A. Dandekar	Promoter Group
Ms. Abha A. Dandekar	Promoter Group
Mr. Amar Bheenick	Director
Mr. Dharmesh Naik	Director
Mr. Mariano Correale	Managing Director
Mr. Antonio Menezes	Joint Managing
Mr. Nicola Paglietti	Director
Mr. Dattatraya Puranik	Director

(c) Transactions with Related Parties (₹ in Lacs)

Sr. No.	Nature of Transactions	Associate Companies	Key Management Personnel & their Relatives
1.	Purchases:		
	i. Goods	0.85	Nil
		(Nil)	(Nil)
	ii. Services	Nil	14.40
		(Nil)	(8.40)
	iii. Salaries	Nil	12.13
		(Nil)	(4.05)
2.	Finance:		
	i. Interest Received	7.19	Nil
		(Nil)	(Nil)
	ii. Inter Corporate Loans Taken	125.00	320.00
		(Nil)	(Nil)
	iii. Interest Paid	2.44	3.42
		(Nil)	(Nil)

Sr. No.	Nature of Transactions	Associate Companies	Key Management Personnel & their Relatives
3.	**Other Transactions:**		
	Reimbursement received from parties	6.57	Nil
		(5.18)	(Nil)
4.	**Outstanding:**		
	i. Payable	Nil	Nil
		(Nil)	(Nil)
	ii. Receivable	337.25	Nil
		(5.18)	(Nil)
	iii Inter Corporate Loans Given	575.71	Nil
		(Nil)	(Nil)
5.	**Managerial Remuneration:**	Nil	48.10
		(Nil)	(44.12)

Figures for Previous Year are Nil, except for those applicable, specified in brackets.

(d) Significant Transactions with Related Parties

(₹ in Lacs)

Particulars	March 31, 2011	March 31, 2010
Associate Companies		
(i) **Finance**		
Interest Paid		
Vibha Agencies Pvt. Ltd.	2.24	Nil
Interest Received		
Chemolutions Chemicals Ltd.	7.19	Nil
(ii) **Outstanding:**		
Inter Corporate Loans Given		
Chemolutions Chemicals Ltd.	542.50	272.00
(iii) **Receivables**		
Chemolutions Chemicals Ltd.	239.09	244.44
Key Management Personnel		
Managerial Remuneration		
Mr. A. S. Dandekar	48.10	44.12

(f) Lease

(₹ in Lacs)

Particulars	March 31, 2011	March 31, 2010
Total Minimum Lease Payments at the year end	54.77	22.53
Less: Amount Representing finance charges	22.94	10.49
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	31.83	12.04
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 36.16 Lacs as on 31.03.2011 (₹ 31.59 Lacs as on 31.03.2010)]	54.77	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 119.13 Lacs as on 31.03.2011 (₹ 154.75 Lacs as on 31.03.2010)]	142.80	196.55
Later than five years [For finance lease : Present value ₹ Nil as on 31.03.2011 (₹ Nil as on 31.03.2010)	—	—

Schedules to Accounts

(g) Investment in Associates

Name	No. of Equity Shares Held	% of Holding	Cost of Investment (Equity Shares)	Goodwill/ (Capital Reserve)	Share in Accumulated Profit/(Loss)/ Reserves	Carrying Cost
Unquoted						
Chemolutions Chemicals Pvt. Ltd.	2,45,000	49%	24.50	24.50	(24.50)	Nil
Fine Lifestyle Brands Ltd.	2,55,000	49.04%	25.50	20.35	(5.15)	20.35

(xi) Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of **Micro, Small & Medium Enterprises Development Act, 2006** as on 31st March, 2011.

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

Santosh Parab
Partner
(M. No. 47942)

Mumbai
Dated: 25th May, 2011.

D. R. Puranik
Chief Financial Officer

Arpita Patwardhan
Dy. Company Secretary

D. D. Dandekar *Chairman*

A. S. Dandekar *Mg. Director*

S. M. Kulkarni *Director*

A. E. Faizullabhoy *Director*

P. M. Sapre *Director*

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