

Camlin
fine sciences



Camlin Fine Sciences Limited

Annual Report 2012-13



POWERED BY
INTEGRATION

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Forward Looking Statement

In this Annual Report, we have shared information and made forward looking statements to enable investors to know our product portfolio, business logic and direction and thereby comprehend our prospects. Such and other statements - written and oral - that we may periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project' 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 uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



POWERED BY INTEGRATION

Integration as a business strategy and model was first introduced to the world by Andrew Carnegie in the late 19th century. By acquiring coke and iron mines and by owning railroads, he integrated both quality of raw materials and their supply to his steel manufacturing plant. Carnegie Steel Company became the world's largest producer of steel with an unprecedented profit of US\$ 40 million in 1900 –

POWERED BY INTEGRATION

Much like the surge in demand led to growth in the steel industry in the 19th century, the growing demand for processed food is creating larger opportunities in food protection business. At the heart of food protection business is food preservation and shelf life extension. Food protection is a complex business encompassing elements of basic chemistry, food chemistry, bio-chemistry and bio-technology.

In the world of fine sciences, power comes from integration - integration of raw materials and supply chain, integration of manufacturing with capacity, integration of research with new product development, and integration of customer needs with effective and collaborative solutions.

At CFS, we are





POWERED BY INTEGRATION

After the acquisition of Borregaard Italia S.p.A., (Now, CFS Europe) we have become the world's largest integrated manufacturer of Diphenol downstream products - TBHQ and BHA.





Backward Integration with CFS Europe means :

-  Stability in availability of raw materials
-  Stability in supply of products to customers
-  Opening new opportunity of growth, by way of new diphenol downstream products
-  Long term viability to business

More Products...

More Markets...

More Growth...

POWERED BY INTEGRATION

CFS

SURGING AHEAD

Our strategy moving ahead is to build on the strength of integration by developing and launching Diphenol downstream products. CFS launched 3 products during the year - Vanillin, an aroma compound for food applications, TBC and Guaiacol in the industrial segment.

Focussed Divisions

CFS has created strategic divisions based on applications - Food Ingredients, Industrial Products and Agri-Products. The aim is to expand reach, penetration, development and commercialisation of diphenol downstream products in the coming years.

New Products. New Markets. Expanding Horizons.

Food Division

The food division of CFS has taken a leadership position globally in the synthetic food antioxidant segment. Our range of antioxidants products are extensively used by our global customers in a wide range of applications directly or indirectly for shelf life extension.

The ever evolving food industry has globally witnessed a significant growth in demand for ready to eat packaged foods in recent times. Food preservation and shelf life extension therefore have emerged as important areas of attention and focus. CFS, with its strong presence in the shelf life extension space because of its global leadership in food antioxidants TBHQ and BHA, is rightly positioned to capitalise on this potential business opportunity.





CFS has taken a leading position as a preferred supplier of bulk ingredients to a wide range of customers in the food industry. To address the growing demand of bulk food antioxidants, CFS has expanded its manufacturing capacity and will continue to build on the leadership position.

Vanillin, the aroma compound, has been launched in the market. CFS has ambitious plans to aggressively promote the product in the food industry. Further initiatives are being undertaken to enhance manufacturing capacity and develop new product variants

CFS SURGING AHEAD

Forward Integration

With a clear near-term focus on the shelf life extension space, CFS is offering its customers a wider range of customised, ready-to-use solutions under the umbrella of SOLENTUS. A team of technical expert will work closely with customers, especially from fats and oils, bakery, confectionery and dairy segments to develop tailor-made specialised solutions.

The Technology Platform

SOLENTUS will be driven by a state of the art Food Application Laboratory with a team of food technologists, having expertise in testing and development across a range of food segments like fats and oils, bakery, confectionery and dairy. The Food Application Laboratory will be a nerve-centre for the creation and development of solutions for the customers in shelf life extension.

Customer Reach

CFS is expanding its global footprint in the emerging markets of Asia, Latin America, Middle East, India and China to further strengthen its existing global network and will be appointing technical sales teams in key locations to build the solutions business under the SOLENTUS umbrella.

Industrial Products Division

The industrial products division has successfully commercialised Diphenol downstream products TBC, Guaiacol and Veratrole.

The Industrial Products Division is expanding the network of distribution in key markets and working towards building a strong base in the product segments.





Agri Products Division

Preservation of fresh farm produce is a growing global concern. All over the world major efforts are being taken to minimise losses due to microbial damage, transportation and storage.

The Agri-products division has started commercialisation of the products developed by CFS in India and has obtained success in high cash crops and fruits. The division has appointed dedicated technical sales teams who are assisting farmers and cooperatives to develop better farming practices and CFS products are helping in reducing damage to crops.

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

Welcome to another year that saw the Company deliver outstanding performance in a challenging macro-economic scenario. I am delighted to share with you highlights of the year 2012-13 and how we plan to keep up the momentum of growth as we leverage the power of integration.

We started the process of integration in 2010-11 with the acquisition of Borregaard Italia S.p.A. This critical backward integration enabled the Company to have a firm control over the prices as well as supply of Hydroquinone (HQ), the basic raw material used by the Company. Today, Borregaard Italia S.p.A., renamed CFS Europe S.p.A., is fully integrated with the operations of the Company, and is instrumental in the Company achieving a stellar performance during the year. In a year that was marked by extremely volatile market conditions, low demand and margin pressures the Company has actually increased its market-share of food anti-oxidants, which is indeed commendable.

The operations team, the R&D team and the marketing team all worked in tandem to deliver this exceptional performance during the year, and I would like to congratulate them all. Well done!

Driven by our focussed approach of stable supplies and competitive prices, as well as introduction of new value-added products, the Company was successful in :

- *Increasing Total Income to ₹ 31,639.97 Lacs compared to ₹ 25,562.02 Lacs last year, a growth of 23.77%.*
- *Profit Before Tax for the year was ₹ 2,252.77 Lacs as against ₹ 1,644.07 Lacs last year, an increase of 37.02%.*
- *Net Profit after tax for the year was ₹ 1,475.91 Lacs as against ₹ 1,014.03 Lacs in the previous year, an impressive improvement of 45.54%.*

In view of this superlative performance, the directors of the Company have proposed a dividend of ₹ 0.60 per share of ₹ 2/- each (i.e., 30%).

On the operational side, we integrated our supply chain, successfully re-engineered processes and de-bottlenecked our capacities which made it possible for us to achieve a quantum jump in manufacturing capacities with a marginal capex.

On the products front, in the Industrial Products business, the Company launched downstream products such as TBC, Guaiacol and Veratrole. These value-added products have been developed with technical expertise of CFS Europe, and hold a high growth potential. In the Food Business, Vanillin – the aroma compound manufactured by the Company, is also poised to take a larger share of the market.

In the Food Business, the Company is creating a new identity SOLENTUS, distinct from the bulk products and will offer customised solutions in natural and synthetic anti-oxidants on a collaborative approach with



customers. A new state of the art Food Application Laboratory and Testing Facility is being set up to drive the expansion of SOLENTUS, with target markets like Asia, Latin America, Middle East and India.

In the Agri Business, the Company achieved notable commercial success with NANOFRESH with few fruits and vegetables in India during the year and plans to expand this into more areas.

At CFS, we believe that our continual growth has been POWERED BY INTEGRATION, and we remain committed to leverage the POWER OF INTEGRATION - both backward as well as forward, in our quest to emerge as a leader in FOOD PROTECTION and SHELF LIFE ENHANCEMENT.

On behalf of our board of Directors, I thank all our employees, customers, partners, bankers, investors and shareholders for their trust and faith in the Company, and assure you we will continue to drive higher growth, POWERED BY INTEGRATION.

Yours truly,

Ashish S. Dandekar



FINANCIAL HIGHLIGHTS

(STANDALONE)

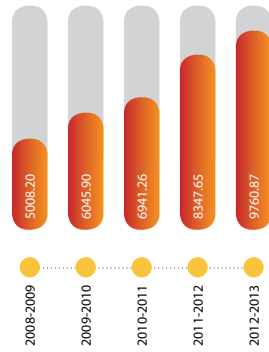
₹ in Lacs

Sr. No.	Year Ending 31st March	2012-13	2011-12	2010-11	2009-10	2008-09
A	Assets Employed					
1	Fixed Assets					
	Gross Block	9760.87	8347.65	6941.26	6045.90	5008.20
	Less: Depreciation	4342.46	3506.04	2946.86	2323.69	1912.99
	Net Block	5418.41	4841.61	3994.40	3722.21	3095.21
	Capital Work In Progress	76.02	223.22	330.00	206.71	285.41
	Net Fixed Assets	5494.43	5064.83	4324.40	3928.92	3380.62
2	Net Current Assets	4458.02	3221.13	3852.43	3429.42	2393.90
3	Others	231.82	270.04	266.41	339.88	184.88
	Total	10184.27	8556.00	8443.24	7698.22	5959.40
B	Financed By					
1	Equity Share Capital	938.88	935.89	930.60	581.45	580.00
2	Share Warrants	0.00	0.00	0.00	0.00	80.60
3	Reserves & Surplus	5141.60	3979.40	3210.44	2741.39	2360.94
4	Employee Stock Options Outstanding	9.52	9.53	8.82	7.96	2.59
5	Shareholder's Funds	6090.00	4924.82	4149.86	3330.80	3024.13
6	Loan Funds	3766.98	3299.07	3999.92	4036.95	2619.62
7	Deferred Tax Liability	327.29	332.11	293.46	330.47	315.65
	Total	10184.27	8556.00	8443.24	7698.22	5959.40
C	Sales & Profitability					
1	Gross Sales/Other Operating Income	32276.48	25620.94	16684.90	12779.73	10290.53
2	Less: Excise Duty/Discount	923.01	414.71	208.95	257.70	226.05
3	Net Sales/Other Operating Income	31353.47	25206.23	16475.95	12522.03	10064.48
4	Other Income	286.50	355.79	132.49	111.91	42.93
5	Total Income (3+4)	31639.97	25562.02	16608.44	12633.94	10107.41
6	Operating Profit (EBIDTA)	4860.59	3913.12	2188.46	1704.87	1475.11
7	Finance Cost	1752.13	1620.11	800.38	603.78	553.46
8	Profit Before Depreciation & Tax	3108.46	2293.01	1388.08	1101.09	921.65
9	Depreciation	855.69	648.94	546.23	442.59	401.13
10	Profit Before Tax	2252.77	1644.07	841.85	658.50	520.52
11	Taxes	776.86	630.04	175.65	229.82	182.04
12	Profit After Tax	1475.91	1014.03	666.20	428.68	338.48
13	Dividend & tax on Dividend	329.51	271.93	216.31	136.05	101.79
14	Retained Earnings	1146.40	742.10	449.89	292.63	236.69
15	Cash Accruals (9+12)	2331.60	1662.97	1212.43	871.27	739.61
D	Per Share Information					
1	Earning Per Share (Basic)	3.15 *	2.18 *	1.50 *	7.39	5.84
2	Earning Per Share (Diluted)	3.13 *	2.16 *	1.48 *	7.30	5.84
3	Book Value Per Share (₹)	12.97 *	10.53 *	8.92 *	57.28	52.14
4	Dividend Per Share (₹) (Excluding Tax on Dividend)	0.60 *	0.50 *	0.40 *	2.00	1.50

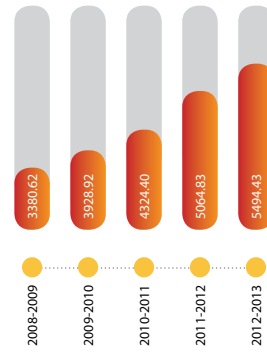
NOTE *

Calculated with reference to face value of Equity Share post split from Rs. 10/- to Rs. 2/-.

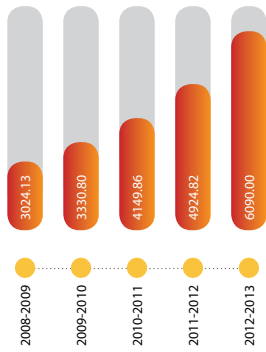
FIXED ASSET Gross block (₹ in Lacs)



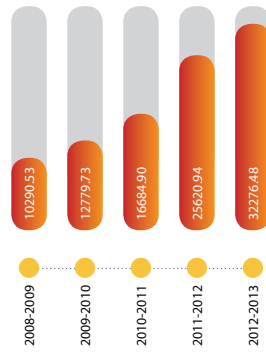
Net Fixed Assets (₹ in Lacs)



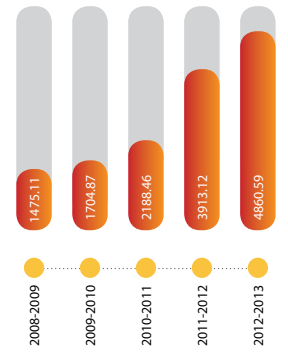
Shareholders Funds (₹ in Lacs)



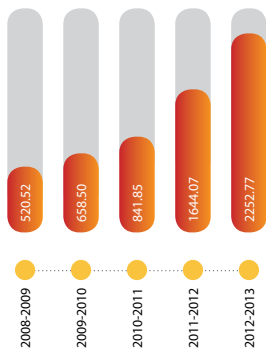
Gross Sales/Other Operating Income (₹ in Lacs)



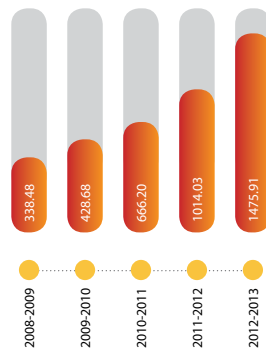
Profit Before Interest Depreciation and Tax EBIDTA (₹ in Lacs)



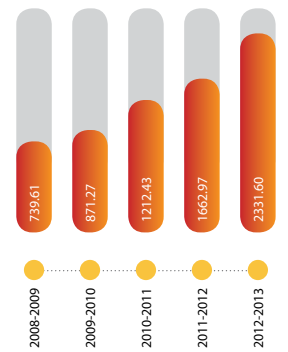
Profit Before Tax (₹ in Lacs)



Profit After Tax (₹ in Lacs)



Cash Accruals (₹ in Lacs)



CORPORATE INFORMATION

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. Faizullabhooy — Director
Mr. Bhargav A. Patel — Director
Mr. Dattatraya R. Puranik — Executive Director &
Chief Financial Officer
Ms. Arpita S. Patwardhan — Deputy 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.camlinfs.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
Bank of India
Oriental Bank of Commerce
State Bank of India
Export Import Bank Limited
State Bank of Patiala

REGISTRARS AND TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Limited
(Unit: Camlin Fine Sciences Limited)
– 13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (East), Mumbai 400 072.
– Investor Relation Centre, 912, Raheja Centre,
Free Press Journal Road, Nariman Point,
Mumbai 400 002.

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Camlin Fine Sciences Limited, will be held on Tuesday the 13th August, 2013 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai - 400 020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the statement of Profit and Loss for the year ended 31st March, 2013 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. Abeezer E. Faizullabhoj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bhargav A. Patel, 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Dattatraya R. Puranik, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1st August, 2012 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, whose appointment shall be liable to retirement by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions if any, of the Companies Act 1956 ("the Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the appointment of Mr. Dattatraya R. Puranik, as a Director in whole-time employment designated as "Executive Director and Chief Financial Officer" for a period of two years with effect from 1st August, 2012 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions and/or terms of re-appointment and remuneration so as not to exceed the limits specified in Schedule XIII to the Act or any statutory modification(s) or enactment thereof."

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

"RESOLVED THAT in supersession of special resolution passed by the members of the Company on 1st August, 2012 and pursuant to Article 125 of the Articles of Association of the Company and subject to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or reenactment thereof for the time being in force), and such other consents and statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the payment of remuneration by way of Commission collectively to all the Non-Executive Directors of the Company of an amount not exceeding 1% (One Percent) of the Net Profits of the Company per annum, in addition to the sitting fees paid to them for attending the meetings of Board or Committee thereof from the financial year 2012-2013 for a period of 5 (five) years.



RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to decide as it may deem fit, the quantum of the Commission payable to each of the Non-Executive Directors in any financial year within the ceiling prescribed herein.”

9. 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, 2013 for a period of 2 years on a monthly Honorarium of ₹ 50,000/- plus service tax (as applicable) and that he also be provided with a car and a driver to be used for the purpose of the assignment 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 the assignment for the Company.”

By Order of the Board

Ashish S. Dandekar
Managing Director

Place : Mumbai,
Dated : 21st May, 2013

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 under section 173(2) of the Companies Act, 1956 in respect of business referred to under Item Nos. 6 to 9 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 5th August, 2013 to 13th August, 2013 (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 5th August, 2013.
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, Sharepro Services (India) Private Limited.
6. The Company, in compliance with new Clause 5A.II 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 years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March 2012 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

Ashish S. Dandekar
Managing Director

Place : Mumbai,
Dated : 21st May, 2013



ANNEXURE FORMING PART OF THE NOTICE

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

SPECIAL BUSINESS

Item No. 6 & 7

In accordance with the provisions of Section 260 of the Companies Act, 1956, ("Act") the term of appointment of Mr. Dattatraya R. Puranik effective from 1st August, 2012 as an Additional Director would expire at the forthcoming Annual General Meeting of the Company and he is eligible for appointment as a Director. Notice for the resolution as set out in Item No.6 has been received by the Company from a member of the Company with a deposit of ₹ 500/- in terms of provisions of Section 257 of the Companies Act, 1956.

Mr. Dattatraya R. Puranik, aged 59, is B.Com (Hons), FICWA, ACMA (Australia) and MBA (Finance) and has over 26 years of experience in finance and accounting field in India and abroad. He is working with the Company as Chief Financial Officer since June, 2008. The Board of Directors of the Company ("the Board") at its meeting held on 14th August, 2012 has, pursuant to the provisions of Section 198, 269, 309 along with any other provisions, as applicable, read with schedule XIII of the Companies Act, 1956, and subject to the approval of the Members, appointed Mr. Dattatraya R. Puranik as Director in whole time employment designated as 'Executive Director & Chief Financial Officer' of the Company for a period commencing from 1st August, 2012 to 31st July, 2014 and approved his terms of appointment and remuneration. An abstract containing his terms of appointment was then sent to the members pursuant to provisions of section 302 of the Companies Act, 1956.

Except for payment of commission now proposed all other terms and conditions of original appointment made by the Board of Directors on 14th August, 2012 remain unchanged.

The proposed remuneration structure is given below:

Basic Salary:

₹ 1,24,000/- per month as salary.

Perquisites and Other Allowances:

₹ 26,00,000/- per annum as perquisites and other allowances such as rent, gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone/mobile/ communication facilities and he is also entitled to the benefit of personal accident insurance scheme and such other perquisites and allowances. Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost. Within the ceiling actual composition and quantum of perquisites and allowances shall be determined by the Board of Directors in consultation with the appointee.

Annual increase not to exceed 20% of the salary and perquisites.

Commission:

The Executive Director & Chief Financial Officer may also be paid remuneration by way of commission (in addition to salary, house rent allowance, perquisites, other allowances) calculated with reference to the Net Profits of the Company for a particular financial year as the Board of Directors of the company (including Remuneration Committee) may decide, subject to the overall ceilings laid down under the provisions of Sections 198 and 309 of the Companies Act, 1956.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Dattatraya R. Puranik shall be restricted to Part II Section II [1B] of Schedule XIII of the Companies Act, 1956.

General

- i. Appointee shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
- ii. Appointee shall be subject to the superintendence, control and direction of the Board, he shall exercise powers as may be delegated to him by the Board of Directors from time to time.
- iii. The appointment is terminable by either party giving the other 2(two) months notice in writing without assigning any reason and without liability to pay any compensation.

MEMORANDUM OF CONCERN OR INTEREST OF THE DIRECTORS

Apart from Mr. Dattatraya R. Puranik himself, as the aforesaid terms and conditions relates to his own appointment, none of the directors are concerned or interested in the said appointment.

This information may be treated as an Abstract under the provisions of section 302 of the Companies Act, 1956.

INSPECTION

Relevant resolution and copy of agreement entered by the Board is available for inspection by members at the Corporate Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day.

The terms and conditions of appointment will be placed before the meeting for their approval at the ensuing Annual General Meeting.

Details regarding the person proposed to be appointed as Director and his brief resume have been given in the Corporate Governance Report for the information of the members. Keeping in view his experience and expertise, the Board of Directors recommends the proposed resolutions as mentioned in item No. 6 & 7 for your approval.

Item No. 8

The Committee of Corporate Governance constituted by the Securities and Exchange Board of India (SEBI) had recommended that compensation payable to the Non-Executive Directors of the Company should be adequate so as to encourage their active participation in the deliberations at the meetings of the Board and the Committees and should be such as to attract independent professionals on the Board of the Company.

Your Company's Non-Executive Directors as members of various committees, spend considerable amount of their time and attention towards the affairs of the Company. Further to comply with various requirements of the Corporate Governance, they are required to shoulder greater responsibilities in discharge of their duties.

Now keeping in view, the increased responsibilities of Non-Executive Directors and the Corporate Governance regulations, it is appropriate that they are compensated reasonably, commensurate with their responsibilities and the contributions made by them.

It is therefore proposed to remove ceiling of ₹ 2.00 Lacs per Director laid down in the earlier resolution and enable the Company to make payment of remuneration in the form of commission to the Non-Executive Directors upto

an aggregate amount not exceeding 1% (One Percent) of the net profits in any financial year commencing from the financial year 2012-2013 for a period of 5 (five) years.

The quantum of Commission payable to each of the Non-Executive Directors will be decided by the Board of Directors each year having regard to the ceiling laid down.

All Non-Executive Directors of the Company are concerned or interested in the resolution.

The Directors recommend the Special Resolution for your approval.

Item No. 9

At the 18th 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, 2011 for a period of 2 years. Mr. Subhash D. Dandekar's tenure has expired on 31st March, 2013. Subject to shareholders' approval, the Board of Directors at its meeting held on 29th January, 2013, 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 of not less than ₹ 50,000/- and 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 Ltd., is 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, the past Chairman of SICOM Ltd., and Past President of Maharashtra Chamber of Commerce, Industry & Agriculture and Maharashtra Economic Development Council. With his rich, knowledge and vast experience, the Company will benefit in years to come.

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.

By Order of the Board

Ashish S. Dandekar
Managing Director

Place : Mumbai,
Dated : 21st May, 2013



DIRECTORS' REPORT

Dear members

Your Directors are pleased to present the 20th Annual Report and the Audited Statements of Account for the financial year ended 31st March, 2013.

Highlights of 2012-2013

Net Sales and other income of the Company were ₹ 31,639.97 Lacs as compared to ₹ 25,562.02 Lacs in the previous year. (increase by 23.77%).

Profit before tax was ₹ 2,252.77 Lacs as compared to ₹ 1,644.07 Lacs in the previous year (increase by 37.02%).

Profit after tax was ₹ 1,475.91 Lacs as compared to ₹ 1,014.03 Lacs in the previous year (increase by 45.54%).

Considering the profits available for distribution, Directors have recommended a dividend of ₹ 0.60 per share of ₹ 2/- each (i.e.30%).

Financial Results:

(₹ in Lacs)

	2012-2013	2011-2012
Net Sales & Other Income	31,639.97	25,562.02
Profit before Interest & Depreciation	4,860.59	3,913.12
Interest	1,752.13	1,620.11
Depreciation	855.69	648.94
Profit before Tax	2,252.77	1,644.07
Less: Provision for Tax (Net)	776.86	630.04
Profit after Tax	1,475.91	1,014.03
Balance brought forward from last year	1,331.59	694.49
Balance available for Appropriation	2,807.50	1,708.52
Appropriations:		
Proposed Dividend	281.66	233.97
Corporate Dividend Tax	47.84	37.96
General Reserve	150.00	105.00
Balance Carried Forward	2,328.00	1,331.59
	2,807.50	1,708.52

Operational Performance

During the year under review, total income of the Company rose to ₹ 31,639.97 Lacs from ₹ 25,562.02 Lacs registering an impressive growth of 23.77%. Your Company has registered a high growth in this extremely volatile market and increased its market share of food antioxidants due to its technological and markets development initiatives. This was possible by the focussed approach on the stability of supplies and prices to the customers inspite of the

recessionary pressures. The net profit after tax for the year was ₹ 1,475.91 Lacs as against ₹ 1,014.03 Lacs in the previous year thereby registering a growth of 45.54%.

The growth of the Company is powered by new and value added products. The Company has added 3 highly potential products from the diphenol downstream as per planned strategy. These products are Vanillin, Tertiary Butyl Catechol (TBC) and Guaiacol which have contributed to the growth.

The Company in spite of low demand and severe pressure on margins achieved the targeted market share. The Company has focussed on the emerging markets like Asia, Latin America and India besides existing areas of business.

The operations team managed to successfully undertake certain critical cost reduction measures. The quantum jump that the Company has achieved in capacities of products with marginal capital investment is due to the great work done by the Engineering and Technology team during the current year.

The establishment of two major business divisions, namely, Food and Industrial Products has been successfully completed. This has resulted in positive impact as demonstrated in the growth of sales volumes and value during the current year. These divisions have brought about a sharper focus on developing Diphenol downstream products which were successfully commercialized. This strategic change has resulted in significant increase in market share of both Food and Industrial Products.

Dividend

Considering substantial growth in disposable profits. Your Directors are pleased to recommend payment of a higher dividend @ of ₹ 0.60 per equity share (i.e. 30%) on 4,69,43,940 Equity Shares of ₹ 2/- each for the year ended 31st March, 2013. If approved by the shareholders at the Annual General Meeting, the dividend will absorb ₹ 329.50 Lacs inclusive of Dividend Distribution Tax of ₹ 47.84 Lacs.

Employee Stock Option Scheme

During the year under review, the Compensation Committee granted options to the Employees/Directors 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 1,49,550 equity shares upon exercise of stock options by the eligible Employees/Directors under the Employee Stock Option Scheme 2008.

The applicable disclosure as stipulated under SEBI Guidelines as at 31st March, 2013 is given in Annexure A to this report.

Fixed Deposits

During the year under review, your Company has not accepted any new fixed deposits. The total amount of fixed deposits held by the Company was ₹ 694.95 Lacs.

Subsidiaries

- **Dulcette Technologies LLC**
A 61% owned joint venture of the Company engaged in market/business development of Company's products in U.S.A.
- **CFCL Mauritius Pvt. Limited**
A 100% owned subsidiary of the Company incorporated for acquisition of CFS Europe S.p.A. in Italy.
- **CFS Europe S.p.A.**
A step down subsidiary of the Company engaged in manufacture and sale of key raw materials required by the Company.

As decided by the Board of Directors at its meeting held on 21st May, 2013 the copies of Balance Sheet and Statement of Profit & Loss, 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. Abeezer E. Faizullabhoj and Mr. Bhargav A. Patel retire by rotation and being eligible offer themselves for re-appointment. You are requested to re-appoint them.

Similarly you are also requested to appoint Mr. Dattatraya R. Puranik who was appointed as Additional Director w.e.f. 1st August, 2012 by the Board of Directors designated as Executive Director & Chief Financial Officer and approve his remuneration.

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, 2013 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, 2013 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, 2013 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, 2013 on a 'going concern' basis.

Secretarial Audit

As directed by the Securities and Exchange Board of India (SEBI), Secretarial Audit has been carried out for 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, 2013 in respect of manufacturing activities 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 2013-2014.

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

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

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 : 21st May, 2013

ANNEXURE A TO DIRECTORS' REPORT

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

	ESOP – 2008	ESOP - 2012
a Options granted	1535000	747000
b Exercise price	₹ 10/- & ₹ 12.40/- plus applicable taxes, as may be levied on the Company.	₹ 16/- plus applicable taxes, as may be levied on the Company.
c Option vested	816025	–
d Options exercised	149550	–
e Total number of shares arising as a result of exercise of options	502900	–
f Option lapsed	58350	31500
g Variation in terms of option	Exercise Price for the Shares Issued in Tranche IV is ₹ 12.40/-	–
h Money realized by exercise of options	Rs. 15,53,100/-	–
i Total number of options in force	608125	715500
j Employee-wise details of options granted to		
1. Senior Management Personnel/Director	Mr. P. M. Sapre – 50000 Mr. S. M. Kulkarni – 50000 Mr. A. E. Faizullabhoy – 50000 Mr. B. A. Patel – 50000 Mr. D. R. Puranik – 50000 Mr. S. P. Padhya – 50000 Mr. P. K. Dhotre – 50000 Mr. A. S. Dukane – 50000 Mr. G. S. Satpute – 50000 Dr. A. P. Shanbhag – 50000	Mr. P. M. Sapre – 25000 Mr. S. M. Kulkarni – 25000 Mr. A. E. Faizullabhoy – 25000 Mr. B. A. Patel – 25000 Mr. D. R. Puranik – 25000 Mr. S. P. Padhya – 25000 Mr. P. K. Dhotre – 25000 Mr. A. S. Dukane – 25000
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	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	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'.	3.13	3.13

For & On behalf of the Board

Ashish S. Dandekar
Managing Director

Place : Mumbai
Dated : 21st May, 2013



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.

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

Additional investments for installation of biomass resources for generation of thermal energy are envisaged. Steps are also 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 environment 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 of conservation of energy

A. Power and Fuel Consumption

	2012-2013	2011-2012
1. Electricity		
Purchased		
Units (KWH)	7,634,865	6,639,614
Total Amount (₹ in Lacs)	492.62	324.87
Rate/Unit (₹)	6.45	4.66
2. Furnace Oil		
Quantity in (K. Liters)	301,510	659,791
Total Amount (₹ in Lacs)	133.65	262.95
Rate/Unit (₹)	44.20	39.85
3. Briquettes (Steam)		
Briquettes Quantity (M.T.)	4,434.43	6,688.17
Total Amount (₹ in Lacs)	279.84	396.40
Cost per M.T. of Briquettes (₹)	6,311.23	5,926.88

B. Consumption per Unit of production (M.T.)

	2012-2013	2011-2012
	Standards (if any)	Standards (if any)
Electricity (KWH)	1873.13	1722.22
Furnace Oil (K. Litres)	66.85	167.76
Briquettes (for Steam) (M.T.)	1.09	1.70

B. TECHNOLOGY ABSORPTION

FORM B

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

- Specific areas in which R & D carried out by the Company : New product development, Process development.
- Benefits derived as a result of the above R & D : Cost reduction, Quality upgradation, Development of new markets.
- Future plan of action : Future plan of action envisages acceleration in the process of product development already set in motion and undertaking more research and development work for food & industrial antioxidants, food ingredients, natural and synthetic antioxidants solutions and other products aimed to achieve cost reduction, and improvement in quality.

(₹ in Lacs)

	2012-2013	2011-2012
4. Expenditure on R & D		
(a) Capital	32.37	—
(b) Recurring	172.39	149.55
(c) Total	204.76	149.55
(d) Total R & D Expenditure as a percentage of total turnover	0.64%	0.58%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts made towards Technology Absorption, Adaptation and Innovation : The Company's R & D Laboratory is recognised by the Department of Scientific & Industrial Research, Government of India, where continuous efforts are made to innovate new products and improve the quality of Bulk Drugs, Fine Chemicals and products manufactured/procured by the Company and to make the manufacturing process safe, cost effective and environment friendly. Technology imported from Italian subsidiary is under the process of absorption for commercialization of products during the year.
- Benefits derived as a result of the above efforts, e.g. product development, import substitution, etc. : Technology, innovations and improvements undertaken at the Laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales, reducing cost, and improving quality and scale of the production. The Company is heading towards global leadership in food grade antioxidants.
- Technology Import : The Company has acquired technology for Tertiary Butyl Catechol (TBC), Guaiacol and Veratrole from its Italian subsidiary for Euro 1.08 million. These products have application as Polymerisation Inhibitor for Styrene and allied monomers, chemical intermediate for manufacturing aroma chemical Vanillin and API and pharmaceutical and agro chemical intermediates respectively.



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 at 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)

	2012-2013	2011-2012
Foreign exchange used	20,693.71	16,256.49
Foreign exchange earned	23,340.88	21,112.31

For & On Behalf of the Board

Ashish S. Dandekar
Managing Director

Place : Mumbai
Dated : 21st May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The year under review, was a mixed year for the manufacturers as compared with the last year. There was however stability in the availability of key raw material but the volatility in pricing put severe pressures on margins. The market experienced a general slowdown in demand for antioxidant in key markets, resulting in stronger competition for market share, adding pressures on the margins.

The Company in spite of low demand and severe pressure on margins achieved the targeted market share. The Company has focused on the emerging markets like, Asia, Latin America and India besides existing areas of business.

The growth of the Company is powered by new and value added products. The Company has added 3 highly potential products from the diphenol down stream as per planned strategy. These products were Vanillin, Tertiary Butyl Catechol (TBC) and Guaiacol which have contributed to the growth.

The Company continues to strengthen the management processes and has focussed on management development. The strength in R & D, Production, Marketing & Sales and all supporting services remain the key drivers.

The operations team managed to successfully undertake certain critical cost reduction measures. The quantum jump that the Company has achieved in capacities of products with marginal capital investment is due to the great work done by Engineering and Technology team during the current year.

The Company has registered a high growth at 24% in this extremely volatile market and increased its market share of food antioxidants due to its technological and market development initiatives. This was possible by the focused approach on the stability of supplies and prices to the customers inspite of the recessionary pressures. The backward integration due to acquisition of an Italian Company Borregaard Italia S.p.A. (now CFS Europe S.p.A.) helped the Company to ensure competitive pricing of key raw material.

Business Strategy Analysis

The strategy in the year under review was consolidation in the core areas of strength namely Food antioxidants and Industrial application products. This was achieved by expanding the markets and customer base and reach.

The Company has appointed two sales managers in Latin America to increase customer reach and penetration in the markets. The Company will be shortly establishing an office and distribution hub to improve the service and shorten supply time to customers, in Latin America. The Company is also planning to appoint sales managers in China, Middle East, Asia and India to further widen and improve the customer base.

The establishment of two major business divisions, namely, Food and Industrial Products has been successfully completed. This has resulted in positive impact as demonstrated in the growth of sales volumes and value during the current year. These divisions have brought about a sharper focus on developing Diphenol downstream products which were successfully commercialized. This strategic change has resulted in significant increase in market share of both Food and Industrial Products.

The Company has developed and commercialized three new Diphenol downstream products namely –

Vanillin, a flavor and aroma chemical having applications in the food industry.

Guaiacol, a chemical intermediate for manufacturing aroma chemical Vanillin and API Guafenesin.

Tertiary Butyl Catechol (TBC), Polymerisation Inhibitor for Styrene and allied monomers.

The Company has also expanded its manufacturing capacity of the food antioxidants, Ascorbyl Palmitate, TBHQ and BHA. This will help the Company to consolidate and improve its market share. This enhancement in capacities have taken place with various measures such as process re-engineering, de-bottlenecking of the capacities at the appropriate stage of production, establishing cost saving measures through yield improvement efforts at the process and recovery stages and technical inputs for reduction in wastages by reusing the recovered/residual material and thereby improvising the yields on a continuous basis.

The Company's focus on identification of process gaps and their improvisation is a constant endeavor at the plant. The R & D/process technology group and their efforts during the next few years should yield major savings in cost of production. The next target is to re-integrate the manufacturing and technology inputs of both CFSL India and CFS Europe on one common platform so that the Company would strive to become a major player in Diphenols within next 2 years.



Way Forward

Food Division

The food industry globally is continuously evolving with increased demand and challenges in “Ready to Eat” segment. Shelf life preservation is a huge challenge and an opportunity where the Company wants to strongly position itself.

The Company will expand the current portfolio of products with shelf life preservation to address the growing demands and needs of the food industry. The Company currently manufactures bulk synthetic antioxidants. The Company will expand the range of products by adding natural shelf life extension products and more importantly develop a range of customized solutions of Synthetic and Natural antioxidants. These products would cater to segments like Fats and oils, Bakery, Confectionery, Snack foods, Packaged ready to eat foods, Dairy and Beverages.

A collaborative approach between food industry and Company will ensure achievement of goals. Capability to address to the needs of various food applications and our research laboratory will be the key to the future success and growth of the Company.

In order to achieve the above objective, the Company is also setting up a state of art food application laboratory and testing facility to offer developmental and solution providing capabilities to the customers of food industry in India. This will also enable the Company to penetrate other customers in Asia and Latin America and also to reach to other customers worldwide.

The Company towards the end of the year launched, Solentus brand in the market. Solentus will provide customized synthetic and natural antioxidant solutions to customers having applications spread across the various segments of food industry. The Company is currently developing manufacturing and technological capabilities to deliver solutions to its customers in the current financial year.

Industrial products

The Company with the launch of 3 products from “Diphenol” downstream intends to drive the growth with deeper penetration in the markets like Europe, USA and China. The impact of product development, manufacturing and marketing efforts in this product group should be visible during the next financial year. Further, Catechol downstream products such as Guaiacol, Veratrol, TBC and vanillin have also been stabilized for its acceptability and approvals resulting in good prospects for higher sales during the next financial year.

RISKS AND CONCERNS

Risk is intrinsic to business and it is the de-risking ability of the Company which makes it successful.

The availability of key raw materials from international sources at the right quantity and at right price is also a risk factor associated with the business of the Company. However the Company has mitigated this risk by acquisition of Borregaard Italia S.p.A. (now known as CFS Europe S.p.A.), as a step towards backward integration, through its wholly owned subsidiary in Mauritius. The main raw material supplies will thus be available at the right quantity and at right price without any limitation. The risk of over dependence on few overseas suppliers besides price sensitivity has been attended 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 in the form of exports worldwide besides corresponding imports in foreign currency for key raw materials. However, the risk associated with currency fluctuation has been mitigated by effective forex management policy along with judicious use of natural hedge provided by exports against its imports in view of the Company being the net exporter on the currency front. The Company still believes in adopting a very conservative and cautious forex policy to avoid any unwarranted effects of currency volatility.

Increase in the cost structure is a risk that threatens profitability. The Company has taken suitable cost control steps at various levels of operations and costs are being monitored to ensure that they are commensurate with the increase in the business. The effects of process & yield improvements, technological up-gradation and other cost saving measures taken at various levels have resulted in cost optimisation giving a hedge against pressures of inflation.

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

INFORMATION & TECHNOLOGY

In line with the overall growth objective and strengthening of infrastructure base, the Company had 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.

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 encompasses 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, 2013 were higher at ₹ 32276.48 Lacs as against ₹ 25620.94 Lacs in the previous year. This is an increase of ₹ 6655.54 Lacs in sales over the previous year registering a growth of 26%. Profit before tax was ₹ 2252.77 Lacs as against ₹ 1644.07 Lacs showing an increase of ₹ 608.70 Lacs over the previous year registering a growth of 37%.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is involved in CSR initiatives. The Company has donated funds to Non Governmental Organisation (NGO) to spread educational awareness amongst children from tribal area school through contributions towards these activities.

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.

The Company has taken HR initiatives and partnered with Deloitte, one of the major HR Consulting firms in the world, to look at some critical areas in HR such as Organization Structure, Roles & Responsibilities, Performance Management System and Rewards Scheme and bring about changes in these systems in line with leading practices in the sector. The association with Deloitte has brought in positive results in bringing integration and performance based approach amongst the employees across the organization.

Relations with the employees at all levels remained cordial during the year. Your Company had 220 permanent employees as on 31st March, 2013.

For & On behalf of the Board

Ashish S. Dandekar
Managing Director

Place : Mumbai
Dated: 21st May, 2013



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, 2013.

1. Company's Philosophy on Code of Governance

Camlin Fine Sciences 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 <i>Chairman</i>	NED	5	8	Yes	Nil	Nil
Mr. Ashish S. Dandekar <i>Managing Director</i>	ED	5	6	Yes	Nil	Nil
Mr. Pramod M. Sapre	NED (I)	4	Nil	Yes	Nil	Nil
Mr. Sharad M. Kulkarni	NED (I)	5	8	Yes	5	4
Mr. Abeezer E. Faizullabhoy	NED (I)	2	2	Yes	Nil	Nil
Mr. Bhargav A. Patel	NED (I)	3	2	Yes	Nil	Nil
Mr. Dattatraya R. Puranik	ED	3	1	No	Nil	Nil

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

(*) Excludes Directorship in Private Limited Companies, Foreign Companies, Companies under Section 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 2012-2013, Five (5) Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	24th May, 2012	6	5
2.	1st August, 2012	6	6
3.	14th August, 2012	7	5
4.	1st November, 2012	7	6
5.	29th January, 2013	7	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.camlinfs.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. Abeezar E. Faizullabhoy

Mr. Abeezar E. Faizullabhoy, aged 48 years is an Independent Director of the Company. He is Bachelor of Law from University of Mumbai and a Solicitor from Bombay incorporated law society. He is currently partner in J. Sagar & Associates and his area of practice includes infrastructure & regulatory practice, Corporate commercial, litigation, alternate dispute resolution including arbitration and mergers and acquisitions.

Other Directorships

Name of the Company	Position
Panoramic Universal Ltd.	Director
Modest Infrastructure Ltd.	Director
NSA Security (India) Pvt. Ltd.	Director
Gravitational Network Advisors Pvt. Ltd.	Director
Lenzing Modi Fibers India Pvt. Ltd.	Alternate Director

(B) Mr. Bhargav A. Patel

Mr. Bhargav A. Patel, aged 49 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 in the field of Engineering, Textile Machinery and Leather Industry.

Other Directorships:

Name of the Company	Position
Peass Exports Ltd.	Director
Chemolutions Chemicals Ltd.	Director
Peass Automation Pvt. Ltd.	Director
Peass Industrial Engineers Pvt. Ltd.	Director
Modern Maintenance Products (India) Pvt. Ltd.	Director
Arno Enterprises Pvt. Ltd.	Director
Poloroid Investments Pvt. Ltd.	Director
Peass Enviro Systems Pvt. Ltd.	Director

(C) Mr. Dattatraya R. Puranik

Mr. Dattatraya R. Puranik, aged 59, is B.Com (Hons), FICWA, ACMA (Australia) and MBA (Finance) and has over 26 years of experience in finance and accounting field in India and abroad. He is working with the Company as Chief Financial Officer since June, 2008.

Other Directorships:

Name of the Company	Position
Fine Renewable Energy Ltd.	Director
Aliva Natural Sciences Pvt. Ltd.	Director



Committees of the Board

The Board of Directors has constituted four Committees: Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration Committee and Compensation Committee. The 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 meetings 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 2012-2013, four (4) meetings of the Audit Committee were held on the 24th May, 2012, 1st August, 2012, 1st November, 2012 and 29th January, 2013.

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. Abeezer E. Faizullabhoy	Member	NED (I)	1
Mr. Bhargav A. Patel	Member	NED (I)	3

The Audit Committee meetings were attended by the Non-Executive Chairman, Independent Directors, Managing Director and Executive Director & Chief Financial Officer. The representatives of the Internal Auditors & Statutory Auditors were also invited to the meeting. The Dy. 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 addition 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 2012-2013, two (2) meetings of the Remuneration Committee were held on the 24th May, 2012 and 14th August, 2012.

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)	2
Mr. Abeezer E. Faizullabhoy	Member	NED (I)	1
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, 2013.

(₹ In Lacs)

Name	Salary	Perquisites #	Commission	Contribution to P.F. and Other Funds	Total
Mr. Ashish S. Dandekar	63.54	29.00	19.00	19.37	130.91

#Perquisites inter-alia, include rent paid for providing residential accommodation, 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 August, 2012 has been entered into with the Managing Director.

(B) Executive Director & Chief Financial Officer

Following is the Remuneration paid to the Executive Director & Chief Financial Officer during the financial year ended 31st March, 2013.

(₹ In Lacs)

Name	Salary	Commission	Perquisites #	Total
Mr. Dattatraya R. Puranik	9.92	7.50	18.04	35.46

#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.,

Agreement for a period of two (2) years w.e.f. 1st August, 2012 has been entered into with the Executive Director & Chief Financial Officer.

(C) Non-Executive Directors/Independent Directors

During the financial year ended 31st March, 2013, the Company has paid remuneration to Mr. Dilip D. Dandekar.

The detail of payment is given below:

(₹ In Lacs)

Name	Category	Amount Paid
Mr. Dilip D. Dandekar	NED	18.00

Besides the above payment of remuneration, the Company pays sitting fees to Non-Executive Directors/Independent Directors for attending the meetings of the Board/Committees of the Board. Additionally subject to approval of members at the ensuing Annual General Meeting it is proposed to pay commission to Non-Executive Directors/Independent Directors except Mr. Dilip D. Dandekar. The details of payment of sitting fees and commission during the year 2012-2013 are given below:

(₹)

Name	Board	Audit Committee	Shareholders/ Investors Grievance Committee	Compensation Committee	Remuneration Committee	Total
Mr. Dilip D. Dandekar	54000	–	23000	32000	–	109000
Mr. Sharad M. Kulkarni	54000	43000	–	32000	11000	140000
Mr. Pramod M. Sapre	43000	43000	–	32000	5000	123000
Mr. Abeezer E. Faizullahoy	22000	11000	6000	22000	6000	67000
Mr. Bhargav A. Patel	32000	32000	–	32000	5000	101000
GRAND TOTAL	205000	129000	29000	150000	27000	540000



Name	Category	Commission (₹)
Mr. Sharad M. Kulkarni	NED (I)	3,00,000
Mr. Pramod M. Sapre	NED (I)	3,00,000
Mr. Abeezar E. Faizullabhoy	NED (I)	3,00,000
Mr. Bhargav A. Patel	NED (I)	3,00,000

The Company has introduced the ESOP Scheme viz. "CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2008" to its permanent Employees/Directors in the financial year 2008-09 and "CAMLIN FINE SCIENCES EMPLOYEES' STOCK OPTION SCHEME, 2012" to its permanent Employees/Directors in the financial year 2012-13.

Details of Shareholding of Non-Executive Director/Independent Directors as on 31st March, 2013

Name	Shares held
Mr. Dilip D. Dandekar	713560
Mr. Sharad M. Kulkarni	40700
Mr. Pramod M. Sapre	52495
Mr. Abeezar E. Faizullabhoy	39000

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 2012-2013 four (4) meeting were held on 24th May, 2012, 1st August, 2012, 1st November, 2012 and 29th January, 2013.

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)	1
Mr. Dilip D. Dandekar	Member	NED	4
Mr. Ashish S. Dandekar	Member	ED	4

The Board has designated the Dy. Company Secretary as the Compliance Officer.

Complaints received and redressed by the Company during the financial year

During the year, three (3) complaints were received from shareholders, which were attended to promptly and resolved to the satisfaction of the concerned Shareholders. 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, three (3) meeting was held on 24th May, 2012, 1st August, 2012 and 19th November, 2012.

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)	2
Mr. Dilip D. Dandekar	Member	NED	3
Mr. Ashish S. Dandekar	Member	ED	3
Mr. Pramod M. Sapre	Member	NED (I)	3
Mr. Sharad M. Kulkarni	Member	NED (I)	3
Mr. Bhargav A. Patel	Member	NED (I)	3

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.

The Board has designated the Dy. Company Secretary as the Compliance Officer.

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
2011-2012	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	1st August, 2012 at 3.00 p.m.
2010-2011	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	29th July, 2011 at 3.00 p.m.
2009-2010	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	1st July, 2010 at 3.30 p.m.

Two Special Resolutions were passed at the 17th Annual General Meeting, three Special Resolutions were passed at the 18th Annual General Meeting and 4 Special Resolutions were passed at the 19th Annual General Meeting.

None of the Resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

8. Disclosures

Related Party Transactions

The Company has not entered 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. 29(iv) 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 Ltd.

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 Executive Director & 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.camlinfs.com within the time frame prescribed in this regard.



10. General Shareholder Information

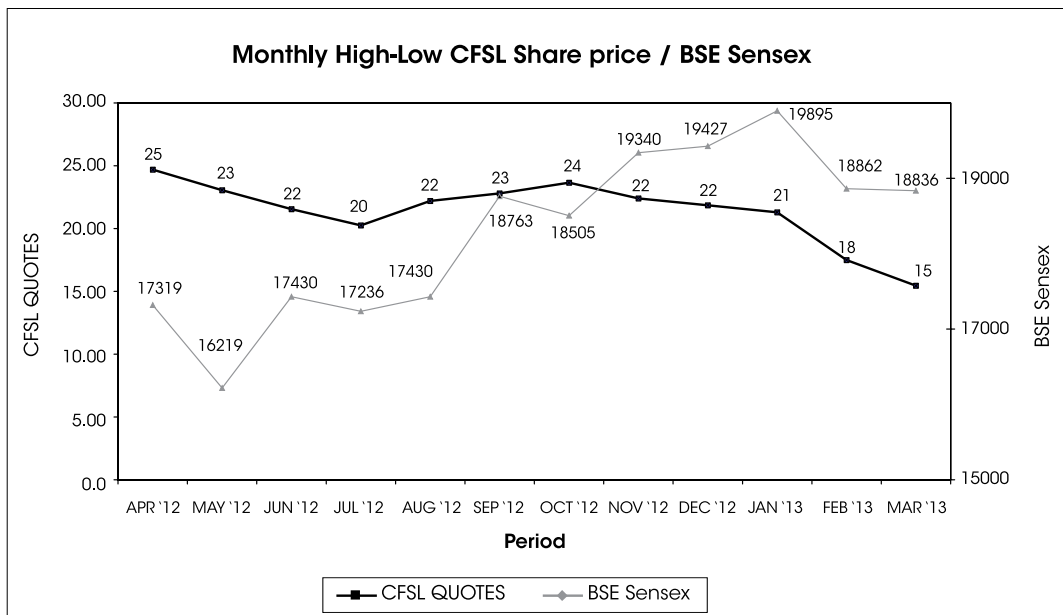
As indicated in the Notice to our Shareholders, the 20th Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai - 400 020 on Tuesday, the 13th August, 2013 at 3.00 p.m.

- | | |
|---|--|
| (i) Financial Calendar: | Financial Reporting by: |
| Unaudited Results for the quarter ending 30th June, 2013 | : Mid of August, 2013 |
| Unaudited Results for the quarter ending 30th September, 2013 | : Mid of November, 2013 |
| Unaudited Results for the quarter ending 31st December, 2013 | : Mid of February, 2014 |
| Audited Results for the year ending 31st March, 2014 | : end of May, 2014 |
| (ii) Date of Book Closure | : From 5th August, 2013 to 13th August, 2013 (both days inclusive) |
| (iii) Date of Dividend Payment | : on or before 12th September, 2013 |
| (iv) Listing of Equity Shares on Stock Exchange | : The Equity Shares of the Company are listed at Bombay Stock Exchange Limited (Stock Code 532834) |
| (v) Demat ISIN in CDSL/NSDL | : INE052I01024 |
| (vi) Share Price (High & Low) for the year 2012-2013 at BSE | |

Month	High (₹)	Low (₹)
April, 2012	27.00	21.75
May, 2012	26.20	21.90
June, 2012	23.30	20.10
July, 2012	23.75	20.00
August, 2012	26.00	20.00
September, 2012	25.00	22.35
October, 2012	27.95	22.70
November, 2012	25.50	21.15
December, 2012	25.50	21.00
January, 2013	23.45	21.00
February, 2013	21.50	17.30
March, 2013	17.95	14.15

Stock Performance

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



(vii) **Registrars and Share Transfer Agents for Shares**

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

(viii) **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.

(ix) **Distribution of Shareholding as on 31st March, 2013**

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Shares (%)
Up to 500	2874	45.605	821436	1.750
501 - 1000	1675	26.579	1544155	3.289
1001 - 2000	874	13.869	1341369	2.857
2001 – 3000	365	5.792	865504	1.844
3001 - 4000	112	1.777	396704	0.845
4001 - 5000	90	1.428	424371	0.904
5001 - 10000	124	1.968	933486	1.989
10001 and above	188	2.983	40616915	86.522
TOTAL	6302	100.00	46943940	100.00

(x) **Shareholding Pattern as on 31st March, 2013**

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage (%)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
	(a) Individuals/H.U.F.	13	21,109,145	44.97
	(b) Central Government/State Government(s)	—	—	—
	(c) Bodies Corporate	3	3,007,410	6.41
	(d) Financial Institutions/Banks	—	—	—
	(e) Any Other (specify)	—	—	—
	SUB-TOTAL (A) (1)	16	24,116,555	51.37
(2)	Foreign			
	(a) Non-Resident Individuals/Foreign Individuals	1	586,400	1.24
	(b) Bodies Corporate	—	—	—
	(c) Institutions	—	—	—
	(d) Any Other (specify)	—	—	—
	SUB-TOTAL (A)(2)	1	586,400	1.24
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	17	24,702,955	52.62



Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage (%)
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds/UTI	—	—	—
(b)	Financial Institutions/Banks	4	2,250	0.01
(c)	Central Government/State Government(s)	—	—	—
(d)	Venture Capital Funds	—	—	—
(e)	Insurance Companies	—	—	—
(f)	Foreign Institutions Investors	—	—	—
(g)	Foreign Venture Capital Investors	—	—	—
	SUB-TOTAL (B)(1)	4	2,250	0.01
(2)	Non-institutional			
(a)	Bodies Corporate	170	3,757,582	8.00
(b)	Individuals			
i)	Holding nominal share capital upto ₹ 1 lakh	6,032	12,603,685	26.86
ii)	Holding nominal share capital in excess of ₹ 1 lakh	32	5,704,386	12.15
(c)	Any Other (specify) Individual Non-Resident Individual	—	—	—
	Foreign National	1	25,000	0.05
	Overseas Corporate Bodies	—	—	—
	Non Resident Individuals (Non-Rep)	16	27,390	0.06
	Non Resident Individuals (Rep)	30	120,692	0.26
	Trust	—	—	—
	SUB-TOTAL (B)(2)	6,281	22,238,735	47.37
	Total Public Shareholding (B) = (B)(1)+(B)(2)	6,285	22,240,985	47.38
	TOTAL (A)+(B)	6,302	46,943,940	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	—	—	—
1.	Promoter and Promoter Group	—	—	—
2.	Public	—	—	—
	GRAND TOTAL (A)+(B)+(C)	6,302	46,943,940	100.00

(xi) **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. INE052I01024. As on 31st March, 2013, 96.66% of the totals shares of the Company have been dematerialised.

(xii) **Outstanding: GDR/ADR/Warrants/Options**

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

The Company has issued 1,49,550 Equity Shares of ₹ 2/- each to its employees under the ESOP Scheme - 2008 at a price of ₹ 10/- & ₹ 12.40 per Share on 1st October, 2012 & 26th November, 2012.

(xiii) **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.

(xiv) **Plant Location:** D-2/3 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.
N/165 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.

(xv) **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. : 022-6700 1000
Fax No. : 022-28324404
E-mail : secretarial@camlinfs.com

(xvi) **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 Company Secretary for any assistance they may need.

11. Non Mandatory Requirements

Non Executive Chairman's Office

The Chairman of the Company is a Non Executive Chairman

Remuneration Committee

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

Shareholders rights

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

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 : 21st May, 2013



Certificate from Auditors Regarding Compliance of Conditions of Corporate Governance

The Members of Camlin Fine Sciences Limited

We have examined the compliance of conditions of Corporate Governance by Camlin Fine Sciences Ltd. for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement entered into by 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

Jayesh Thakur
Partner
Membership No. 39168

Place: Mumbai
Date : 21st May, 2013

AUDITORS' REPORT

TO
THE MEMBERS OF CAMLIN FINE SCIENCES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **CAMLIN FINE SCIENCES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view

in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss of the profit for the year ended on that date; and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W
Jayesh Thakur
Partner
Membership Number: 39168

Mumbai, 21st May, 2013



ANNEXURE REFERRED TO IN PARAGRAPH 7 OF OUR REPORT OF EVEN DATE

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of four years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
 - ii. (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
 - iii. (a) The Company has not granted fresh secured/unsecured loans, to companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 2908.16 lacs and ₹ 2908.16 lacs, respectively. The Company has not granted any secured/unsecured loans to firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (c) Except for an amount aggregating ₹ 1138.64 lacs outstanding towards principal and interest, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, in the cases where the overdue amount is more than ₹ One Lakh, in our opinion, except for loans overdue aggregating ₹ 963.32 lacs, reasonable steps have been taken by the Company for the recovery of the principal amounts and interest.
 - (e) The Company has not taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, 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 aforesaid internal control system.
 - v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 - vi. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
 - vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order 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. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the corporate guarantee given by the Company for loans taken by a subsidiary company from banks or financial institutions during the year are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

JAYESH THAKUR
Partner

Membership No. 39168

Date: 21st May 2013



Balance Sheet As at 31st March, 2013

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	938.88	935.89
(b) Reserve & Surplus	3	5,151.12	3,988.93
		6,090.00	4,924.82
2. Non-current liabilities			
(a) Long-term Borrowings	4	3,766.98	3,299.07
(b) Deferred tax liabilities	5	327.29	332.11
		4,094.27	3,631.18
3. Current liabilities			
(a) Short-term Borrowings	6	6,111.57	5,067.26
(b) Trade payables	7	7,873.08	5,720.96
(c) Other current liabilities	8	966.11	1,246.28
(d) Short-term provisions	9	843.38	505.50
		15,794.14	12,540.00
TOTAL		25,978.41	21,096.00
II. ASSETS			
Non-current assets			
1. (a) Fixed assets			
(i) Tangible assets	10	4,521.09	3,670.24
(ii) Intangible assets	10	897.32	1,171.37
(iii) Capital work-in-progress		76.02	223.22
		5,494.43	5,064.83
(b) Non-current Investments	11	133.31	133.31
(c) Long-term loans and advances	12	98.51	136.73
2. Current assets			
(a) Inventories	13	8,867.69	4,846.39
(b) Trade receivables	14	6,848.18	6,279.56
(c) Cash and Cash Equivalents	15	1,037.38	707.97
(d) Short-term loans and advances	16	3,498.91	3,927.21
		20,252.16	15,761.13
TOTAL		25,978.41	21,096.00
Significant Accounting Policies	1		
Notes to the Financial Statements	26-37		

As per our report of even date annexed

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Jayesh Thakur
Partner
(M. No. 39168)

Mumbai
Dated: 21st May, 2013

Dilip D. Dandekar *Chairman*
Ashish S. Dandekar *Managing Director*
Sharad M. Kulkarni *Director*
Pramod M. Sapre *Director*
Bhargav A. Patel *Director*
Dattatraya R. Puranik *Executive Director & Chief Financial Officer*

Statement of Profit and Loss For the Year ended 31st March, 2013

(₹ in Lacs)

Particulars Continuing Operations	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I. Income			
Revenue from operations (Gross)		32,276.48	25,620.94
Less: Excise Duty		(923.01)	(414.71)
Revenue from operations (Net)	17	31,353.47	25,206.23
II. Other Income	18	286.50	355.79
III. Total Revenue (I + II)		31,639.97	25,562.02
IV. EXPENDITURE:			
Cost of materials consumed	19	18,091.79	14,720.66
Purchase of stock-in-trade	20	2,006.66	2,332.58
Changes in Inventories of finished goods/WIP/stock-in-trade	21	(84.53)	(566.76)
Employee benefits expense	22	1,127.98	887.56
Finance cost	23	1,752.13	1,620.11
Depreciation and amortisation expense	10	855.69	648.94
Research and development expenses	24	172.39	149.55
Other expenses	25	5,465.09	4,125.31
		29,387.20	23,917.95
V. Profit before tax (III - IV)		2,252.77	1,644.07
VI. Less: Tax expense			
— Current tax		765.63	591.38
— Deferred tax		(4.82)	38.66
Prior period Tax Adjustment		16.05	—
VII. Profit for the period (V - VI)		1,475.91	1,014.03
VIII. Earnings per equity share of face value of ₹ 2/- each	29 (i)		
a. Basic		3.15	2.18
b. Diluted (Previous year earnings restated for share split)		3.13	2.16
Significant Accounting Policies	1		
Notes to the Financial Statements	26-37		

As per our report of even date annexed

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Jayesh Thakur
Partner
(M. No. 39168)

Dilip D. Dandekar *Chairman*
Ashish S. Dandekar *Managing Director*
Sharad M. Kulkarni *Director*
Pramod M. Sapre *Director*
Bhargav A. Patel *Director*
Dattatraya R. Puranik *Executive Director & Chief Financial Officer*

Mumbai
Dated: 21st May, 2013



Cash Flow Statement For the Year ended 31st March, 2013

(₹ in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	2,252.77	1,644.07
Adjustments for:		
Depreciation on Fixed Assets	855.69	648.94
Deferred employee compensation expenses amortised	3.22	6.03
Foreign Exchange loss/(gain) (Unrealised)	(121.06)	(39.82)
(Profit)/Loss on Sale of Fixed Assets	10.13	(179.36)
Provision for Doubtful Advances	208.32	—
Provision for Doubtful Debts (Net)	(59.82)	46.52
Provision for leave encashment	37.77	16.80
Interest Expenses	1,752.13	1,620.11
Interest Received/Dividend Received	(248.66)	(163.76)
Operating Profit before Working Capital changes	4,690.49	3,599.53
Adjustments for		
(Increase)/Decrease in inventories	(4,021.30)	(1,948.77)
(Increase)/Decrease in trade receivables	(441.96)	(2,261.12)
(Increase)/Decrease in short term loans and advances	219.98	(943.61)
(Increase)/Decrease in long term loans and advances	38.22	(18.19)
(Increase)/Decrease in trade payable	2,206.09	2,053.32
(Increase)/Decrease in other payable	(835.31)	829.82
Cash Generated from Operations	1,856.21	1,310.98
Direct taxes paid	(542.20)	(524.79)
Net cash from Operating Activities	1,314.01	786.19
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,302.83)	(1,538.41)
Sale of Fixed Assets	7.40	328.40
(Purchase)/Sale of Investments	—	14.55
Profit/(Loss) on Sale of Investments	—	—
Interest received	248.61	163.66
Dividend received	0.05	0.10
Net cash used in Investing Activities	(1,046.77)	(1,031.70)

Cash Flow Statement For the Year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (Net of repayments)	2,029.24	2,301.31
Proceeds from Share Capital	18.64	32.15
Proceeds from Unsecured Loan	—	(425.00)
Interest Paid	(1,716.94)	(1,613.41)
Dividend Paid	(230.81)	(183.75)
Tax on Dividend	(37.96)	(30.19)
Net cash generated from Financing Activities	62.17	81.11
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	329.41	(164.40)
Opening Cash and Cash Equivalents		
Cash in hand	6.87	7.72
Bank balances	701.10	864.65
Closing Cash and Cash Equivalents		
Cash in hand	8.23	6.87
Bank balances	1,029.15	701.10
	1,037.38	707.97

As per our report of even date annexed

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Jayesh Thakur
Partner
(M. No. 39168)

Mumbai
Dated: 21st May, 2013

Dilip D. Dandekar	<i>Chairman</i>
Ashish S. Dandekar	<i>Managing Director</i>
Sharad M. Kulkarni	<i>Director</i>
Pramod M. Sapre	<i>Director</i>
Bhargav A. Patel	<i>Director</i>
Dattatraya R. Puranik	<i>Executive Director & Chief Financial Officer</i>



Notes to the Financial Statements For the Year Ended 31st March, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respects with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognised in the year in which the results are known/materialised.

(ii) Presentation and Disclosure of Financial Statements

Assets and liabilities are classified as current or non-current as per the provisions of the Revised Schedule VI to the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(iii) Tangible and Intangible 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 upgradation/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.

(iv) 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.

(v) Depreciation

(a) Depreciation on all assets of the company except on leasehold land, is provided on straight-line basis as required under schedule XIV to the Companies Act, 1956.

(b) Leasehold land is depreciated over its period of lease.

(c) Capitalised ERP hardware/software, technical know-how and development expenditure of projects/products incurred is amortised over the estimated period of benefits, not exceeding five years.

(vi) 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.

(vii) Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and packing materials are valued at cost or net realizable value whichever is lower. Cost is determined on the basis of weighted average method.

Notes to the Financial Statements For the Year Ended 31st March, 2013

Finished goods produced and purchased for sale and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores and spares are carried at cost.

(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 (R&D) is included under the natural heads of expenditure.

Capital expenditure on 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.

(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) Employee 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 statement of profit and loss.

(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 Statement of profit and loss on accrual basis.

The Company has a scheme of superannuation with LIC of India and contribution of the company is charged to the statement of profit and loss 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 the statement of profit and loss on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the projected unit credit method and debited to the statement of profit and loss on accrual basis. Charge to the statement of profit and loss 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.



Notes to the Financial Statements For the Year Ended 31st March, 2013

- (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 exists 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) Income Tax

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 being reversed in one or more subsequent periods.

(xv) Earning Per Share

Basic earnings 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 the 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) Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effect 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 statement of profit and loss on a straight-line basis over the lease term.

(xix) Segment Reporting

The Company operates in two business segments: Manufactured Products and Traded Products. These segments have been identified and reported taking into account the differential risks and return of the segments, the organisation structure and the internal financial reporting systems.

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under "Unallocable Expenses". Assets and Liabilities which relate to the enterprise as a whole but not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	As at	
	March 31, 2013	March 31, 2012
2. SHARE CAPITAL		
Details of authorised, issued and subscribed share capital		
Authorised Share Capital		
670,50,000 Equity Shares of ₹ 2/- each (Previous Year 670,50,000 equity shares of ₹ 2/- each)	1,350.00	1,350.00
Issued, subscribed and fully paid-up share capital		
4,69,43,940 Equity Shares of ₹ 2/- each (Previous Year 4,67,94,390 equity shares of ₹ 2/- each)	938.88	935.89
GRAND TOTAL	938.88	935.89
(a) Terms/Rights attached to equity shares		
The Company has only one class of shares referred to as equity shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.		
The Company declares and pays dividends in Indian Rupees. The dividend proposed by The Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.		
The Board of Directors in their meeting held on 21st May, 2013 proposed dividend of ₹ 0.60/- per equity shares of face value of ₹ 2/- (Previous Year ₹ 0.50/- per equity share of face value of ₹ 2/-).		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.		

(b) Reconciliation of the number of shares

Equity Shares

(₹ in Lacs)

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹	Number	₹
Face value per share (in ₹)		2		2
Shares outstanding at the beginning of the year	46,794,390	935.89	46,530,015	930.60
Add: Issued during the year	—	—	—	—
Add: Additions due to issue of ESOPs	149,550	2.99	264,375	5.29
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	46,943,940	938.88	46,794,390	935.89



Notes to the Financial Statements For the Year Ended 31st March, 2013

2. SHARE CAPITAL (Contd.)

(c) Details of Shareholders holding more than 5% shares in the company.

(₹ in Lacs)

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
Ashish S. Dandekar	5,558,295	11.84	5,558,295	11.88
Ashish S. Dandekar (Huf)	3,667,170	7.81	3,667,170	7.84
Leena A. Dandekar	2,861,280	6.10	2,861,280	6.11
Abha A. Dandekar	3,800,000	8.09	3,800,000	8.12
Vivek A. Dandekar	3,800,000	8.09	3,800,000	8.12
Camart Industries Ltd.	2,659,680	5.67	2,659,680	5.68
	22,346,425	47.60	22,346,425	47.75

(d) Shares reserved for issue under options

For details of shares reserved for issue under employees stock option (ESOP) plan of the company, refer note 26.

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
3. RESERVES AND SURPLUS		
(a) Capital Reserve	80.60	80.60
(b) Securities Premium Account		
Opening Balance	635.31	608.45
Add: ESOP Exercised (Refer note 26)	15.65	26.86
Closing Balance	650.96	635.31
(c) Employees Stock Options Outstanding (Refer Note 26)		
(a) Employee Stock Option Outstanding –		
Opening Balance	17.07	22.78
Add: Fresh grant of options	46.31	—
Less: Amount transfer to securities premium/option lapsed	(6.55)	(5.71)
Closing Balance	56.83	17.07
Less:		
(b) Deffered employee compensation expenses		
Opening Balance	7.54	13.96
Add: Fresh grant of options	46.31	—
Less: Amount transfer to employee compensation/option lapsed	(6.54)	(6.42)
Closing Balance	47.31	7.54
TOTAL (a-b)	9.52	9.53

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	As at	
	March 31, 2013	March 31, 2012
3. RESERVES AND SURPLUS (Contd.)		
(d) General Reserve		
Opening Balance (refer note below)	1,931.90	1,826.89
Add: Employees Stock Option Vested but Lapsed	0.14	—
Add: Transfer from Surplus	150.00	105.00
Closing Balance	2,082.04	1,931.89
(e) Surplus		
Opening	1,331.60	694.49
Add: Profit for the Year	1,475.91	1,014.03
	2,807.51	1,708.52
Less: Appropriations		
Proposed Dividend on Equity Shares	(281.66)	(233.97)
Tax on Proposed Dividends	(47.85)	(37.96)
Transfer to General Reserves	(150.00)	(105.00)
Total Appropriation	(479.51)	(376.93)
Closing Balance	2,328.00	1,331.60
GRAND TOTAL	5,151.12	3,988.93

Note:

Opening balance as of 01.04.2011 includes ₹ 16 lacs transferred on account of amalgamation of Sangam Laboratories Ltd. in financial year 2010-11 which is not available for distribution of dividends.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
4. LONG-TERM BORROWINGS				
SECURED				
(a) Foreign currency term loans:				
(i) From Banks	1,057.25	1,381.47	392.85	73.77
(b) Term loans:				
(i) From Banks	1,984.25	1,143.29	414.15	215.88
(c) Long-term maturities of finance lease obligations	30.53	77.40	46.86	41.19
TOTAL	3,072.03	2,602.16	853.86	330.84
UNSECURED				
(a) Deposits from Public	694.95	696.91	—	—
(b) Deferred Sales Tax Loan	—	—	—	5.99
TOTAL	694.95	696.91	—	5.99
GRAND TOTAL	3,766.98	3,299.07	853.86	336.83
Current Maturities of Long Term Borrowings have been disclosed under the head "Current Liabilities" Refer Note 8.			853.86	336.83



Notes to the Financial Statements For the Year Ended 31st March, 2013

4. LONG-TERM BORROWINGS (Contd.)

(a) Foreign currency term loans:

Foreign currency Term Loan from Exim Bank is repayable in 21 substantially equal quarterly installments commencing after a moratorium of 24 months from the date of 1st disbursement i.e 03.03.2013. The Loan is secured by (a) First pari passu mortgage and charge on the entire immoveable properties and moveable fixed assets of the company, both present and future, (b) Pledge of 100% equity stake of the SPV of CFSL set up in Mauritius, (c) pledge of 100% equity stake of the CFS EUROPE S.p.A, Italy held by the Mauritius SPV of CFSL. Collateral Security: 2nd pari passu charge on the entire Current assets of the Company.

(b) Term loans from Bank

Term loan from Exim Bank is repayable in 28 equal quarterly installments commencing after a moratorium period of one year for the date of first disbursement commencing from May13, 2010. The loan is secured by first pari passu charge on all the fixed assets of the Company, both present and future. Collateral Security: 2nd pari passu charge on the entire current assets of the Company.

Term loan from State Bank of Patiala is repayable in 26 equal quarterly installments commencing from 31.12.2013. The loan is secured by first pari passu charge on all the fixed assets of the Company, both present and future. Collateral Security: 2nd pari passu charge on the entire current assets of the Company.

Term loan from HDFC Bank is repayable in maximum tenure of five years. The loan is secured by hypothecation of vehicles.

Term loan from ICICI Bank is repayable in maximum tenure of five years. The loan is secured by hypothecation of vehicles.

(c) Finance lease obligations

Loan against lease assets from L&T Finance Ltd. is repayable in maximum tenure of two years. The loan is secured by furniture and fixture taken on lease.

(d) Deposits from Public

Deposits from public is repayable in maximum tenure of three years.

(e) Deferred Sales Tax Loan

Deferred sales tax loan pertains to financial year 1997-1998 to 2002-2003. The said loan is interest free and payable in six yearly installments starting from May 2010 and last installment payable before March 2021.

Years	₹ in Lacs
1-2	0.60
2-3	0.85
3-4	1.00
Beyond 4	2.20
	4.65

Total outstanding includes overdue amount of ₹ 0.73 Lacs pertaining to financial years 2010-11 & 2011-12. However, the Company has prepaid entire amount before balance sheet date irrespective of repayment schedule and hence the entire outstanding is considered as current borrowings.

5. DEFERRED TAX LIABILITY (Net)

The major components of deferred tax liability/asset as recognized in the financial statement is as follows:

(₹ in Lacs)

Particulars	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability		
Depreciation	422.36	376.68
Gratuity (Prepaid)	4.52	7.80
Lease Payments	23.71	15.49
Sub Total	450.59	399.97
Deferred Tax Asset		
Provision for Doubtful Debts & Advances	82.51	30.60
Leave Encashment	39.36	25.36
Other Disallowances under Income Tax Act	1.43	11.90
Sub Total	123.30	67.86
Net Deferred Tax Liability	327.29	332.11

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
6. SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand		
Cash credit/Packing credit in foreign currency from Bank	6,111.57	5,067.26
GRAND TOTAL	6,111.57	5,067.26
<u>Cash credit/Packing credit in foreign currency from banks</u>		
Cash credit/packing credit in foreign currency from banks is repayable on demand and is secured by primary charge over company's inventory of raw material, packing material, semi finished goods and book debts and further by way of collateral security in the form of equitable mortgage of factory land and building at Tarapur MIDC, Boisar as second charge. Second pari passu charge on all moveable and immoveable fixed assets of the company.		
7. TRADE PAYABLES		
Trade Payables*		
Due to Micro and Small Enterprises	—	—
Other than Micro and Small Enterprises	7,873.08	5,720.96
GRAND TOTAL	7,873.08	5,720.96
* 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, 2013.		
8. OTHER CURRENT LIABILITIES		
Current maturities of foreign currency debt	392.85	73.77
Current maturities of long-term debt	414.15	221.87
Current maturities of finance lease obligations	46.86	41.19
Interest accrued but not due on borrowings	53.06	17.87
Creditors for purchase of Fixed Assets	—	738.18
Unpaid dividends #	10.71	7.55
Share Application money received for allotment of securities and due for refund	0.38	0.39
Deposits	1.09	1.19
TDS Payable	30.07	101.20
Other statutory dues	16.94	43.07
GRAND TOTAL	966.11	1,246.28
# Does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
9. SHORT-TERM PROVISIONS		
Provision for employee benefits		
Leave encashment	115.81	78.04
Others:		
Provision for taxation	398.06	155.53
Proposed dividend	281.66	233.97
Tax on proposed dividend	47.85	37.96
GRAND TOTAL	843.38	505.50



Notes to the Financial Statements For the Year Ended 31st March, 2013

10. FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 1, 2012	Additions during the year	Deletions during the year	As at March 31, 2013	As at April 1, 2012	Depreciation charge for the year	Depreciation on deletions during the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Freehold Land*	190.38	—	—	190.38	—	—	—	—	190.38	190.38
Leasehold Land	2.67	—	—	2.67	0.89	0.03	—	0.92	1.75	1.78
Factory & Other Building	849.42	89.40	—	938.82	260.98	53.97	—	314.95	623.87	588.44
Site Development	37.55	—	—	37.55	5.64	0.61	—	6.25	31.30	31.91
Plant, Equipment & Machinery	5,214.28	1,138.69	0.21	6,352.76	2,878.86	432.97	0.01	3,311.82	3,040.94	2,335.44
Furniture & Fixtures										
Owned	196.86	33.01	—	229.87	42.52	20.38	—	62.90	166.97	154.33
Leased	194.09	—	—	194.09	31.51	13.41	—	44.93	149.16	162.57
Vehicles	161.51	107.32	36.57	232.26	38.44	18.56	19.24	37.76	194.50	123.07
ERP Hardware Cost	91.85	26.60	—	118.45	52.32	13.81	—	66.13	52.32	39.53
R&D Assets	58.42	32.37	—	90.79	15.63	5.26	—	20.89	69.90	42.79
TOTAL	6,997.04	1,427.39	36.78	8,387.64	3,326.79	559.00	19.25	3,866.55	4,521.09	3,670.24
Intangible Assets										
ERP Software Cost	101.87	18.45	—	120.32	60.10	17.24	—	77.34	42.98	41.77
Technical Know-How	1,248.72	4.19	—	1,252.91	119.12	279.45	—	398.57	854.34	1,129.61
TOTAL	1,350.59	22.64	—	1,373.23	179.22	296.69	—	475.91	897.32	1,171.37
Current Years Total	8,347.62	1,450.03	36.78	9,760.87	3,506.01	855.69	19.25	4,342.46	5,418.41	4,841.60
Previous Year	6,941.26	1,645.20	238.79	8,347.65	2,946.86	648.94	89.75	3,506.04	4,841.61	

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

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
11. NON-CURRENT INVESTMENTS		
A. Trade Investments (Valued at cost unless stated otherwise)		
Investment in Equity instruments (Unquoted)		
Investment in Subsidiaries		
– CFCL Mauritius Pvt. Ltd.	59.73	59.73
1,32,000 equity shares of USD 1 fully paid (Previous year 1,32,000 equity shares of USD 1 fully paid)		
– Dulcette Technologies LLC	32.53	32.53
Capital Contribution USD 76,000 (Previous year capital contribution USD 76,000)		
Investment in Associates		
– Fine Lifestyle Brand Ltd.	25.50	25.50
2,55,000 equity shares of ₹ 10/- each fully paid (Previous year 2,55,000 equity shares of ₹ 10/- each fully paid)		
Other non-current investments		
– Fine Renewable Energy Ltd.	5.10	5.10
51,000 equity shares of ₹ 10/- each fully paid (Previous year 51,000 equity shares of ₹ 10/- each fully paid)		
– Chemolutions Chemicals Ltd.	9.95	9.95
99,500 equity shares of ₹ 10/- each fully paid (Previous year 99,500 equity shares of ₹ 10/- each fully paid)		
	132.81	132.81
B. Non-Trade Investments		
Investment in Equity instruments (Unquoted)		
– Saraswat Co-op. Bank Ltd.	0.50	0.50
5,000 equity shares of ₹ 10/- each fully paid (Previous year 5,000 equity shares of ₹ 10/- each fully paid)		
	0.50	0.50
GRAND TOTAL (A+B)	133.31	133.31
Aggregate amount of unquoted investments	133.31	133.31

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
12. LONG-TERM LOANS AND ADVANCES		
(a) Capital Advances		
Unsecured, considered good	4.44	50.20
	4.44	50.20
(b) Security Deposits		
Unsecured, considered good	94.07	86.53
	94.07	86.53
GRAND TOTAL	98.51	136.73
13. INVENTORIES (valued at lower of cost or net realisable value)		
(a) Raw Materials and components (including packing materials)	4,497.45	1,685.10
(b) Raw Material and components (including packing materials) in transit	1,115.93	—
(c) Work-in-progress	942.13	2,058.08
(d) Finished goods	1,870.17	1,071.99
(e) Stock-in-trade	433.52	15.13
(f) Consumables	8.49	16.09
GRAND TOTAL	8,867.69	4,846.39
14. TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	—	—
Unsecured, considered good	674.27	834.23
Doubtful	34.45	94.27
	708.72	928.50
Less: Provision for doubtful debts	(34.45)	(94.27)
	674.27	834.23
Others		
Unsecured, considered good [Net of Bills Discounted ₹ 4,360.35 Lacs (Previous year ₹ 3,213.28 Lacs)]	6,173.91	5,445.33
	6,173.91	5,445.33
GRAND TOTAL	6,848.18	6,279.56



Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
15. CASH AND BANK BALANCES		
Cash & Cash equivalents		
(a) Balances with banks		
In Current account	75.57	89.70
Unpaid Dividend/Interest Account	11.19	8.15
(b) Cash on hand	8.23	6.87
	94.99	104.72
Other Bank Balances		
On Margin accounts	942.39	603.25
GRAND TOTAL	1,037.38	707.97
16. SHORT-TERM LOANS AND ADVANCES		
(a) Loans and advances to related parties (refer note no. 27) (Unsecured, considered good)	1,944.84	2,028.28
	1,944.84	2,028.28
(b) Loans to company		
Unsecured, considered good	782.16	1,386.36
Doubtful	208.32	—
	990.48	1,386.36
Less: Provision for doubtful debts	208.32	—
	782.16	1,386.36
(c) Other Loans and Advances (Unsecured, considered good)		
Prepaid expenses	144.02	54.48
Loans to employees	4.92	15.38
Gratuity	13.36	24.08
Balance with statutory/government authorities	472.75	356.85
Deposits	136.86	61.36
Others	—	0.42
	771.91	512.57
GRAND TOTAL	3,498.91	3,927.21

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
17. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished goods	30,735.45	22,895.65
Traded goods	1,532.20	2,694.46
Sale of services	—	20.03
Other operating revenues		
— Export Benefits	—	3.73
— Scrap sales	8.83	7.07
Revenue from operations (gross)	32,276.48	25,620.94
Less: Excise Duty	(923.01)	(414.71)
GRAND TOTAL	31,353.47	25,206.23
18. OTHER INCOME		
Interest Income	248.61	163.66
Dividend Income	0.05	0.10
Profit on Sale of Fixed Assets (Net)	—	179.36
Miscellaneous Receipts	37.84	12.67
GRAND TOTAL	286.50	355.79
19. COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	1,685.10	303.09
Add: Purchases of Raw Materials	22,028.57	16,102.67
Less: Closing Stock of Raw Materials	5,621.88	1,685.10
GRAND TOTAL	18,091.79	14,720.66
20. PURCHASE OF STOCK-IN-TRADE		
Purchases of Goods for Trade	2,006.66	2,332.58
GRAND TOTAL	2,006.66	2,332.58



Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
21. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS		
Opening Inventory		
Finished Goods	1,103.21	106.91
Work-In-Progress	2,058.08	2,487.62
	3,161.29	2,594.53
Closing Inventory		
Finished Goods	2,303.69	1,103.21
Work-In-Progress	942.13	2,058.08
	3,245.82	3,161.29
GRAND TOTAL	(84.53)	(566.76)
22. EMPLOYEE BENEFIT EXPENSES		
Salaries and incentives	965.68	758.10
Contributions to:		
Provident fund	63.06	48.76
Gratuity fund	26.27	25.06
Expense on Employee Stock Option Scheme (ESOP)	3.22	6.03
Staff welfare expenses	69.75	49.61
GRAND TOTAL	1,127.98	887.56
23. FINANCE COST		
Interest	1,347.91	1,215.99
Bank Charges	326.48	307.04
Exchange Difference to the extent considered as an adjustment to borrowing cost	77.74	97.08
GRAND TOTAL	1,752.13	1,620.11
24. RESEARCH & DEVELOPMENT EXPENSES		
Salaries and incentives	79.62	57.90
Travelling & Conveyance	7.73	5.06
Professional fees	23.13	33.12
Laboratory Expenses	43.17	49.19
Other Expenses	18.74	4.28
GRAND TOTAL	172.39	149.55

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012
25. OTHER EXPENSES			
Consumption of Stores and Spares		139.32	92.47
Power and Fuel		1,020.26	1,068.02
Rent		291.03	172.55
Rates and Taxes		3.49	4.63
Insurance		127.37	83.76
Repairs			
— Building		8.50	—
— Machinery		53.60	83.12
— Others		125.50	112.10
Sub Contracting Charges		669.92	441.03
Labour Charges		320.10	235.73
Advertisement and Sales Promotion		293.57	245.25
Transport & Forwarding Charges		463.27	274.56
Commission/Discount/Service Charges on Sales		179.58	126.20
Travelling & Conveyance		285.33	280.20
Directors Meeting Fees		6.27	5.21
Auditor's Remuneration		17.90	18.56
Legal & Professional fees		299.53	186.84
Bad Debts Written Off	512.39		54.74
Add: Provision for Doubtful Debts	34.45		74.97
Add: Provision for Doubtful Advances	208.32		—
Less: Provision Written Back	(94.27)		(28.45)
		660.89	101.26
Loss on Sale/Discarding of Assets		10.13	—
Loss on Foreign Exchange Fluctuations		61.30	101.56
Miscellaneous Expenses		428.23	492.26
GRAND TOTAL		5,465.09	4,125.31
Note:			
Payment to Auditor			
As Auditor :			
Audit Fees Standalone Financials		8.00	8.00
Audit Fees Consolidation Financials		1.00	2.00
Tax Audit Fees		2.00	2.00
In Other Capacity			
Taxation Matters		1.00	2.00
Certification		2.90	1.81
Other Services		2.70	2.60
Reimbursement of Expenses		0.30	0.15
GRAND TOTAL		17.90	18.56



Notes to the Financial Statements For the Year Ended 31st March, 2013

26. EMPLOYEE STOCK OPTIONS

The Company has Employee Stock Option Scheme called "Camlin Fine Sciences 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 ₹ 2/- each of the Company.

In the Annual General Meeting held on 1st August, 2012, the members have approved 'Camlin Fine Sciences Employees Stock Option Scheme, 2012'. In accordance with this scheme, the company has granted 7,47,000 options on 19th November, 2012 to the employees, where each option will entitle one fully paid-up equity share of ₹ 2/- each of the company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010	19th November, 2012
Number of Options granted	9,70,500	83,500	1,61,000	3,20,000	7,47,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant				Options will lapse if not exercised within 3 years from the date of grant
Exercise Price (per share)	₹ 10	₹ 10	₹ 10	₹ 12.40	₹ 16
Method of settlement	By issue of Shares at Exercise Price				
Vesting Conditions	10% On expiry of 12 months from the date of grant;				50% On expiry of 12 months from the date of grant
	15% On expiry of 24 months from the date of grant;				25% 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 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	Tranche V
Options outstanding on 1st April, 2012	4,68,750	17,375	1,39,900	1,90,000	Nil
Options granted during the year	Nil	Nil	Nil	Nil	7,47,000
Options forfeited/lapsed during the year	8,675	Nil	2,400	40,875	31,500
Options vested but lapsed	5,275	Nil	Nil	1,125	Nil
Options exercised during the year	1,18,025	3,125	4,400	24,000	Nil
Options outstanding on 31st March, 2013	3,36,775	14,250	1,33,100	1,24,000	7,15,500
Options vested but not exercised on 31st March, 2013	1,43,475	7,200	54,875	10,000	Nil

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Average Share Price *	₹ 14.67	Nil	₹ 14.67	₹ 14.67	Nil
Exercise/Grant Price **	₹ 10.00	₹ 10.00	₹ 10.00	₹ 12.40	₹ 16.00
Market Price ***	₹ 12.00	₹ 9.00	₹ 11.70	₹ 15.20	₹ 22.20

* 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.

Notes to the Financial Statements For the Year Ended 31st March, 2013

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	Tranche V
Opening unamortised amount	2,50,000	Nil	1,22,879	3,81,267	Nil
Total amount to be amortised over the vesting period	Nil	Nil	Nil	Nil	46,31,400
Charge to Statement Profit and Loss for the year	2,01,285	Nil	49,730	1,36,657	Nil
ESOP Lapsed	3,811	Nil	1,496	65,222	1,95,300
Unamortised amount carried forward	44,903	Nil	71,652	1,79,386	44,36,100

During the year, 1,49,550 equity shares of ₹ 2/- each (Previous year 2,64,375 equity shares of ₹ 2/- each) have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 15.65 Lacs (Previous year ₹ 26.86 Lacs) has been accounted.

27. DETAILS OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO SUBSIDIARIES AND ASSOCIATES

(₹ in Lacs)

Particulars	Balance at the year end	Maximum amount outstanding during the year
CFCL Mauritius Pvt. Ltd. (Subsidiary)	1,911.84	1,911.84
	(1,953.88)	(1,953.88)
CFS EUROPE S.p.A. Italy (Step Down Subsidiary)	Nil	34.64
	(34.67)	(34.67)
Fine Lifestyle Brands Limited (Associate)	33.00	33.00
	(39.73)	(39.73)

28. COMMISSION TO DIRECTORS

During the year the Company has made a provision towards commission payable to Non-executive Directors @ 1% of net profits of the Company for the financial year 2012-2013 subject to overall ceiling of ₹ 12.00 lacs. As required by Section 309(4)(b) of the Companies Act, 1956, the Company will obtain necessary approval of the members by passing a special resolution in the ensuing Annual General Meeting.

29. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS ISSUED BY INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(i) Earnings Per Share (Basic and Diluted)

Particulars	2012-13	2011-12
Net Profit/(Loss) after Tax as per statement of profit and loss available for equity shareholders (₹ Lacs)	1,475.91	1,014.03
Weighted average no. of equity shares used in computing basic earnings per share	4,68,54,381	4,66,11,495
Effect of potential ordinary shares on conversion of stock options.	2,79,232	4,13,517
Weighted average no. of equity shares used in computing diluted earnings per share.	4,71,33,613	4,70,25,012
— Basic Earnings per Share (₹)	3.15	2.18
— Diluted Earnings per Share (₹)	3.13	2.16



Notes to the Financial Statements For the Year Ended 31st March, 2013

(ii) Foreign Currency Transactions:

Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Statement of Profit and Loss is ₹ 61.30 Lacs (Previous year ₹ 101.56 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2013 is as follows:

(Currency in Lacs)

Particulars	Currency	2012-13	2011-12
(a) Trade Receivable	USD	49.96	63.41
	EURO	17.37	7.23
(b) Trade Payable	USD	46.78	52.00
	EURO	44.53	30.69
(c) Term Loan	USD	26.66	28.45
(d) Advance Receivable	EURO	25.62	25.62

There are no outstanding hedged exposures in foreign currency transactions as on March 31, 2013.

(iii) Retirement Benefits:

(a) Defined Contribution Plans

The Company's contribution paid/payable during the year to Provident Fund, Superannuation Fund are charged to the Statement of Profit and Loss.

(b) Defined Benefit Plans

(i) Gratuity as per Actuarial valuation:

(₹ in Lacs)

No. Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
I. Expense recognised in the Statement of Profit and Loss					
1. Current Service Cost	7.16	6.75	5.72	5.70	6.94
2. Interest	10.04	8.49	7.00	6.23	5.67
3. Expected Return on plan assets	(12.22)	(9.44)	(7.01)	(7.28)	(6.89)
4. Actuarial (Gain)/Loss	23.83	18.45	1.60	9.00	12.26
5. Total expense	28.81	24.25	7.31	13.64	17.98
II. Net Asset/(Liability) recognised in the Balance Sheet:					
1. Present Value of Defined Benefit Obligation at end of the year	148.20	118.06	102.90	84.88	77.31
2. Fair Value of plan assets at the end of the year	161.56	142.15	118.05	87.64	81.45
3. Funded status [Surplus/(Deficit)]	13.36	24.08	15.15	2.75	4.14
4. Net Asset/(Liability) at the end of the year	13.36	24.08	15.15	2.75	4.14

Notes to the Financial Statements For the Year Ended 31st March, 2013

No. Particulars	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
III. Change in the obligation during the year:					
1. Present Value of Defined Benefit Obligation at the beginning of the year	118.06	102.89	84.88	77.31	70.49
2. Current Service Cost	7.16	6.76	5.72	5.70	6.94
3. Interest Cost	10.04	8.49	7.00	6.23	5.67
4. Actuarial (Gain)/Loss	25.12	9.01	11.71	0.89	7.21
5. Benefit payments	(12.18)	(9.09)	(6.42)	(5.25)	(13.00)
6. Present Value of Defined Benefit Obligation at the end of the year	148.20	118.06	102.89	84.88	77.31
IV. Change in Fair Value of Assets during the year ended:					
1. Fair Value of plan assets at the beginning of the year	142.15	118.05	87.64	81.45	92.61
2. Expected return on plan assets	12.22	9.44	7.01	7.28	6.89
3. Contributions by employer	18.08	33.19	19.71	12.27	—
4. Actual benefits paid	(12.18)	(9.09)	(6.42)	(5.25)	(13.00)
5. Actuarial Gain/(Loss) on Plan Assets	1.29	(9.44)	10.11	(8.11)	(5.05)
6. Fair Value of plan assets at the end of the year.	161.56	142.15	118.05	87.64	81.45
V. The major categories of plan assets as a percentage of total plan:					
Funded with LIC	100%	100%	100%	100%	100%
VI. Actuarial assumptions:					
1. Discount Rate	8.00%	8.50%	8.25%	7.50%	7.50%
2. Expected rate of return on plan assets	8.70%	8.60%	8.00%	8.00%	8.00%

(ii) Leave Encashment:

The accumulated balance of Leave Encashment (Unfunded) provided in the books as at 31st March 2013 ₹ 115.81 Lacs (Previous year ₹ 78.04 Lacs), determined on actuarial basis using projected unit credit method.



Notes to the Financial Statements For the Year Ended 31st March, 2013

(iv) Related Party Disclosures:

(a) Subsidiaries, Joint Venture & Associate Companies:

Name of the Related Party	Nature of Relationship
CFCL Mauritius Private Limited	Subsidiary Company
CFS Europe S.p.A	Step down Subsidiary
Dulcette Technologies LLC	Subsidiary Company (Joint Venture with Viachem LLC with 61% stake)
Fine Lifestyle Brands Ltd.	Associate Company
Fine Lifestyle Solutions Ltd.	Associate Company
Fine Renewable Energy Ltd.	Associate Company
Focussed Event Management Pvt. Ltd.	Associate Company
Vibha Agencies Pvt. Ltd.	Associate Company
Abana Medisys Pvt. Ltd.	Associate Company

(b) Key Management Personnel and their relatives:

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman
Mr. A. S. Dandekar	Managing Director
Mr. D. R. Puranik	Executive Director & CFO
Mr. S. D. Dandekar	Management Consultant
Mrs. R. S. Dandekar	Management Consultant
Mrs. L. A. Dandekar	Promoter Group
Master Vivek A. Dandekar	Promoter Group
Ms. Abha A. Dandekar	Promoter Group

(c) Transactions with Related Parties:

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Ventures	Associate Companies	Key Management Personnel & their Relatives
1.	Purchases/Expenses:			
i.	Goods	10,420.38 (6,280.48)	Nil (13.76)	Nil (Nil)
ii.	Fixed Asset	Nil (738.20)	Nil (Nil)	Nil (Nil)
iii.	Services	Nil (20.75)	Nil (Nil)	6.60 (5.55)
iv.	Salaries	Nil (Nil)	Nil (Nil)	12.13 (12.13)
2.	Sales:			
i.	Goods	1,720.39 (233.12)	Nil (2.46)	Nil (Nil)
3.	Finance:			
i.	Inter Corporate Loans Given	Nil (Nil)	Nil (330.10)	Nil (Nil)
ii.	Loan Taken from Directors	Nil (Nil)	Nil (Nil)	Nil (200.00)
iii.	Interest Received	Nil (Nil)	1.30 (48.46)	Nil (Nil)
iv.	Interest Paid	Nil (Nil)	Nil (Nil)	Nil (7.56)

Notes to the Financial Statements For the Year Ended 31st March, 2013

(₹ in Lacs)

Sr. No.	Nature of Transactions	Subsidiaries & Joint Ventures	Associate Companies	Key Management Personnel & their Relatives
4.	Other Transactions:			
i.	Reimbursement received from parties	21.66 (Nil)	3.80 (8.32)	Nil (Nil)
5.	Outstanding:			
i.	Payable	1,095.31 (772.37)	Nil (Nil)	Nil (Nil)
ii.	Receivable	1114.53 (190.35)	74.59 (39.72)	Nil (Nil)
iii.	Inter Corporate Loans Given	1911.84 (1,798.18)	Nil (39.73)	Nil (Nil)
6.	Managerial Remuneration:	Nil (Nil)	Nil (Nil)	189.03 (98.55)

(d) Significant Transactions with Related Parties:

(₹ Lacs)

Particulars	2012-13	2011-12
Subsidiary Companies		
(i) Purchase		
Goods		
CFS Europe S.p.A	10,420.28	6,280.48
Fixed Assets		
CFS Europe S.p.A	Nil	820.18
(ii) Sales		
CFS Europe S.p.A	1,720.39	184.17
(iii) Services		
Dulcette Technologies LLC	Nil	20.75
(iv) Finance		
a) Inter Corporate Loans Given		
CFCL Mauritius Pvt. Ltd.	Nil	153.21
(v) Outstanding		
Inter Corporate Loans Given		
CFCL Mauritius Pvt. Ltd.	1,911.84	1953.88
(vi) Receivables		
CFCL Mauritius Pvt. Ltd.	161.46	Nil
CFS Europe S.p.A	953.08	Nil
Associate Companies		
(i) Purchases		
Chemolutions Chemicals Ltd.	Nil	13.76
(ii) Sales		
Chemolutions Chemicals Ltd.	Nil	2.47
(iii) Finance:		
Inter Corporate Loans Given		
Chemolutions Chemicals Ltd.	Nil	330.10
Interest Received		
Chemolutions Chemicals Ltd.	Nil	44.15



Notes to the Financial Statements For the Year Ended 31st March, 2013

Particulars	2012-13	2011-12
Key Management Personnel		
(i) Managerial Remuneration		
(a) Mr. A. S. Dandekar#	130.91	80.55
(b) Mr. D. D. Dandekar	18.00	18.00
(c) Mr. D. R. Puranik	40.12	Nil

Mr. Ashish S. Dandekar was reappointed as the Managing Director of the company for a period of three years w.e.f. 1st August, 2012 at a gross remuneration payable by way of salary, perquisites and other allowances. He is also eligible for remuneration by way of commissions calculated under the provisions of section 198 and 309 of the Companies Act, 1956 as well as provided, superannuation and gratuity fund. Approval from the shareholders for the same was obtained in the Annual General Meeting held on 1st August, 2012. The company has sought approval of the Central Government in relation to remuneration paid to him. The approval is awaited

(v) Leases

Particulars	Finance Lease	
	March 31, 2013	March 31, 2012
Total Minimum Lease Payments at the year end	54.77	54.77
Less: Amount representing finance charges	13.58	18.61
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	41.19	36.16
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 46.86 Lacs as on 31.03.2013 (₹ 41.19 as on 31.03.2012)]	54.77	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 30.54 Lacs as on 31.03.2013 (₹ 77.40 as on 31.03.2012)]	32.24	87.01
Later than five years [For finance lease : Present value ₹ Nil as on 31.03.2013 (₹ Nil as on 31.03.2012)]	—	—

(vi) Segmental Reporting

The Company predominantly deals in manufacture of food and industrial antioxidants and has enhanced its product portfolio to include those used in food chemistry, biotechnology, biochemistry etc. During the year, the Company has increased business by trading in these products. Accordingly, as per the provisions of AS-17, Segmental Reporting, the Company now operates in two business segments namely manufactured and traded products. There are no inter segment transactions during the year. Prior to the current year, the Company's operations consisted predominantly of sale of manufactured products and hence comparative segmental disclosures for earlier corresponding year are not provided.

Sr. No.	Particulars	March 31, 2013	March 31, 2012
(1)	Segment Revenue (Net of Excise & Trade Discount)/ Income from Operations:		
	(a) Manufactured Products	29,812.44	22,480.93
	(b) Traded Products	1,532.20	2,694.46
	Net Sales/Income from Operations	31,344.64	25,175.40
(2)	Segment Results:		
	Profit (+)/Loss (-) before Interest & Tax		
	(a) Manufactured Products	5,381.44	4,107.31
	(b) Traded Products	106.92	308.00
	TOTAL	5,488.36	4,415.31
	Less: (i) Interest	1,752.13	1,620.11
	(ii) Unallocable Corporate Expenses net of unallocable corporate income	1,483.46	1,151.13
	Profit (+)/Loss (-) before Tax	2,252.77	1,644.07

Notes to the Financial Statements For the Year Ended 31st March, 2013

Sr. No.	Particulars	March 31, 2013	March 31, 2012
(3)	Capital Employed:		
	(Segment Assets – Segment Liabilities)		
	(a) Manufactured Products	4,209.59	2,140.32
	(b) Traded Products	247.59	314.20
	(c) Unallocated	1,632.82	2,470.30
	Total Capital Employed:	6,090.00	4,924.82

30. CONTINGENT LIABILITIES

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
(a) In respect of Bills of Exchange/cheque discounted with the Bankers	4,360.35	3,213.28
(b) In respect of Bank Guarantees issued to VAT and Custom Authorities	336.86	364.99
(c) In respect of Corporate Bank Guarantees issued against the borrowings of:		
(i) CFS Europe S.p.A. - Subsidiary Company	1,900.00	1,900.00
(ii) Chemolutions Chemicals Ltd.	Nil	500.00
(d) In respect of Corporate Guarantees issued against the contractor's payment obligations and supply of material:		
CFS Europe S.p.A. - Subsidiary Company	3,849.10	Nil

31. COMMITMENTS

- Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 7.57 Lacs. (Previous year ₹ 12.99 Lacs).
- The total investment in the joint venture company Dulcette Technologies LLC, USA is expected to be to the tune of USD 3,00,000 with Camlin Fine Sciences Ltd's share of 61%. Total capital contribution of the company as on March 31, 2013 is USD 76,000 equivalent to ₹ 32.53 Lacs.
- The information in respect of commitment has been given only in the respect of capital commitment in order to avoid providing excess details that may not assist user of financial statements.

32. DETAIL OF SALES

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Food Antioxidants/Ingredients	25,109.35	21,457.63
Industrial Products (Including Traded)	6,235.28	3,638.93
Sugar Free Products	Nil	78.85
TOTAL	31,344.64	25,175.41

33. CONSUMPTION OF RAW MATERIALS, PACKING MATERIALS AND TRADED GOODS

(₹ In Lacs)

Particulars	March 31, 2013	March 31, 2012
Hydroquinone	11,071.18	10,244.56
Tertiary Butyl Alcohol	2,287.42	1,865.66
Toluene	1,613.44	1,107.15
Others	5,125.81	3,835.87
TOTAL	20,098.45	17,053.24



Notes to the Financial Statements For the Year Ended 31st March, 2013

34. IMPORTED AND INDIGENOUS RAW MATERIALS, GOODS FOR TRADE, COMPONENTS AND SPARE PARTS CONSUMED

	% of total consumption	Value (₹ in Lacs)	% of total consumption	Value (₹ in Lacs)
	March 31, 2013		March 31, 2012	
Imported	77%	15,424.06	79%	13,455.39
Indigenously obtained	23%	4,674.39	21%	3,597.85
	100%	20,098.45	100%	17,053.24

35. VALUE OF IMPORTS ON CIF BASIS

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Raw Material	18,314.87	13,082.44
Purchase of Traded Goods	2,006.66	2,069.44
	20,321.53	15,151.88

36. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Professional Fees	64.66	38.20
Commission and Sales Promotion	253.00	189.16
Travel	54.52	57.25
Technical Know-how	Nil	738.20
	372.18	1,022.81

37. EARNINGS IN FOREIGN EXCHANGE

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Exports at F.O.B. Value (Including Trading)	23,340.88	21,112.31

As per our report of even date annexed

For B. K. Khare & Co.

Chartered Accountants

FRN 105102W

Jayesh Thakur

Partner

(M. No. 39168)

Dilip D. Dandekar *Chairman*

Ashish S. Dandekar *Managing Director*

Sharad M. Kulkarni *Director*

Pramod M. Sapre *Director*

Bhargav A. Patel *Director*

Dattatraya R. Puranik *Executive Director & Chief Financial Officer*

Mumbai

Dated: 21st May, 2013

Statement pursuant to Section 212(3) of the Companies Act, 1956 relating to Subsidiary Companies

(₹ in Lacs)

Name of Subsidiary	Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	CFS Europe S.p.A
1. Financial year of the subsidiary Company ends on	31st December, 2012	31st March, 2013	31st March, 2013
2. Holding Company's interest:			
I. No. of shares held	N.A.	1,32,000	20,00,000
II. Percentage of shareholding	61%	100%	100%
3. The net aggregate amount of the subsidiary's profit/(loss) so far as it concerns members of the Holding Company and is not dealt with in the Holding Company's a/cs:			
I. For the financial year of the subsidiary.	(0.47)	(4.93)	70.32
II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary.	(23.59)	(2.93)	118.76
4. 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
FRN 105102W

Jayesh Thakur
Partner
(M. No. 39168)

Mumbai
Dated: 21st May, 2013

Dilip D. Dandekar *Chairman*
Ashish S. Dandekar *Managing Director*
Sharad M. Kulkarni *Director*
Pramod M. Sapre *Director*
Bhargav A. Patel *Director*
Dattatraya R. Puranik *Executive Director & Chief Financial Officer*



Details of Subsidiary Companies as provided pursuant to the Directions of the Department of Company Affairs (while granting permission to the Company) Under Section 212(8) of the Companies Act, 1956

(₹ in Lacs)

Sr. No.	Name of Subsidiary	Dulcette Technologies LLC	CFCL Mauritius Pvt. Ltd.	CFS Europe S.p.A**
1.	Capital	52.43	59.73	1,390.80
2.	Reserves	(146.03)	(15.05)	721.91
3.	Total Assets	42.16	1,153.32	15,774.14
4.	Total Liabilities	135.76	1,965.62	13,760.03
5.	Details of Investments	Nil	856.98	98.60
6.	Turnover	73.51	Nil	18,811.50
7.	Profit/(Loss) Before Taxation	(0.77)	(4.93)	131.81
8.	Provision For Taxation	Nil	Nil	61.49
9.	Profit/(Loss) After Taxation	(0.77)	(4.93)	70.32
10.	Proposed Dividend	Nil	Nil	Nil

* Exchange Rate as on 31st March 2013 — 1 EURO = ₹ 70.07.

** CFS Europe S.p.A is step down subsidiary of Camiln Fine Sciences Limited in which CFCL Mauritius Limited a subsidiary of Camlin Fine Sciences Limited holds 100% of equity shares.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CAMLIN FINE SCIENCES LIMITED

1. We have audited the accompanying consolidated financial statements of **CAMLIN FINE SCIENCES LIMITED** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

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

3. Auditor's Responsibility

3.1 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

3.2 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting

estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

3.3 We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ₹ 16969.62 lacs as at 31st March, 2013, total revenue of ₹18885.01 lacs and cash flows amounting to ₹ 1213.86 lacs for the year then ended and financial statements of associates in which the share of loss of the Group is ₹ 2.78 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

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

4. Opinion

On the basis of information and explanations given to us, and on consideration of the separate audit reports on individual audited financial statements of Camlin Fine Sciences Limited, its subsidiaries and unaudited financial statements of the joint venture referred in para 3.3. above, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the consolidated 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

Jayesh Thakur
Partner
Membership No. 39168

Place : Mumbai
Date : 21st May, 2013



Consolidated Balance Sheet As at 31st March, 2013

(₹ in Lacs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	938.88	935.89
(b) Reserve & Surplus	3	5,599.46	4,354.69
		6,538.34	5,290.58
2. Non-current liabilities			
(a) Long-term Borrowings	4	3,766.98	3,299.06
(b) Deferred tax liabilities	5	314.70	330.16
		4,081.68	3,629.22
3. Current liabilities			
(a) Short-term Borrowings	6	7,949.78	8,853.09
(b) Trade payables	7	15,747.03	8,722.17
(c) Other current liabilities	8	1,374.47	1,129.08
(d) Short-term provisions	9	1,256.53	935.94
		26,327.81	19,640.28
TOTAL		36,947.83	28,560.08
II. ASSETS			
Non-current assets			
1. (a) Fixed Assets			
(i) Tangible assets	10	7,600.14	6,597.56
(ii) Intangible assets	10	728.24	784.39
(iii) Capital work-in-progress		76.02	223.23
		8,404.40	7,605.18
(b) Non-current Investments	11	123.44	124.01
(c) Long-term loans and advances	12	100.10	136.73
2. Current assets			
(a) Inventories	13	14,899.90	8,435.74
(b) Trade receivables	14	8,706.14	9,016.62
(c) Cash and Cash Equivalents	15	2,574.32	1,023.39
(d) Short-term loans and advances	16	2,139.53	2,218.41
		28,319.89	20,694.16
TOTAL		36,947.83	28,560.08
Significant Accounting Policies	1		
Notes to the Financial Statements	26-33		

As per our report of even date annexed

For B. K. Khare & Co.

Chartered Accountants

FRN 105102W

Jayesh Thakur

Partner

(M. No. 39168)

Dilip D. Dandekar

Chairman

Ashish S. Dandekar

Managing Director

Sharad M. Kulkarni

Director

Pramod M. Sapre

Director

Bhargav A. Patel

Director

Dattatraya R. Puranik

Executive Director &
Chief Financial Officer

Mumbai

Dated: 21st May, 2013

Consolidated Statement of Profit and Loss For the Year ended 31st March, 2013 (₹ in Lacs)

Particulars Continuing Operations	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
I. INCOME			
Revenue from operations (Gross)		38,285.35	33,939.59
Less: Excise Duty		(923.01)	(414.71)
Revenue from operations (Net)	17	37,362.34	33,524.88
II. Other Income	18	1,022.11	1,156.01
III. Total Revenue (I + II)		38,384.45	34,680.89
IV. EXPENDITURE			
Cost of materials consumed	19	18,814.09	19,741.71
Purchase of stock-in-trade	20	78.37	66.49
Changes in Inventories of finished goods/WIP/stock-in-trade	21	(2,428.26)	(3,056.03)
Employee benefits expense	22	3,022.03	2,369.40
Finance cost	23	2,010.99	1,669.00
Depreciation and amortisation expense	10	1,361.28	1,351.32
R&D Expenditure	24	172.39	149.55
Other expenses	25	13,002.85	11,473.67
		36,033.74	33,765.11
Less: Relating to Product Development Capitalised		—	151.31
		36,033.74	33,613.80
V. Profit before tax (III - IV)		2,350.69	1,067.09
VI. Exceptional Items [refer note no. 27]		—	14.55
VII. Less: Tax expense			
– Current tax		837.76	657.29
– Deferred tax		(15.46)	36.78
Prior period Tax Adjustment		16.05	—
VIII. Profit after Tax (V - VI)		1,512.34	387.57
Add: Share of Profit of Associates for the year		(2.78)	(8.28)
Profit for the period		1,509.56	379.29
IX. Earnings per equity share of face value of ₹ 2/- each	33a		
(1) Basic		3.22	0.81
(2) Diluted (Previous Year earnings restated for share split)		3.20	0.81
Significant Accounting Policies	1		
Notes to the Financial Statements	26-33		

As per our report of even date annexed

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Jayesh Thakur
Partner
(M. No. 39168)

Dilip D. Dandekar *Chairman*
Ashish S. Dandekar *Managing Director*
Sharad M. Kulkarni *Director*
Pramod M. Sapre *Director*
Bhargav A. Patel *Director*
Dattatraya R. Puranik *Executive Director & Chief Financial Officer*

Mumbai
Dated: 21st May, 2013



Consolidated Cash Flow Statement For the year ended 31st March, 2013

(₹ in Lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	2,350.69	1,067.09
Adjustments for		
Depreciation on Fixed Assets	1,361.28	1,351.32
Deferred employee compensation expenses amortised	3.22	6.03
Foreign Exchange loss/(gain) (Unrealised)	(72.12)	(39.82)
(Profit)/Loss on Sale of Fixed Assets	10.13	(179.36)
Provision for Doubtful Advances	208.32	—
Provision for Doubtful Debts (Net)	(59.82)	46.52
Provision for leave encashment	52.65	63.73
Interest Expenses	2,010.99	1,669.00
Interest Received/Dividend Received	(248.67)	(265.99)
Operating Profit before Working Capital changes	5,616.68	3,718.52
Adjustments for		
(Increase)/Decrease in inventories	(6,464.17)	(5,124.00)
(Increase)/Decrease in trade receivables	377.32	(3,982.50)
(Increase)/Decrease in short-term loans and advances	(129.43)	(741.75)
(Increase)/Decrease in long-term loans and advances	36.63	(19.59)
(Increase)/Decrease in trade payable	7,078.84	2,768.91
(Increase)/Decrease in other payable	(315.74)	718.70
Cash Generated from Operations	6,200.13	(2,661.71)
Direct taxes paid	(638.70)	(524.79)
Net cash from Operating Activities	5,561.43	(3,186.50)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,122.28)	(1,436.66)
Sale of Fixed Assets	7.40	354.46
(Purchase)/Sale of Investments	—	(104.34)
Interest received	248.61	265.89
Dividend received	0.05	0.10
Net cash used in Investing Activities	(1,866.22)	(920.55)

Consolidated Cash Flow Statement For the year ended 31st March, 2013 (Contd.) (₹ in Lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (Net of repayments)	81.65	6,086.40
Proceeds from Share Capital	18.64	32.04
Proceeds from Unsecured Loan	—	(425.00)
Interest Paid	(1,975.80)	(1,662.30)
Dividend Paid	(230.81)	(183.75)
Tax on Dividend	(37.96)	(30.19)
Net cash generated from Financing Activities	(2,144.29)	3,817.20
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,550.93	(289.85)
Opening Cash and Cash Equivalents		
Cash in hand	6.87	8.05
Bank balances	1,016.52	1,305.19
Closing Cash and Cash Equivalents		
Cash in hand	9.12	6.87
Bank balances	2,565.20	1,016.52
	2,574.32	1,023.39

As per our report of even date annexed

For B. K. Khare & Co.
Chartered Accountants
FRN 105102W

Jayesh Thakur
Partner
(M. No. 39168)

Mumbai
Dated: 21st May, 2013

Dilip D. Dandekar	<i>Chairman</i>
Ashish S. Dandekar	<i>Managing Director</i>
Sharad M. Kulkarni	<i>Director</i>
Pramod M. Sapre	<i>Director</i>
Bhargav A. Patel	<i>Director</i>
Dattatraya R. Puranik	<i>Executive Director & Chief Financial Officer</i>



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013

1. STATEMENT OF ACCOUNTING POLICIES AND PRACTICES

Accounting convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(i) USE OF ESTIMATES

The preparation of financial statements, in conformity with generally accepted accounting principles, requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognised in the year in which the results are known/materialised.

(ii) PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

Assets and liabilities are classified as current or non-current as per the provisions of the Revised Schedule VI to the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(iii) TANGIBLE AND INTANGIBLE 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 upgradation/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.

(iv) 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.

(v) DEPRECIATION

- (a) Depreciation on all assets of the Company except on leasehold land, is provided on straight-line basis as required by Schedule XIV to the Companies Act, 1956.
- (b) Leasehold land is depreciated over its 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.

(vi) INVESTMENTS

- (a) Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments.
- (b) Current investments are stated at cost or fair value whichever is lower.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(vii) VALUATION OF INVENTORIES

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and packing materials are valued at cost or net realisable value whichever is lower. Cost is determined on the basis of weighted average method.

Finished goods produced and purchased for sale and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores and spares are carried at cost.

(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.

(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) EMPLOYEE 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 Statement of Profit & Loss.

(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 Statement of Profit & Loss on accrual basis.

The Company has a scheme of Superannuation with LIC of India and contribution of the company is charged to the Statement of Profit and Loss 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 Statement of Profit and Loss on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to Statement of Profit and Loss 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.



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(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 recognised when the title and the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised 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) INCOME TAX

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) EARNINGS 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) 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 capitalised 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, capitalised 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 recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	As at	
	March 31, 2013	March 31, 2012
2. SHARE CAPITAL		
Details of authorised, issued and subscribed share capital		
Authorised Share Capital		
670,50,000 Equity Shares of ₹ 2/- each (Previous Year 670,50,000 equity shares of ₹ 2/- each)	1,350.00	1,350.00
Issued, subscribed and fully paid-up Share Capital		
4,69,43,940 Equity Shares of ₹ 2/- each (Previous Year 4,67,94,390 equity shares of ₹ 2/- each)	938.88	935.89
GRAND TOTAL	938.88	935.89
(a) Terms/Rights attached to equity shares		
The company has only one class of shares referred to as equity shares having par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.		
The company declares and pays dividends in Indian Rupees. The dividend proposed by The Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
The Board of Directors in their meeting held on 21st May, 2013 proposed a dividend of ₹ 0.60/- per equity shares of face value of ₹ 2/- (Previous Year ₹ 0.50/- per equity share of face value of ₹ 2/-).		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.		

(b) Reconciliation of the number of shares

Equity Shares

(₹ in Lacs)

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹	Number	₹
Face value per share (in ₹)		2		2
Shares outstanding at the beginning of the year	46,794,390	935.89	46,530,015	930.60
Add: Issued during the year	—	—	—	—
Add: Additions due to issue of ESOPs	149,550	2.99	264,375	5.29
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	46,943,940	938.88	46,794,390	935.89



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

2. SHARE CAPITAL (Contd.)

(c) Details of Shareholders holding more than 5% shares in the company

(₹ in Lacs)

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
Ashish S. Dandekar	5,558,295	11.84	5,558,295	11.88
Ashish S. Dandekar (Huf)	3,667,170	7.81	3,667,170	7.84
Leena A. Dandekar	2,861,280	6.10	2,861,280	6.11
Abha A. Dandekar	3,800,000	8.09	3,800,000	8.12
Vivek A. Dandekar	3,800,000	8.09	3,800,000	8.12
Camart Agencies Ltd.	2,659,680	5.67	2,659,680	5.68
	22,346,425	47.60	22,346,425	47.75

(d) Shares reserved for issue under options

For details of shares reserved for issue under employees stock option (ESOP) plan of the company, refer note 30.

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
3. RESERVES AND SURPLUS		
(a) Capital Reserves		
Opening Balance	80.60	80.60
Add: Transferred from surplus	53.92	—
Closing Balance	134.52	80.60
(b) Capital Reserve on Consolidation		
Opening Balance	1,080.63	684.95
Add: Addition/Adjustment	—	395.68
Closing Balance	1,080.63	1,080.63
(c) Foreign Currency Translation Reserve		
Opening Balance	109.41	—
Add: On currency translation during the year (net)	48.94	109.41
Closing Balance	158.35	109.41
(d) Securities Premium Account		
Opening Balance	635.31	608.45
Add: ESOP Exercise (Refer note 30)	15.65	26.86
Closing Balance	650.96	635.31
(e) Employees Stock Options Outstanding (Refer Note 30)		
(a) Employee Stock Option Outstanding —		
Opening Balance	17.07	22.78
Add: Fresh grant of options	46.31	—
Less: Amount transfer to securities premium/option lapsed	(6.55)	5.71
Closing Balance	56.83	17.07
Less:		
(b) Deferred employee compensation expenses		
Opening Balance	7.54	13.96
Add: Fresh grant of options	46.31	—
Less: Amount transferred to employee compensation/option lapsed	(6.54)	6.42
Closing Balance	47.31	7.54
TOTAL (a-b)	9.52	9.53

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	As at	As at
	March 31, 2013	March 31, 2012
3. RESERVES AND SURPLUS (CONTD.)		
(f) General Reserve		
Opening Balance (refer note below)	1,931.90	1,826.90
Add: Employees Stock Option Vested but Lapsed	0.14	—
Add: Transfer from Surplus	152.84	105.00
Closing Balance	2,084.88	1,931.90
(g) Surplus		
Opening	507.31	504.95
Add: Profit for the Year	1,509.56	379.29
Less: Transferred to General Reserve	2.84	—
Less: Transferred to Capital Reserve	53.92	—
	1,960.11	884.24
Appropriations		
Proposed Dividend on Equity Shares	(281.66)	(233.97)
Tax on Proposed Dividends	(47.85)	(37.96)
Transfer to General Reserve	(150.00)	(105.00)
Total Appropriations	(479.51)	(376.93)
Closing	1,480.60	507.31
GRAND TOTAL	5,599.46	4,354.69

Note:

Opening balance as of 01.04.2011 includes ₹ 16 lacs transferred on account of amalgamation of Sangam Laboratories Ltd. in financial year 2010-11 which is not available for distribution of dividends.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
4. LONG-TERM BORROWINGS				
SECURED				
(a) Foreign currency term loans:				
(i) From Banks	1,057.25	1,381.46	392.85	73.77
(b) Term loans:				
(i) From Banks	1,984.25	1,143.29	414.15	215.88
(c) Long-term maturities of finance lease obligations	30.53	77.40	46.86	41.19
TOTAL	3,072.03	2,602.15	853.86	330.84
UNSECURED				
(a) Deposits from Public	694.95	696.91	—	—
(b) Deferred Sales Tax Loan	—	—	—	5.99
TOTAL	694.95	696.91	—	5.99
GRAND TOTAL	3,766.98	3,299.06	853.86	336.83

Current Maturities of Long-Term borrowings have been disclosed under the head "Current Liabilities" Refer Note 8.



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

4. LONG-TERM BORROWINGS (CONTD.)

(a) Foreign currency term loans

Foreign currency term loan from Exim Bank is repayable in 21 substantially equal quarterly installments commencing after a moratorium of 24 months from the date of 1st disbursement i.e. 03.03.2013. The loan is secured by a) First pari passu mortgage and charge on the entire immoveable properties and moveable fixed assets of the company, both present and future. b) Pledge of 100% equity stake of the SVP of CFSL set up in Mauritius. c) Pledge of 100% equity stake of the CFS EUROPE S.p.A. Italy held by the Mauritius SPV of CFSL. Collateral Security: 2nd pari passu Charge on the entire Current assets of the Company.

(b) Term loans from Bank

Term loan from Exim Bank is repayable in 28 equal quarterly installments commencing after a moratorium period of one year for the date of first disbursement commencing from 13th May, 2010. The loan is secured by a first pari passu charge on all the fixed assets of the company, both present and future. Collateral Security: 2nd pari passu Charge on the entire Current assets of the Company.

Term loan from State Bank of Patiala is repayable in 26 equal quarterly installments commencing from 31.12.2013. The loan is secured by first pari passu charge on all the fixed assets of the Company, both present and future. Collateral Security: 2nd pari passu Charge on the entire Current assets of the Company.

Term loan from HDFC Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles.

Term loan from ICICI Bank is repayable in maximum tenure five years. The loan is secured by hypothecation of vehicles.

(c) Finance lease obligations

Loan against lease assets from L&T Finance Ltd. is repayable in maximum tenure of two years. The loan is secured by furniture and fixtures taken on lease.

(d) Deposits from Public

Deposits from public is repayable in maximum tenure of three years.

(e) Deferred Sales Tax Loan

Deferred sales tax loan pertains to financial year 1997-1998 to 2002-2003. The said loan is interest free and payable in six yearly installments starting from May 2010 and last installment payable before March 2021.

Years	₹ in Lacs
1-2	0.60
2-3	0.85
3-4	1.00
Beyond 4	2.20
	<u>4.65</u>

Total outstanding includes overdue amount of ₹ 0.73 Lacs pertaining to financial years 2010-11 & 2011-12. However the Company has prepaid entire amount before balance sheet date irrespective of repayment schedule and hence the entire outstanding is considered as current borrowings.

5. DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

The major components of deferred tax liability/asset as recognized in the financial statements is as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability		
Depreciation	430.91	376.68
Gratuity (Prepaid)	4.52	7.80
Lease Payments	23.71	15.49
Sub Total	459.14	399.97
Deferred Tax Asset		
Provision for Doubtful Debts	82.51	30.60
Leave Encashment	60.50	25.36
Other Disallowances under Income Tax Act	1.43	13.85
Sub Total	144.44	69.81
Net Deferred Tax Liability	314.70	330.16

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
6. SHORT-TERM BORROWINGS		
SECURED		
Loans repayable on demand		
Cash credit/Packing credit in foreign currency from Bank	7,949.78	8,853.09
GRAND TOTAL	7,949.78	8,853.09
Cash credit/Packing credit in foreign currency from banks		
Cash credit/packing credit in foreign currency from banks is repayable on demand and is secured by primary charge over company's inventory of raw material, packing material, semi finished goods and book debts and further by way of collateral security in the form of equitable mortgage of factory land and building at Tarapur MIDC, Boisar as second charge). Second pari passu charge on all movable and immovable fixed assets of the company.		
7. TRADE PAYABLES		
Trade Payables		
Due to Micro and Small Enterprises*	—	—
Other than Micro and Small Enterprises	15,747.03	8,722.17
GRAND TOTAL	15,747.03	8,722.17
* 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 2013.		
8. OTHER CURRENT LIABILITIES		
Current maturities of foreign currency debt	392.85	73.77
Current maturities of long-term debt	414.15	215.88
Current maturities of finance lease obligations	46.86	41.19
Interest accrued but not due on borrowings	53.06	17.87
Unpaid dividends #	10.71	7.55
Share Application money received for allotment of securities and due for refund	0.38	0.39
Deposits	1.09	1.19
TDS Payable	76.48	101.20
Other statutory dues	318.04	670.04
Advance from customers	60.85	—
GRAND TOTAL	1,374.47	1,129.08
# Does not include any amount due and outstanding to be credited to Investor Education and Protection Fund		
9. SHORT-TERM PROVISIONS		
Provision for employee benefits		
Leave encashment	457.71	405.06
Others		
Provision for taxation	469.31	258.95
Proposed dividend	281.66	233.97
Tax on proposed dividend	47.85	37.96
GRAND TOTAL	1,256.53	935.94



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

10. FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION				NET BLOCK		
	As at April 1, 2012	Additions (Deletions) during the Year	Other Adjustments**	Disposal/Adjustment	As at March 31, 2013	As at April 1, 2012	Depreciation charge for the year	Adjustments on disposals	Other Adjustments**	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets												
Free Hold Land *	190.38	—	—	—	190.38	—	—	—	—	—	190.38	190.38
Leasehold Land	2.67	—	—	—	2.67	0.91	0.03	—	—	0.94	1.73	1.76
Factory & Other Building	1,459.01	89.40	10.71	—	1,559.12	713.03	84.88	—	9.16	807.07	752.05	745.98
Site Development	37.55	—	—	—	37.55	5.63	0.61	—	—	6.24	31.31	31.92
Plant, Equipment & Machinery	19,176.08	1,767.73	244.70	0.21	21,188.30	14,051.85	935.38	0.01	193.22	15,180.44	6,007.87	5,124.23
Furniture & Fixtures												
Owned	151.82	33.01	—	—	184.83	36.64	20.38	—	—	57.02	127.81	115.18
Leased	198.62	—	—	—	198.62	32.28	13.41	—	—	45.69	152.93	166.34
Vehicles	170.35	110.80	0.18	36.57	244.76	46.91	19.11	19.24	0.15	46.93	197.83	123.44
ERP Hardware Cost	95.11	26.60	—	—	121.71	54.21	13.81	—	—	68.02	53.69	40.90
R&D Assets	75.34	32.37	—	—	107.71	17.92	5.26	—	—	23.18	84.54	57.42
TOTAL	21,556.93	2,059.91	255.59	36.78	23,835.65	14,959.38	1,092.87	19.25	202.53	16,235.53	7,600.14	6,597.55
Intangible Assets												
ERP Software Cost	101.77	18.45	—	—	120.22	59.80	17.24	—	—	77.04	43.17	41.97
Technical Know-How	535.68	4.19	—	—	539.87	117.77	128.59	—	—	246.36	293.51	417.91
Assets	414.08	186.93	7.27	—	608.28	89.56	122.58	—	4.58	216.73	391.56	324.52
TOTAL	1,051.53	209.57	7.27	—	1,268.37	267.13	268.41	—	4.58	540.13	728.24	784.40
Current Years Total	22,608.46	2,269.48	262.86	36.78	25,104.02	15,226.51	1,361.28	19.25	207.11	16,775.66	8,328.38	7,381.95
Previous Year	21,201.22	2,022.99	—	615.75	22,608.46	14,315.84	1,351.32	440.65	—	15,226.51	7,381.95	—

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

** Other adjustments during the year include translation differences of opening balance.

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
11. NON-CURRENT INVESTMENTS		
A. Trade Investments (Valued at cost unless stated otherwise)		
(a) Investment in Equity instruments (Unquoted)		
– Fine Renewable Energy Ltd.	5.10	5.10
51,000 equity shares of ₹ 10/- each fully paid (Previous year 51,000 equity shares of ₹ 10/- each fully paid)		
– Chemolutions Chemicals Ltd.	9.95	9.95
99,500 equity shares of ₹ 10/- each fully paid (Previous year 99,500 equity shares of ₹ 10/- each fully paid)		
– Fine Lifestyle Brand Ltd.	9.29	12.07
51,000 equity shares of ₹ 10/- each fully paid (Previous year 51,000 equity shares of ₹ 10/- each fully paid)		
– Ravenna Servizi Industriali Consortium	98.60	96.39
1,41,783 equity shares of EURO 1 fully paid (Previous year 1,41,783 equity of EURO 1 fully paid)		
	122.94	123.51
B. Non Trade Investments		
(a) Investment in Equity instruments (Unquoted)		
– Saraswat Co-op. Bank Ltd. (5000 equity shares of ₹ 10/- each fully paid)	0.50	0.50
	0.50	0.50
GRAND TOTAL (A+B)	123.44	124.01
Aggregate amount of unquoted investments	123.44	124.01

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
12. LONG-TERM LOANS AND ADVANCES		
(a) Capital Advances		
Unsecured, considered good	4.44	50.20
	4.44	50.20
(b) Security Deposits		
Unsecured, considered good	95.66	86.53
	95.66	86.53
GRAND TOTAL	100.10	136.73
13. INVENTORIES (valued at lower of cost or net realisable value)		
(a) Raw Materials and components (including packing materials)	6,208.60	2,508.73
(b) Work-in-progress	1,764.43	2,276.65
(c) Finished goods	6,126.10	3,619.14
(d) Stock-in-trade	433.52	15.13
(e) Consumables	367.25	16.09
GRAND TOTAL	14,899.90	8,435.74
14. TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	—	—
Unsecured, considered good	674.27	834.23
Doubtful	34.45	94.27
	708.72	928.50
Less: Provision for doubtful debts	(34.45)	(94.27)
	674.27	834.23
Others		
Unsecured, considered good [Net of Bills Discounted ₹ 4,360.35 Lacs (Previous year ₹ 3,213.28 Lacs)]	8,031.87	8,182.39
	8,031.87	8,182.39
GRAND TOTAL	8,706.14	9,016.62



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
15. CASH AND BANK BALANCES		
Cash & Cash equivalents		
(a) Balances with banks		
In Current account	1,611.62	405.12
Unpaid Dividend/Interest Account	11.19	8.15
(b) Cash on hand	9.12	6.87
	1,631.93	420.14
Other Bank Balances		
On Margin accounts	942.39	603.25
	2,574.32	1,023.39
16. SHORT-TERM LOANS AND ADVANCES		
(a) Loans and advances to related parties (refer note no. 31)		
(Unsecured, considered good)	33.00	39.72
	33.00	39.72
(b) Loans to a company		
(Unsecured, considered good)	782.16	1,385.52
Doubtful	208.32	—
	990.48	1,385.52
Less: Provision for doubtful debts	208.32	—
	782.16	1,385.52
(c) Other Loans & Advances		
(Unsecured, considered good)		
Prepaid Expenses	160.43	83.45
Loans to Employees	4.92	15.38
Gratuity	13.36	24.08
Balance with Statutory/Government Authorities	472.75	356.85
Balance with Tax Authorities	534.31	100.29
Deposits	138.57	62.97
Others	0.03	150.15
	1,324.37	793.17
	2,139.53	2,218.41

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
17. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products:		
Finished goods	38,172.46	33,816.89
Traded goods	104.06	91.86
Sale of services	—	20.03
Other operating revenues:		
– Export Benefits	—	3.73
– Scrap sales	8.83	7.08
Revenue from operations (gross)	38,285.35	33,939.59
Less: Excise Duty	(923.01)	(414.71)
GRAND TOTAL	37,362.34	33,524.88
18. OTHER INCOME		
Interest Income	248.61	265.89
Dividend Income	0.06	0.10
Profit on Sale of Fixed Assets (Net)	—	179.36
Gain on Foreign Exchange Fluctuations	15.62	—
Miscellaneous Receipts	757.82	710.66
GRAND TOTAL	1,022.11	1,156.01
19. COST OF MATERIAL CONSUMED		
Opening Stock of Raw Material	2,508.73	446.67
Add: Purchases of Raw Material	22,881.21	21,803.77
Less: Closing Stock of Raw Material	6,575.85	2,508.73
GRAND TOTAL	18,814.09	19,741.71
20. PURCHASE OF GOODS FOR TRADE		
Purchases of Goods for Trade	78.37	66.49
GRAND TOTAL	78.37	66.49



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
21. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS		
Opening Inventory:		
Finished Goods	3,619.14	106.91
Work-In-Progress	2,276.65	2,732.85
	5,895.79	2,839.76
Closing Inventory:		
Finished Goods	6,559.62	3,619.14
Work-In-Progress	1,764.43	2,276.65
	8,324.05	5,895.79
GRAND TOTAL	(2,428.26)	(3,056.03)
22. EMPLOYEE BENEFIT EXPENSES		
Salaries and incentives	2,859.73	2,236.78
Contributions to:		
Provident fund	63.06	51.75
Gratuity fund	26.27	25.06
Expense on Employee Stock Option Scheme (ESOP)	3.22	6.03
Staff welfare expenses	69.75	49.78
GRAND TOTAL	3,022.03	2,369.40
23. FINANCE COST		
Interest	1,559.26	1,264.80
Bank Charges	373.99	307.12
Exchange Difference to the extent consider as an adjustment to borrowing cost	77.74	97.08
GRAND TOTAL	2,010.99	1,669.00
24. RESEARCH & DEVELOPMENT EXPENSES		
Salaries and Incentives	79.62	57.90
Travelling & Conveyance	7.73	5.06
Professional Fees	23.13	33.12
Laboratory Expenses	43.17	49.19
Other Expenses	18.74	4.28
GRAND TOTAL	172.39	149.55

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(₹ in Lacs)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012
25. OTHER EXPENSES			
Consumption of stores and Spares		139.32	333.01
Power and Fuel		5,705.84	5,564.87
Rent		560.74	246.42
Rates and Taxes		25.48	13.37
Insurance		270.68	156.03
Repairs:			
– Building		19.72	—
– Machinery		252.09	168.70
– Others		718.18	111.23
Sub Contracting Charges		781.42	441.03
Labour Charges		320.10	235.73
Advertisement and Sales Promotion		299.42	259.77
Transport & Forwarding Charges		985.12	278.06
Commission/Discount/Service Charges on Sales		215.15	134.70
Travelling & Conveyance		311.44	309.05
Directors Meeting Fees		6.27	5.21
Auditor's Remuneration		52.52	27.81
Legal & Professional fees		534.61	418.50
Bad Debt Written Off	512.39		54.74
Add: Provision for Doubtful Debts	34.45		74.97
Add: Provision for Doubtful Advances	208.32		—
Less: Provision Written Back	94.27		(28.45)
		660.89	101.26
Loss on Sale/Discarding of Assets		10.13	—
Loss on Foreign Exchange Fluctuations		67.17	102.13
Miscellaneous Expenses		1,066.56	2,566.79
GRAND TOTAL		13,002.85	11,473.67
Note: Payment to Auditor			
As Auditor:			
Audit Fees Standalone Financials		42.62	19.25
Audit Fees Consolidated Financials		1.00	2.00
Tax Audit Fees		2.00	—
In Other Capacity:			
Taxation Matters		1.00	2.00
Certification		2.90	1.81
Other Services		2.70	2.60
Reimbursement of Expenses		0.30	0.15
GRAND TOTAL		52.52	27.81



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

26. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) comprises the Financial Statements of Camlin Fine Sciences Limited and its subsidiaries, joint venture and associates as at 31.03.2013. 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 basis for preparing the consolidated financial statements is given below.

- (i) 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.
- (ii) 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.
- (iii) 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 Statement of Profit and Loss 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 Statement of profit and loss.
- (iv) The subsidiaries (which along with Camlin Fine Sciences Limited, the parent, constitute the group) and associate considered in the presentation of these consolidated Financial Statements are:

Name of the Entities	Nature	Country of Incorporation	% Shareholding 31.03.13	% Shareholding 31.03.12
Dulcette Technologies LLC	Subsidiary	USA	61%	61%
CFCL Mauritius Pvt. Ltd.	Subsidiary	Mauritius	100%	100%
CFS Europe S.p.A., Italy (Erstwhile Borregaard Italia S.p.A)	Step down subsidiary	Italy	100% Held by CFCL Mauritius Pvt. Ltd.	100% Held by CFCL Mauritius Pvt. Ltd.
Fine Lifestyle Brands Limited	Associate	India	49.04%	49.04%
Fine Lifestyle Solutions Limited	Associate	India	75% held by Fine Lifestyle Brands Ltd.	75% held by Fine Lifestyle Brands Ltd.

- (a) The statutory accounting year of Dulcette Technologies LLC is January to December every year, which is different from that of Camlin Fine Sciences Limited. However, for the purpose of consolidation Dulcette Technologies LLC has prepared financial statements for the year ended March 31, 2013.
- (b) Notes on Accounts of the financial statements 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 the 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.

27. On 5th September, 2011, the Company sold shares of Chemolutions Chemicals Limited, pursuant to which it ceased to be an associate from the aforesaid date. The deemed divestiture gain of ₹ 14.55 lacs arising on sale of stake in Chemolutions Chemicals Ltd. has been accounted for as an exception item.

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

28. CONTINGENT LIABILITIES

Particulars	31.03.2013	31.0.3.2012
(a) In respect of Bills of Exchange/cheque discounted with the Bankers	4,360.35	3,213.28
(b) In respect of Bank Guarantees issued to VAT and Custom Authorities	336.86	364.99

29. COMMITMENTS

- (a) Value of contracts (net of advance) remaining to be executed on capital account not provided for ₹ 7.57 Lacs. (Previous year ₹ 12.99 Lacs).
- (b) The information in respect of commitment has been given only in the respect of capital commitment in order to avoid providing excess details that may not assist user of financial statements.

30. EMPLOYEE STOCK OPTION

The Company has Employee Stock Option Scheme called "Camlin Fine Sciences 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 ₹ 2/- each of the Company.

In the Annual General Meeting held on 1st August, 2012, the members have approved 'Camlin Fine Sciences Employees Stock Option Scheme, 2012'. In accordance with this scheme, the company has granted 7,47,000 options on 19th November, 2012 to the employees, where each option will entitle one fully paid-up equity share of ₹ 2/- each of the company.

The details of Employee Stock Option Scheme are:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Grant Date	9th August, 2008	13th October, 2008	23rd October, 2009	25th October, 2010	19th November, 2012
Number of Options granted	9,70,500	83,500	1,61,000	3,20,000	7,47,000
Contractual Life	Options will lapse if not exercised within 6 years from the date of grant				Options will lapse if not exercised within 3 years from the date of the grant
Exercise Price (per share)	₹ 10	₹ 10	₹ 10	₹ 12.40	₹ 16
Method of settlement	By issue of Shares at Exercise Price				
Vesting Conditions	10% On expiry of 12 months from the date of grant;				50% On expiry of 12 months from the date of grant
	15% On expiry of 24 months from the date of grant;				25% 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 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;				



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

Details of Stock Options are as follows:

Summary of Stock Options	No. of Stock Options				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Options outstanding on 1st April, 2012	4,68,750	17,375	1,39,900	1,90,000	Nil
Option granted during the year	Nil	Nil	Nil	Nil	7,47,000
Options forfeited/lapsed during the year	8,675	Nil	2,400	40,875	31,500
Options vested but lapsed	5,275	Nil	Nil	1,125	Nil
Options exercised during the year	1,18,025	3,125	4,400	24,000	Nil
Options outstanding on 31st March, 2013	3,36,775	14,250	1,33,100	1,24,000	7,15,500
Options vested but not exercised on 31st March, 2013	1,43,475	7,200	54,875	10,000	Nil

Details of prices of the options:

Per Equity Share	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Average Share Price *	₹ 14.67	Nil	₹ 14.67	₹ 14.67	Nil
Exercise/Grant Price **	₹ 10.00	₹ 10.00	₹ 10.00	₹ 12.40	₹ 16.00
Market Price ***	₹ 12.00	₹ 9.00	₹ 11.70	₹ 15.20	₹ 22.20

* 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	Tranche V
Opening unamortised amount	2,50,000	Nil	1,22,879	3,81,267	Nil
Total amount to be amortised over the vesting period	Nil	Nil	Nil	Nil	46,31,400
Charge to Statement of Profit and Loss for the year	2,01,285	Nil	49,730	1,36,657	Nil
ESOP Lapsed	3,811	Nil	1,496	65,222	1,95,300
Unamortised amount carried forward	44,903	Nil	71,652	1,79,386	44,36,100

During the year, 1,49,550 equity shares of ₹ 2/- each (Previous Year 2,64,375 equity shares of ₹ 2/- each) have been issued under the ESOS Scheme. Correspondingly, the share premium related to these shares amounting to ₹ 15.65 Lacs (Previous Year ₹ 26.86 Lacs) has been accounted.

31. DETAILS OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO ASSOCIATES:

Particulars	Balance at the year end	Maximum amount outstanding during the year
Fine Lifestyle Brands Ltd. (Associate)	33.00 (39.72)	39.72 (39.72)

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

32. COMMISSION TO DIRECTORS

During the year the company has made a provision towards commission payable to Non-executive Directors at 1% of net profits of the company for the financial year 2012-2013 subject to an overall ceiling of ₹12.00 lacs. As required by section 309(4)(b) of the Companies Act, 1956, the company will obtain necessary approval of the members by passing a special resolution in the ensuing Annual General Meeting

33. DISCLOSURES PURSUANT TO THE REQUIREMENTS OF ACCOUNTING STANDARDS ISSUED BY INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

(a) Earnings Per Share (Basic and Diluted)

Particulars	2012-13	2011-12
Net Profit/(Loss) After Tax as per profit and loss account available for equity shareholders (₹ Lacs)	1,509.56	379.29
Weighted average no. of equity shares used in computing basic earnings per share	4,68,54,381	4,66,11,495
Effect of potential ordinary shares on conversion of stock options	2,79,232	4,13,517
Weighted average no. of equity shares used in computing diluted earnings per share	4,71,33,613	4,70,25,012
– Basic Earnings per Share (₹)	3.22	0.81
– Diluted Earnings per Share (₹)	3.20	0.81

(b) Segmental Reporting

The company predominantly deals in manufacture of food and industrial antioxidants and has enhanced its product portfolio to include those used in food chemistry, biotechnology, biochemistry etc. During the year, the Company has increased business by trading in these products. Accordingly, the Company now operates in two business segments namely Manufactured and Traded Products. However, disclosures as required by AS 17 Segment Reporting have not been done since these segments do not meet the criteria set out in the aforesaid Accounting Standard to identify a reportable segment.

(c) Foreign Currency Transactions

Exchange variation (Net) arising on translation of Foreign Currency transactions charged off to the Statement of Profit and Loss is ₹ 67.17 Lacs (Previous Year Profit of ₹ 102.13 Lacs).

The unhedged exposure of foreign currency transactions as on 31.03.2013 is as follows:

(Currency in Lacs)

Particulars	Currency	2012-13	2011-12
(a) Trade Receivable	USD	47.23	63.41
	EURO	3.32	7.23
(b) Trade Payable	USD	46.78	52.00
	EURO	0.25	Nil
(c) Term Loan	USD	26.66	28.45

There are no outstanding hedged exposures in foreign currency transactions as on March 31, 2013.

(d) Related Party Disclosures

(a) Name of the Related Party
Chemolutions Chemicals Ltd. (till 5th September, 2011)
Fine Lifestyle Brands Ltd.
Fine Lifestyle Solutions Ltd.
Focussed Event Management Pvt. Ltd.
Vibha Agencies Pvt. Ltd.
Abana Medisys Pvt. Ltd.
Pagoda Advisors Pvt. Ltd.



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(b) Key Management Personnel & their relatives

Name of the Person	Nature of Relationship
Mr. D. D. Dandekar	Chairman
Mr. A. S. Dandekar	Managing Director
Mr. D. R. Puranik	Executive Director & CFO
Mr. S. D. Dandekar	Management Consultant
Mrs. L. A. Dandekar	Promoter Group
Master 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 Director
Mr. Nicola Paglietti	Director

(c) Transactions with Related Parties

Sr. No.	Nature of Transactions	Associate Companies	Key Management Personnel & their Relatives
1.	Purchases/Expenses:		
	(i) Goods	Nil (13.76)	Nil (Nil)
	(ii) Services	Nil (Nil)	6.60 (5.55)
	(iii) Salaries	Nil (Nil)	12.13 (12.13)
2.	Sales		
	Goods	Nil (2.46)	Nil (Nil)
3.	Finance:		
	(i) Inter Corporate Loan Given	Nil (330.10)	Nil (Nil)
	(ii) Loan Taken	Nil (Nil)	Nil (200.00)
	(iii) Interest Received	1.30 (48.46)	Nil (Nil)
	(iv) Interest Paid	Nil (Nil)	Nil (7.56)
4.	Other Transactions		
	i. Reimbursement received from parties	3.79 (8.32)	Nil (Nil)

Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(c) Transactions with Related Parties

Sr. No.	Nature of Transactions	Associate Companies	Key Management Personnel & their Relatives
5.	Outstanding:		
	(i) Payable	Nil (Nil)	Nil (Nil)
	(ii) Receivable	74.59 (39.72)	Nil (Nil)
	(iii) Inter Corporate Loans Given	33.00 (39.72)	Nil (Nil)
6.	Managerial Remuneration	Nil (Nil)	168.53 (98.55)

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

(d) Significant Transactions with Related Parties

(₹ Lacs)

Particulars	2012-13	2011-12
Associate Companies		
(i) Purchases		
Chemolutions Chemicals Ltd.	Nil	13.76
(ii) Sales		
Chemolutions Chemicals Ltd.	Nil	2.47
(iii) Finance		
Interest Received		
Chemolutions Chemicals Ltd.	Nil	44.15
(iv) Outstanding		
Inter Corporate Loans Given		
Fine Lifestyle Brands Limited	33.00	39.73
Key Management Personnel		
Managerial Remuneration		
Mr. A. S. Dandekar [#]	130.91	98.55
Mr. D. R. Puranik	37.62	Nil

[#] Mr. Ashish S. Dandekar was reappointed as the Managing Director of the company for a period of three years w.e.f 1st August, 2012 at a gross remuneration payable by way of salary, perquisites and other allowances. He is also eligible for remuneration by way of commissions calculated under the provisions of section 198 and 309 of the Companies Act, 1956 as well as provided, superannuation and gratuity fund. Approval from the shareholders for the same was obtained in the Annual General Meeting held on 1st August, 2012. The company has sought approval of the Central Government in relation to remuneration paid to him. The approval is awaited.



Notes to the Consolidated Financial Statements For the year ended 31st March, 2013 (Contd.)

(e) Leases

Particulars	Finance Lease	
	31.03.2013	31.03.2012
Total Minimum Lease Payments at the year end	54.77	54.77
Less: Amount Representing finance charges	13.58	18.61
Present Value of Minimum Lease payments (Rate of Interest 12.00% p.a.)	41.19	36.16
Minimum Lease Payments:		
Not later than one year [For finance lease : Present value ₹ 46.86 Lacs as on 31.03.2013 (₹ 41.19 as on 31.03.2012)]	54.77	54.77
Later than one year but not later than five years [For finance lease : Present value ₹ 30.54 Lacs as on 31.03.2013 (₹ 77.40 as on 31.03.2012)]	32.24	87.01
Later than five years [For finance lease: Present value ₹ Nil as on 31.03.2013 (₹ Nil as on 31.03.2012)]	—	—

(f) 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.						
Fine Lifestyle Brands Ltd.	2,55,000	49.04%	25.50	16.21	(2.78)	9.29
	2,55,000	49.04%	25.50	13.43	(8.28)	12.07

As per our report of even date annexed
For B. K. Khare & Co.
Chartered Accountants
 FRN 105102W

Jayesh Thakur
Partner
 (M. No. 39168)

Mumbai
 Dated: 21st May, 2013

Dilip D. Dandekar *Chairman*
Ashish S. Dandekar *Managing Director*
Sharad M. Kulkarni *Director*
Pramod M. Sapre *Director*
Bhargav A. Patel *Director*
Dattatraya R. Puranik *Executive Director & Chief Financial Officer*

CAMLIN FINE SCIENCES LIMITED

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

PROXY FORM Annual General Meeting 2012-2013

Folio No. _____ DP ID No. _____ Client ID _____ No. of Shares _____
I/We, _____ of _____ in the
district of _____ being a member/members of the above named Company hereby appoint
Mr./Ms./Kum. _____ in the district of
_____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 20th Annual
General Meeting of the Company to be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate,
Mumbai 400 020 on Tuesday, the 13th August, 2013 at 3.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____, 2013.

Address _____

Member's Signature _____

Affix
Re. 1
Revenue
Stamp

Note: The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting. A proxy need not be a member.



CAMLIN FINE SCIENCES LIMITED

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

ATTENDANCE SLIP Annual General Meeting 2012-2013 To be handed over at the entrance of Meeting Hall

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Company at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Tuesday, the 13th August, 2013 at 3.00 p.m.

Name of the Member: _____

Folio/Client ID No. _____

Name of the Proxy/Representative (in Block Letters)
(To be filled in if the Proxy/Representative
attends instead of the Member) _____

Signature of the Member or Proxy/Representative _____

Camlin
fine sciences



Camlin Fine Sciences Limited

PLOT NO. F/11 & F/12, WICEL,
OPP. SEEPZ MAIN GATE, CENTRAL ROAD,
ANDHERI (EAST), MUMBAI – 400 093.
TELEPHONE: 022 – 6700 1000
FAX: 022 – 2832 4404
Email: sales@camlinfs.com

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the company	Camlin Fine Sciences Limited
2	Annual financial statements for the year ended	31 st March, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Repetitive

For B. K. Khare & Co.

Chartered Accountants
FRN : 105102W

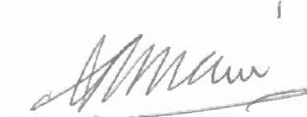


Jayesh Thakur
Partner

M. No.39168

Date: 21st May, 2013

For Camlin Fine Sciences Limited



Sharad M Kulkarni
Audit Committee Chairman



Ashish S Dandekar
Managing Director



Dattatraya R Puranik
Chief Financial Officer