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# POWER OF INTEGRATION



2011 has been a watershed year at CAMLIN FINE SCIENCES (CFSL). It saw us complete our transformation from a fine chemicals company to a fine sciences company. It saw us emerge and evolve as a powerful player in the complicated world of food protection that is interwoven with basic chemistry, food chemistry, biochemistry and biotechnology. The complex world of sciences.

We used the power of integration to transform ourselves. We integrated our supply pipeline to ensure that we have a smooth supply of raw materials. We integrated our capabilities to provide complete solutions instead of just products. We integrated our

manufacturing capacities through process re-engineering and process re-designing with a planned capex that enhanced production within the existing facility. We integrated our research and development to create new products.

This integration has made CFSL more stable and strong.

And it is this integration that is powering CFSL today in its ambitious drive to expand into newer geographies with newer products and comprehensive solutions to become a global leader in food preservation.

At CFS, we are powered by integration.



## **NEW IDENTITY. NEW APPROACH.**

**From Fine Chemicals to Fine Sciences.**

There come times in the life of organisations when they take that decisive leap into a larger space – of bigger opportunities, faster growth and greater success.

CFSL has transformed its speciality from a niche fine chemicals to broader fine sciences.



While the world of fine chemicals was small and limited, the space of fine sciences is vast and wide. The fine sciences space encompasses and overlaps various branches of science like organic and synthesis chemistry, chemical engineering, biochemistry, food chemistry, polymer technology to name a few. Interesting opportunities and promising growth paths emerge and evolve at every junction and crossing of these fascinating sciences.

And in line with our new leap into the

fine sciences space, we have changed our corporate identity to CAMLIN FINE SCIENCES. We have also adopted a brand new logo that reflects the expanding and dynamic world of fine sciences as well as CFS's strong positioning in the fine sciences space.

The new name and the new logo signifies and captures all finer aspects of science that drive development of new products and services and thus more growth and success.



# POWER OF INTEGRATION

CAMLIN FINE SCIENCES is the world's largest integrated manufacturer of food antioxidants TBHQ and BHA with nearly 50% global market share and a product presence in over 50 countries. The company also manufactures industrial products like Hydroquinone (HQ), Catechol, Tertiary Butyl Catechol (TBC), etc.

Hydroquinone (HQ) is the key raw material used in the manufacture of food antioxidants and industrial chemicals. Growth prospects and operating margins of CFSL are very closely connected to the availability of this key raw material as well as its pricing.

CAMLIN FINE SCIENCES acquired Borregaard Italia S.p.A in 2011. The plant has since been renamed as CFS Europe S.p.A. CFS Europe S.p.A.'s manufacturing plant is located at Ravenna, and manufactures Diphenols i.e., HQ and Catechol. The fully automated plant has capacity of 8,000 tonnes per year. The plant is commissioned and is currently running at almost full capacity. For CAMLIN FINE SCIENCES, this backward integration has direct benefits in continuous availability of HQ as well as prices and gives the company an edge over its competitors. The power of integration will sustain growth and improve operating margins in the years to come.



# NEW PRODUCTS...

## POWERED BY INTEGRATION

Borregaard Italia S.p.A., since renamed CFS Europe S.p.A., also has technology to manufacture Catechol, used in manufacture of chemicals for industrial applications. The integration with CFS Europe S.p.A. has powered CAMLIN FINE SCIENCES to develop and manufacture Catechol downstream products like Guaiacol, Veratrole and TBC in the current year. These products have been launched and are already under commercialisation. The R&D team is working on manufacturing process of other

downstream products which are expected to be commercialised soon.

Powered by this integration, CAMLIN FINE SCIENCES has emerged as a major Diphenol downstream player. The Company aims to be a global leader in the Food Preservation segment by expanding the product range in various areas of agriculture produce like fruits and vegetables, and horticulture. The Company also has a dedicated focus on shelf life enhancement products for application in food industry.





# CAMLIN FINE SCIENCES TOMORROW – POWERED BY INTEGRATION

Going forward, the Company has ambitious plans to grow its two divisions – Food Ingredients Division and Industrial Products Division.

## FOOD INGREDIENTS DIVISION

In the Food Ingredients space, the Company focuses on two key growth areas of Shelf Life Enhancement and Food Preservation. The Company has range of synthetic antioxidants like TBHQ, BHA and Ascorbyl Palmitate that are used in enhancing shelf life of food products that contain fats and oils.

Preservation of farm produce, fruits and vegetables is another key focus area of the company. The Company plans to expand

its market share in India, China, Latin America and the Middle East, where the food processing industry is growing at the rate of 10 per cent per year, compared to a global growth rate of 3 per cent per year. In countries of Europe and the USA, the company plans to further consolidate its position.

Ascorbyl Palmitate, a new food anti-oxidant, has already been commercialised and supplies have begun to key customers in 2011.



## INDUSTRIAL PRODUCTS DIVISION

The Company has acquired technology for Tertiary Butyl Catechol (TBC), Gualacol and Veratole from its Italian subsidiary CFS Europe S.p.A. These products have application

as Polymerisation Inhibitor for Styrene and allied monomers, chemical intermediate for manufacturing aroma chemical Vanillin, API and agro chemical intermediates.



# MANAGING DIRECTOR'S MESSAGE

*Dear Shareholders,*

It is my pleasure to present to you the Annual Report for CAMLIN FINE SCIENCES LTD. for 2011-12.

For the company, 2011-12 was highlighted by POWER OF INTEGRATION. The company had acquired Borregaard Italia S.p.A. in 2011 with a clear focus to integrate this plant backward with the overall operations of the company. Borregaard Italia S.p.A. has since been renamed as CFS Europe S.p.A. and is now an integral part of CFSL. The plant is fully commissioned and working at almost full capacity, giving CFSL an unmatched advantage over its competitors through a stable and continuous supply of HQ, the basic raw material required by the company for production of its various products. Another distinct advantage would be in stability of prices of HQ which would help the company price its products better in comparison to its competitors and also improve its operating margins.