



Camlin Fine Sciences Limited

Annual Report 2013-14

# Integration Powering Growth

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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

CAMLIN FINE SCIENCES HAS  
EMBARKED ON A GROWTH  
PATH WHICH IS POWERED  
BY INTEGRATING THE CORE  
STRENGTHS OF DOWNSTREAM  
MANUFACTURING FACILITIES,  
STRONG PROCESS DEVELOPMENT  
AND R&D TEAM, KNOWLEDGE  
BASE OF MARKETS, APPLICATION  
OF PRODUCTS WITH A **STRONG**  
**CUSTOMER CENTRIC FOCUS.**



# Integration Powering Growth

The starting point in the plan for growth was to enhance diphenol capacity in our facility in Italy.

The capacity enhancement of above 50%, upto 11,000 mt annually has been achieved in the shortest amount of time by de-bottlenecking the capacity with minimal capital expenditure. The capacity enhancement has led to substantial cost reductions and has presented an opportunity to grow downstream businesses.



### Growth through Customer – centric focus

To get a sharper customer centric focus we have now started our operations in Brazil through our 100% subsidiary company Solentus Do Brazil. This focus will result in expanding our base in key markets with value added products. Through our 100% subsidiary Solentus North America, the Company is approaching customer base in USA and Canada. Similar strategic approaches will be adopted in other global key markets in the next few years.

### Growth through Technology

The Company's focus has consistently been to develop new products, improve processes and technologies to gain competitive edge in the market. To enhance the developmental abilities, the Company is setting up a dedicated R&D and Process Development facility in Tarapur with state of the art equipments and infrastructure. It is our intent to use our knowledge to further enhance process efficiencies including development of Green Processes, new products and creating IPRs to ensure growth for the future.

### Growth through Customers

The Company's culture is highly customer centric, very focused on delivering best services to our customers with a keen eye on costs.

### Growth from Products

The diphenol capacity enhancement will support the growth strategy planned on the downstream products in food and industrial divisions of the Company.

The capacity enhancement will result in offering stability of supply and costs, a critical factor for the growth of downstream products.



The Food Division is leveraging its global leadership position in Bulk food antioxidants by launching a wide range of customised antioxidants blends which will be a major growth driver in the next few years.

The Process Development and R&D teams have made a breakthrough by development of a "Green Process" for Guaiacol, a key raw material intermediate for pharmaceutical applications and Vanillin. The new Green Process is currently at the stage of world wide patent application. With this process innovation, the Company will have a strategic edge in the market.

The roll-out of the new Green Process for Guaiacol with the capacity of 3,600 mt per annum is under way.

The strength of being a producer of Catechol coupled with the new Green Process for Guaiacol will give a distinct competitive and strategic edge in the market for Vanillin.

Based on this strategic advantage, the Company has planned an aggressive growth strategy for Vanillin.

We have enhanced our manufacturing capacity of TBC in excess of 50%, totalling upto 1,200 mt annually, by de-bottlenecking the process. TBC is an important product in the Industrial Products Division of the Company having application as an industrial antioxidant and is also poised for growth due to competitive advantage.


The portfolio of Industrial Products Division will be further boosted up by the addition of new downstream products which have similar application as industrial antioxidant.

**The Process Development and R&D teams have made a breakthrough by development of a "Green Process" for Guaiacol**

# Managing Director's Message

I am pleased to announce once again that your Company has delivered another year of high growth. I would attribute this primarily to leveraging our strength of backward and forward integration which kept the momentum of growth going in the challenging macro-economic situation prevailing in the markets.





At CFS, we believe integration is powering our growth and this is not just limited to the backward and forward integration, but also integration of key areas like R&D, Process Development, knowledge of markets, products and people.

Our Company's culture is highly customer centric and very focused on delivering best services to our customers with a keen eye on costs. With this focus in mind, we are transforming ourselves into a multinational and a multicultural organisation. We feel by achieving this CFS will come closer to customers, focus on customer's needs, relationships, ensuring longevity of business. I am pleased to inform you that your Company has started manufacturing operations in Brazil through our 100% subsidiary company Solentus do Brazil servicing customers in Latin America. Going forward, we will approach customer bases in USA and Canada through our 100% subsidiary Solentus North America. With the development of the new Green Process for Guaiacol and expansion in capacities for industrial application products, we see great expectation for future growth.

The strength of integration was the reason the Company delivered exceptional performance and I would like to share the highlights:

- Gross Sales from operations of the Company were ₹ 38,289.10 Lacs as compared to ₹ 32,276.48 Lacs in the previous year, registering a growth of 18.62%.
- Profit before tax was ₹ 2,920.58 Lacs as compared to ₹ 2,252.77 Lacs in the previous year, registering a growth of 29.60%.

- Profit after tax was ₹ 1,896.86 Lacs as compared to ₹ 1,475.91 Lacs in the previous year, registering a growth of 28.52%.
- Consolidated Gross Sales of the Company were ₹ 51,716.91 Lacs as compared to ₹ 38,285.35 Lacs in the previous year, registering a growth of 35.08%.
- Consolidated Profit after tax was ₹ 2,873.77 Lacs as compared to ₹ 1,512.34 Lacs in the previous year, registering a growth of 90.02%.

Considering the profits available for distribution, the Directors of your Company have recommended a dividend of ₹ 0.70 per share of ₹ 2/- each (i.e. 35%).

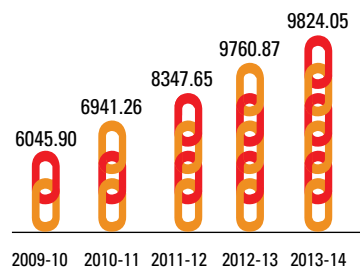
CFS is bringing in a stronger emphasis in R&D and process development which will give us a long term competitive advantage. We are consciously nurturing talent, identifying and supporting emerging leaders. We are building a decentralised strategy of management which supports entrepreneurial spirit and allows freedom for our people to grow.

On behalf of the board of directors, I thank all our employees, customers, partners, bankers, investors and shareholders for their trust and faith bestowed in the company and assure you we will continue to keep the momentum going with our central theme of integration powering growth.

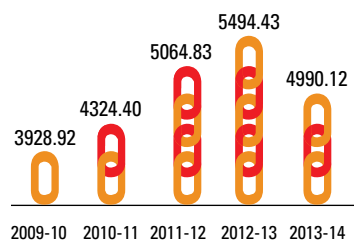
Yours truly

Ashish S. Dandekar

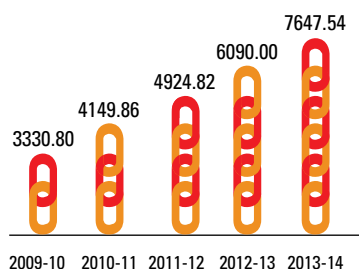
# Financial Highlights



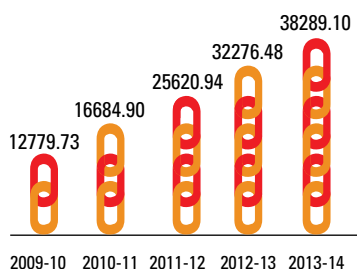
**Fixed Assets Gross block**  
(₹ in Lacs)



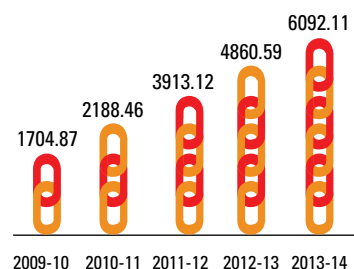
**Net Fixed Assets**  
(₹ in Lacs)



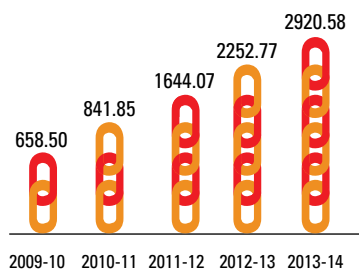
**Shareholders Funds**  
(₹ in Lacs)



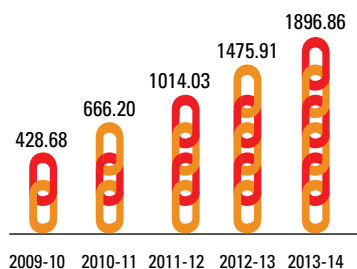
**Gross Sales/Other Operating Income**  
(₹ in Lacs)



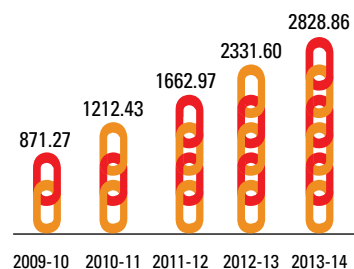
**Profit Before Interest Depreciation and Tax**  
(₹ in Lacs)



**Profit Before Tax**  
(₹ in Lacs)



**Profit After Tax**  
(₹ in Lacs)



**Cash Accruals**  
(₹ in Lacs)



₹ in Lacs

| Year Ending 31st March             | 2013-14         | 2012-13         | 2011-12        | 2010-11        | 2009-10        |
|------------------------------------|-----------------|-----------------|----------------|----------------|----------------|
| <b>Assets Employed</b>             |                 |                 |                |                |                |
| <b>Fixed Assets</b>                |                 |                 |                |                |                |
| Gross Block                        | 9824.05         | 9760.87         | 8347.65        | 6941.26        | 6045.90        |
| Less: Depreciation                 | 5034.04         | 4342.46         | 3506.04        | 2946.86        | 2323.69        |
| Net Block                          | 4790.01         | 5418.41         | 4841.61        | 3994.40        | 3722.21        |
| Capital Work In Progress           | 200.11          | 76.02           | 223.22         | 330.00         | 206.71         |
| Net Fixed Assets                   | 4990.12         | 5494.43         | 5064.83        | 4324.40        | 3928.92        |
| Net Current Assets                 | 5389.10         | 4458.02         | 3221.13        | 3852.43        | 3429.42        |
| Others                             | 515.19          | 231.82          | 270.04         | 266.41         | 339.88         |
| <b>Total</b>                       | <b>10894.41</b> | <b>10184.27</b> | <b>8556.00</b> | <b>8443.24</b> | <b>7698.22</b> |
| <b>Financed By</b>                 |                 |                 |                |                |                |
| Equity Share Capital               | 944.08          | 938.88          | 935.89         | 930.60         | 581.45         |
| Share Warrants                     | 0.00            | 0.00            | 0.00           | 0.00           | 0.00           |
| Reserves & Surplus                 | 6683.13         | 5141.60         | 3979.40        | 3210.44        | 2741.39        |
| Employee Stock Options Outstanding | 20.34           | 9.52            | 9.53           | 8.82           | 7.96           |
| Shareholder's Funds                | 7647.55         | 6090.00         | 4924.82        | 4149.86        | 3330.80        |
| Loan Funds                         | 2852.46         | 3766.98         | 3299.07        | 3999.92        | 4036.95        |
| Deferred Tax Liability             | 394.40          | 327.29          | 332.11         | 293.46         | 330.47         |
| <b>Total</b>                       | <b>10894.41</b> | <b>10184.27</b> | <b>8556.00</b> | <b>8443.24</b> | <b>7698.22</b> |
| <b>Sales &amp; Profitability</b>   |                 |                 |                |                |                |
| Gross Sales/Other Operating Income | 38289.10        | 32276.48        | 25620.94       | 16684.90       | 12779.73       |
| Less: Excise Duty/Discount         | 849.83          | 923.01          | 414.71         | 208.95         | 257.70         |
| Net Sales/Other Operating Income   | 37439.27        | 31353.47        | 25206.23       | 16475.95       | 12522.03       |
| Other Income                       | 232.70          | 286.50          | 355.79         | 132.49         | 111.91         |
| Total Income                       | 37671.97        | 31639.97        | 25562.02       | 16608.44       | 12633.94       |
| Operating Profit (EBIDTA)          | 6092.11         | 4860.59         | 3913.12        | 2188.46        | 1704.87        |
| Finance Cost                       | 2239.53         | 1752.13         | 1620.11        | 800.38         | 603.78         |
| Profit Before Depreciation & Tax   | 3852.58         | 3108.46         | 2293.01        | 1388.08        | 1101.09        |
| Depreciation                       | 932.00          | 855.69          | 648.94         | 546.23         | 442.59         |
| Profit Before Tax                  | 2920.58         | 2252.77         | 1644.07        | 841.85         | 658.50         |
| Taxes                              | 1023.72         | 776.86          | 630.04         | 175.65         | 229.82         |
| Profit After Tax                   | 1896.86         | 1475.91         | 1014.03        | 666.20         | 428.68         |
| Dividend & tax on Dividend         | 388.23          | 329.51          | 271.93         | 216.31         | 136.05         |
| Retained Earnings                  | 1508.63         | 1146.40         | 742.10         | 449.89         | 292.63         |
| Cash Accruals                      | 2828.86         | 2331.60         | 1662.97        | 1212.43        | 871.27         |
| <b>Per Share Information</b>       |                 |                 |                |                |                |
| Earning Per Share (Basic)          | 4.03 *          | 3.15 *          | 2.18 *         | 1.50 *         | 7.39           |
| Earning Per Share (Diluted)        | 4.02 *          | 3.13 *          | 2.16 *         | 1.48 *         | 7.30           |
| Book Value Per Share (₹)           | 16.20 *         | 12.97 *         | 10.53 *        | 8.92 *         | 57.28          |
| Dividend Per Share (₹)             | 0.70 *          | 0.60 *          | 0.50 *         | 0.40 *         | 2.00           |
| (Excluding Tax on Dividend)        |                 |                 |                |                |                |

NOTE \*

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



# 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. Abeezer E. Faizullahoy – Director  
Mr. Bhargav A. Patel – Director  
Mr. Dattatraya R. Puranik – Executive Director &  
Chief Financial Officer

Mr. Rahul D. Sawale – 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](http://www.camlinfs.com)  
Email: [secretarial@camlinfs.com](mailto:secretarial@camlinfs.com)  
CIN-L74100MH1993PLC075361

## 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  
State Bank of Travancore  
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.