

THINKING BIG GOING GLOBAL

2017-18 ANNUAL REPORT

TABLE OF CONTENTS

22 Notice

- 37 Director's Report
- 62 Management Discussion & Analysis
- Report on Corporate 67 Governance
- 92 Auditor's Report
- 98 Stand Alone Balance Sheet
- Stand Alone Statement 99 of Profit & Loss
- Stand Alone Cash Flow 100 Statement
- 103 Notes to Stand Alone Financial Statement
- 163 Consolidated Auditor's Report
- 168 **Consolidated Balance Sheet**
- 169 **Consolidated Statement** of Profit & Loss
- 170 Consolidated Cash Flow Statement
- 173 Notes to Consolidated **Financial Statement**







When we look back, what appeared impossible then, now gives us a proud feeling. What seemed to be a giant leap had million small strategic steps. It felt like a monumental challenge, but got implemented successfully. We are weaving ourselves into the fabric of the global and are enhancing it everyday. We are understanding cultures, customers, their needs, have adapted ourselves, learned to be nimble, started demanding from ourselves, and we have let off complacency and have continued with optimism. We determine our success with the number of people we reach out to. Our mission is to get more and more people across the globe to see, taste, feel, hear and touch Camlin Fine Sciences (CFS) through its products.

Big things take time; and so we are going global.



PREVENTING FOOD WASTAGE IS OUR RESPONSIBILITY

7-2018 ANNUAL REPORT



SHELF LIFE SOLUTIONS

Food has been the mainstay of our Shelf Life Solutions business, and antioxidants, an integral ingredient for the food industry. With the trend moving towards naturals and customers focusing on giving natural options for their healthconscious end-users, we found solutions with natural antioxidant blends. We provide several natural alternatives to traditional antioxidants under our 'NaSure' brand, such as green tea extract, rosemary extract, mixed tocopherols, acerola extract, etc. for the US, Mexico, Central America, Latin America and Asia in the food as well as petfood segments.

Being one of the largest food antioxidants' manufacturers, we continue our growth with traditional antioxidants like TBHQ, BHA, and Ascorbyl Palmitate. Our tailor-made blends, too, have extended their applications to different food industries. Traditional (Synthetic) antioxidants remain even now much larger than naturals and are still widely used for inhibiting lipid oxidation or preventing the development of free radicals or by eliminating it. We have now acquired a strong presence with our traditional antioxidants in the US, South America, Central America, Middle East and Asia and will strive for growth in the African Continent, Oceania regions in the coming years.

Preservatives or antimicrobials is another segment that was tapped to cater to the Bakery industry in India. Newer products will get added to our Bakery range giving them a comprehensive solution to choose from a single, trustworthy manufacturer and supplier.

Being a leading shelf life solutions company, our responsibility towards protecting foodstuff and preventing food wastage is part of our DNA. Research is also underway to develop newer technologies that can be introduced to further increase the shelf life of food products. We would be developing solutions for our new sectors such as dairy, meat & poultry, beverages, and seafood for both developed and emerging markets.



SENSITIVE TO PET FOOD PERFORMANCE NEEDS

2017-2018 ANNUAL REPORT

Mussel



SHELF LIFE SOLUTIONS

Pets play significant roles in people's lives. As pets cannot verbally express their concerns, pet owners do everything to give them the best possible care. And 'care' begins with good nourishment that makes CFS more concerned about their food needs.

Pet foods and their ingredients by their very nature are perishable and prone to oxidation. Storing them in the shelf, for an extended period of time, has negative effects on their flavour, aroma, texture and nutrients. Because trends in pet food are closely aligned to those in human food, natural shelf life solutions are highly preferred by manufacturers. The US pet food market is a \$24 billion industry, with 69% of the market being natural. For the US and Europe region, the growth is driven by humanization and premiumization, making more use of natural blends by pet food manufacturers and renderers (for pet food use). The U.S. pet food market primarily uses natural antioxidants, and we are well-poised to offer these products. CFS North America has expanded its laboratory capabilities that allow more effective and efficient responses to the needs of North American pet food customers.

With EU suspension of Ethoxyquin, pet food manufacturers faced a major challenge to introduce alternatives to extend product shelf life. This turned out to be an opportunity for our Shelf Life Solutions business in the Latin America and Europe market. CFS do Brasil, and CFS Dresen offered these markets with better solutions that could add more stability to our customer's products. In the last few years, pet food market leaders in Central and South American regions have obtained a "natural claim." It opened the way for new solutions and concepts.

Reports of pet food contamination was lately a concern lately in the US. For lack of pet food safety has the potential to cause illness in both pets and humans.

With manufacturers seeking safe solutions to enhance their products' shelf life, our line of feed safety additives has helped deliver value to our customers. Pet food manufacturers are also exploring a new segment of pet food. Shelf Life Solutions business has taken proactive steps by collaborating with a prominent university in the US to evaluate the need for antioxidants in such new alternative pet food forms in the US and other such developed countries.



WE HELP IMPROVE PROFITABILITY FOR PRODUCERS



SHELF LIFE SOLUTIONS

Animal feed has a vital role in the food chain. Animal Nutrition industry deals with food given to animals in cattle, poultry, swine, and aquaculture sector as part of livestock rearing. In the last few decades, the shift from traditional methods of farming to commercial form is expected to make a parallel growth in the feed additives industry all over the globe.

For livestock to conduct essential life processes, it needs an abundant energy source. Feed provides proteins, carbohydrates & fats, vitamins, etc., thereby increasing metabolism, efficiency, growth, and immunity, mainly in young livestock. With the increasing cost of feed ingredients and unpredictable disease outbreaks, there is a major challenge for expanding production and maintaining profits. It brings the economics of feed conversion ratio (FCR) to the fore.

Feed additives help in improving FCR. FCR is a measure of how well a species converts feed intake (feed usage) into live weight. The ratio improves by providing animals with quality nutrition, reliable systems of feed procurement and production, good care and husbandry, disease control, all to ensure efficient production. And this has to be better over the years as it directly benefits humans; the quality of food from animal origin will improve. So, regardless of the species reared, we worked with the producers and farmers on this concept in an attempt to give them an informed feed-purchasing decision to master production cost and gain profitability.

The growth in feed additives market is attributed to an extensive application scope for feed additives in livestock. Antioxidants protect feed ingredients from oxidation which results in rancidity of fats and continuous destruction of essential vitamins.

Our global antioxidant expertise has given us smoother access to feed customers with our product basket. The acquisition of 65% stake in CFS Dresen, one of the leading manufacturers of products related to animal nutrition, made our presence stronger in food as well as feed. Using Dresen's technical expertise and knowledge, we expanded our Animal Nutrition portfolio with the focus on industries, such as poultry, dairy, swine/pork with products such as mold inhibitors, acidifiers, growth promoters, toxin binders, pellet binders, antioxidants, etc.

We have launched the portfolio in Brazil, Argentina, Chile, United States, and in India. We aim to provide relevant solutions to animal farm producers across the globe for optimum productivity with our comprehensive animal nutrition product basket.



ONE OF THE WORLD'S LEADING PRODUCER OF VANILLIN