

**CHAIRMAN EMERITUS**

Mr. Subhash D. Dandekar

BOARD OF DIRECTORS

Mr. Dilip D. Dandekar — Chairman & Managing Director

Mr. Rajiv M. Dandekar — Joint Managing Director

Mr. Shriram S. Dandekar — Executive Director

Mr. Deepak M. Dandekar — Executive Director

Mr. Ashish S. Dandekar

Mr. Govind G. Desai

Mr. Shrikrishna E. Godbole

Mr. Madhukar P. Khedkar

Mr. Premanand A. Narvekar

Mr. Shishir S. Shirgaokar

Mr. Pramod M. Sapre

Mr. Dhananjay N. Mungale

REGISTERED OFFICE

9-B, Nanddeep Industrial Estate,
Kondivita Lane, J. B. Nagar, Andheri (East),
Mumbai 400 059.

CORPORATE OFFICE

Hilton House, 48/2, Central Road, MIDC, Andheri (East),
Mumbai 400 093.

WORKS

- M.I.D.C. Boisar, Tarapur (Dist. Thane) 401 506.
- M.I.D.C. Taloja, Navi Mumbai 410 208.
- 101, Gangyal Industrial Area, Phase II, Jammu 180 004.
- Rajprabha Udyog Nagar, Walive, Vasai (East), (Dist. Thane) 401 308.

**GENERAL MANAGER (CORPORATE)
& COMPANY SECRETARY**

Mr. Ravindra V. Damle

AUDITORS

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

BANKERS

Bank of Maharashtra
IDBI Bank Ltd.

REGISTRARS & TRANSFER AGENTS

M/s. Sharepro Services (India) Pvt. Ltd.

Unit: Camlin Limited,
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai 400 099.

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NOTICE

NOTICE is hereby given that the **60th Annual General Meeting** of the Members of Camlin Limited, will be held on Monday, the 30th July, 2007 at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry and Agriculture, Oricon House, 12-K Dubhash Marg, Fort, Mumbai - 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Deepak M. Dandekar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shrikrishna E. Godbole, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Madhukar P. Khedkar, who retires by rotation and being eligible offers himself for re-appointment.
6. 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:

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

“RESOLVED THAT in supersession of the Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Dilip D. Dandekar, as a Director in the wholetime employment, designated as ‘Chairman & Managing Director’ with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of

Rs. 2,35,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called ‘remuneration’ including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Dilip D. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Dilip D. Dandekar, as ‘Chairman & Managing Director’, the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956.”

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

“RESOLVED THAT in supersession of the Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Rajiv M. Dandekar, as a Director in the wholetime employment, designated as ‘Jt. Managing Director’ with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of Rs. 2,25,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called ‘remuneration’ including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Rajiv M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Rajiv M. Dandekar,

as 'Jt. Managing Director', the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT in supersession of the Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Shriram S. Dandekar, as a Director in the wholetime employment, designated as 'Executive Director' with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of Rs. 2,25,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Shriram S. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Shriram S. Dandekar, as 'Executive Director', the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT in supersession of a Special Resolution passed by the members at the 58th Annual General Meeting of the Company, held on 5th September, 2005 and pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof for the time being in force) and the Articles of Association of the Company, consent of the Company, be and is hereby accorded to the appointment of Mr. Deepak M. Dandekar, as a Director in the wholetime employment,

designated as 'Executive Director' with effect from 1st April, 2007 and to his receiving for a period of three years from 1st April, 2007 a salary of Rs. 2,25,000/- per month plus house rent allowance, perquisites, allowances and benefits and commission (collectively called 'remuneration' including remuneration to be paid in the event of loss or inadequacy of profits in any financial year of the Company), upon the terms and conditions, set out in the Agreement, executed between the Company and the said Director, as placed before this meeting, with liberty to the Board of Directors, to alter and/or vary the terms and conditions of the said appointment and/or Agreement in such manner, as may be agreed to between the Board of Directors and Mr. Deepak M. Dandekar.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. Deepak M. Dandekar, as 'Executive Director', the remuneration, payable to him shall not exceed the limits specified under Schedule XIII of the Companies Act, 1956."

11. To consider and if thought fit, to pass with or without modifications, 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) 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 Mrs. Rajani S. Dandekar, who is a relative of the Directors of the Company, as "Marketing Advisor" with effect from 17th November, 2006, for a period of two years, on a monthly consultancy fees of Rs. 25,000/- plus service tax and that she also be provided with car and driver to be used for the purpose of this assignment and also be reimbursed with telephone and other communication facility expenses and all other incidental expenses as may be incurred in the course of her carrying out the assignment for the Company"

12. To consider and if thought fit, to pass with or without modifications, 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) 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 the Directors of the Company, as "Sr. Corporate Advisor" with effect from 1st August, 2007 for a period of two years, on a monthly consultancy



fees of Rs. 15,000/- plus service tax and that he also be provided with car and driver to be used for the purpose of this assignment and also be reimbursed with telephone and other communication facility expenses and all other incidental expenses as may be incurred in the course of him carrying out the assignment for the Company”.

Regd. Office:

9-B, Nanddeep Industrial Estate,
Kondivita Lane, J. B. Nagar,
Andheri (East),
Mumbai-400 059.

By Order of the Board

RAVINDRA V. DAMLE

General Manager (Corporate) &
Company Secretary

Dated : 20th June, 2007.

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 PROXY FORM IN ORDER 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 the business referred to under Item Nos. 7 to 12 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 24th July, 2007 to 30th July, 2007 (both days inclusive).
4. The Dividend if sanctioned will be paid on or before 28th August, 2007 to those eligible shareholders whose names stand in the Register of Members on 30th July, 2007.
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 the 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 advised only to the Depository Participant of the members.
6. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956 all dividends which remained unpaid or unclaimed upto the financial year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Concerned members are requested to claim the amount from the Office of the Registrar of Companies, Maharashtra, C.G.O Complex, 2nd Floor, A Wing, CBD – Belapur, Navi Mumbai - 400 614.
7. In compliance with Section 205C of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 1999, has been transferred to the “Investor Education and Protection Fund” established by the Central Government. Members shall not be able to register their claim in respect of their un-encashed dividend with regard to the above dividend.
8. Members who have not encashed their dividend warrants for the financial year ended 31st March, 2000 and thereafter, may immediately approach the R&T Agent to submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the “Investors Education and Protection Fund” as per provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
9. Member desirous of getting any information on the accounts or operations of the Company, is requested to forward his/her queries to the Company atleast seven working days prior to the meeting, so that the required information can be made available at the meeting.
10. 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.

**ANNEXURE FORMING PART OF THE NOTICE
EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956)**

SPECIAL BUSINESS:

ITEM NOS: 7 TO 10

At the 58th Annual General Meeting held on 5th September, 2005, the members had approved the appointments of M/s. Dilip D. Dandekar, Chairman & Managing Director, Rajiv M. Dandekar, Joint Managing Director, Shriram S. Dandekar and Deepak M. Dandekar as Executive Directors respectively (collectively called Wholtime Directors) on revised terms and conditions.

In order to recognise the intensive efforts made to meet the challenges in the highly competitive market and in view of the need to maintain the sustained tempo of the Management working focused towards forward looking operations of the Company, the revision in remuneration of the Wholtime Directors w.e.f. 1st April, 2007 was approved by the Remuneration Committee and the Board of Directors at their Meetings held on 11th June, 2007 and 20th June, 2007 respectively.

The revised terms of remuneration for a period of three years from 1st April, 2007 to 31st March, 2010, are as under:-

1. Salary:

| Sr. No. | Name & Designation of the Wholtime Directors | Salary per Month (Rs.) |
|---------|---|------------------------|
| 1. | Mr. Dilip D. Dandekar Chairman & Managing Director | 2,35,000 |
| 2. | Mr. Rajiv M. Dandekar Jt. Managing Director | 2,25,000 |
| 3. | Mr. Shriram S. Dandekar Executive Director | 2,25,000 |
| 4. | Mr. Deepak M. Dandekar Executive Director | 2,25,000 |

2. House Rent Allowance:

House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof.

3. Perquisites and Allowances:

In addition to the salary, house rent allowance and commission payable, each of the Wholtime Directors shall also be entitled to perquisites and allowances such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for themselves and their families, club fees, provision of car with driver, telephone/fax facilities and benefit of personal accident insurance scheme and such other perquisites and

allowances in accordance with the Rules of the Company or as may be agreed to by the Remuneration Committee/ Board of Directors and such perquisites and allowances will however, be subject to a ceiling of Rs. 1.50 lacs per annum.

Perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, they shall be evaluated at actual cost.

However, the aforesaid remuneration will be subject to a overall ceilings stipulated in Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

4. Commission:

The Wholtime Directors may also be paid remuneration by way of commission, in addition to salary, house rent allowance and perquisites & allowances calculated with reference to the net profits of the Company for a particular financial year, subject to the overall ceilings laid down under the provisions of Sections 198 and 309 of the Companies Act, 1956 of such amount, as the Remuneration Committee/Board of Directors may in their absolute discretion determine.

5. Provident, Superannuation and Gratuity Fund:

Company's contribution to Provident Fund, Family Pension Scheme and Superannuation Fund to the extent these either singly or together are not taxable under the Income-tax Act 1961 and Gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

The aggregate of the remuneration including contribution towards Provident Fund, Family Pension Scheme, Superannuation Fund and Gratuity Fund, payable to the Wholtime Directors of the Company taken together shall not exceed 10% of the net profits of the Company calculated in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

6. Minimum Remuneration:

If in any year during the currency of appointment of the Wholtime Directors, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of salary, house rent allowance and perquisites & allowances not exceeding the limits specified under Schedule XIII of the Companies Act, 1956.



7. Memorandum of Interest:

Mr. Rajiv M. Dandekar and Mr. Deepak M. Dandekar are interested in each other's appointment as Brothers.

As per the terms of appointment except Mr. Deepak M. Dandekar, other Wholtime Directors are not liable to retire by rotation.

No other Director except the appointees are concerned or interested in the resolutions.

The above should also be considered as an abstract of the terms of appointment of the Wholtime Directors and a Memorandum as to the nature of concern or interest of the Directors in the said appointments, as required under Section 302 of the Companies Act 1956.

The Agreement(s) entered into between the Company and the Appointees, setting out the terms and conditions of their appointment, are available for inspection of the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting of the Company.

Additional information relevant to the appointment of the Wholtime Directors forming part of the explanatory statement as required as per Schedule XIII of the Companies Act, 1956.

(I) General Information:

(a) Nature of Industry:-

The Company is a Manufacturer of Consumer Products (Art Materials and Stationery).

(b) Date of commencement of commercial production:-

The Company was incorporated on 24th December, 1946 as a Private Limited Company and has been operative since then.

(c) Financial Performance based on given indicators –

(Rs. in Lacs)

| Sr. No. | Particulars | ** 2006-2007 | 2005-2006 |
|---------|--|--------------|-----------|
| 1. | Total Income (Including net sales and non recurring items) | 23466.81 | 19791.21 |
| 2. | Profit/(Loss) before tax | | |
| | From operations | 380.79 | (22.14) |
| | From Non Recurring Item | 4350.61 | — |
| 3. | Profit/(Loss) after tax | 3606.91 | (152.65) |
| 4. | Dividend * | 120.00 | — |

* proposed / ** The above figures are not comparable due to demerger of fine chemicals division effective 1st July, 2006.

(d) Export Performance and Foreign Exchange earned for the financial year ended 31st March, 2007:

During the year, the Company's exports amounted to Rs. 363.03 lacs as compared to Rs. 367.19 lacs in the previous year.

(e) Foreign Investments or Collaborations, if any.

During the year, the Company has not entered into any Foreign Collaborations or made any Foreign Investments.

(II) Information about the Wholtime Directors:

(a) Background Details:

Mr. Dilip D. Dandekar (55) G.C.D, joined the Company as 'Management Trainee'. He was later appointed as Wholtime Director in the year 1979. From 1st June, 2002 he has been appointed as "Chairman & Managing Director".

Mr. Rajiv M. Dandekar (52) B.Sc. (Hons.), M.B.A., joined the Company as 'Management Trainee'. He was later appointed as "Jt. Managing Director" from 1st January, 1993.

Mr. Shriram S. Dandekar (46) M.Sc, M.B.A., joined the Company as 'Management Trainee'. He was later appointed as "Executive Director" from 1st January, 1993.

Mr. Deepak M. Dandekar (49) B.Com, joined the Company as 'Asst. Accountant'. He was later appointed as "Executive Director" from 1st June, 1996.

(b) Past Remuneration:

| Sr. No. | Name of the Wholtime Directors | (Rs. in Lakhs) |
|---------|---|----------------|
| 1. | Mr. Dilip D. Dandekar Chairman & Managing Director | 27.88 |
| 2. | Mr. Rajiv M. Dandekar Jt. Managing Director | 26.43 |
| 3. | Mr. Shriram S. Dandekar Executive Director | 26.32 |
| 4. | Mr. Deepak M. Dandekar Executive Director | 26.38 |

(c) Job Profile and his Suitability:

Mr. Dilip D. Dandekar is the 'Chairman and Managing Director' w.e.f. 1st June, 2002. He has wide experience of 37 years in the field of Marketing, Administration and overall Management of the Company. He is overall incharge of the Company.

Mr. Rajiv M. Dandekar is the 'Jt. Managing Director' since 1st January, 1993. He has wide experience of 28 years in the area of Marketing and Human Resource Development. He is responsible for the General Administration and is assisting the Chairman and Managing Director in his day-to-day functions.

Mr. Shriram S. Dandekar is an 'Executive Director' since 1st January, 1993. He has wide experience of 24 years in the field of Research and Development, Product Development, Business Planning and Marketing. He is responsible for Business Planning, Research & Development, Product Development and Marketing of the Company.

Mr. Deepak M. Dandekar is an 'Executive Director' since 1st June, 1996. He has wide experience of 23 years in the field of Accounts, Finance and Information Technology. He is responsible for all matters relating to Exports and Information Technology.

All the Wholtime Directors are part of the Senior Management and are responsible for the operations and affairs of the Company pertaining to their respective areas. Taking into consideration their qualifications and experience in relevant fields, the Wholtime Directors are best suited for the responsibilities currently assigned to them by the Board of Directors.

(d) Remuneration Proposed:

| | (Rs.) |
|--|---|
| Salary (Per Month) | Mr. Dilip D. Dandekar 2,35,000/- Mr. Rajiv M. Dandekar 2,25,000/- Mr. Shriram S. Dandekar 2,25,000/- Mr. Deepak M. Dandekar 2,25,000/- |
| House Rent Allowance | House Rent Allowance limited to 20% of monthly salary shall be paid in addition to salary or rent free unfurnished accommodation in lieu thereof. |
| Perquisites Allowances and Benefits | Maximum of Rs. 1.50 lacs per annum to each Wholtime Director. |
| Commission | Remuneration by way of commission in addition to salary, house rent allowance, and perquisites allowances and benefits calculated with reference to Net Profits of the Company, subject to overall ceiling laid down under the provisions of Section 198 and 309 of the Companies Act, 1956 or such amount as the Remuneration Committee/ Board of Directors may determine. |

(e) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration, the size of the Company, the profile of the Wholtime Directors, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level Directors in other Companies.

(f) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, the Wholtime Directors do not have any other pecuniary relationship with the Company and its managerial personnel.

(III) Other Information:

(a) Reasons for loss or inadequate profits:

Inspite of healthy growth in sales volume, the Company could not post adequate profits due to increased input material cost and overheads.

(b) Steps taken or proposed to be taken for improvement:

For improving overall profitability, Company has already initiated measures like introduction of new products with higher value addition, control over the overheads, increase in capacities, aggressive advertising and marketing of products to reposition the brands.

(c) Expected increase in productivity and profits in measurable terms:

The Company has significantly improved its performance in the current year as compared to the previous year. Relevant financial parameters stating the performance of full financial year compared to the corresponding period of the previous year are given below.

(Rs. in Lakhs)

| Particulars | * As on 31 st March, 2007 | As on 31 st March, 2006 |
|---|--------------------------------------|------------------------------------|
| Total Income (Including net sales and non recurring ordinary items) | 23,466.81 | 19,791.21 |
| Total Expenditure | 18,900.79 | 19,965.75 |
| Profit/(Loss) before tax | | |
| From operations | 380.79 | (22.14) |
| From Non Recurring Item | 4350.61 | — |

* The above figures are not comparable due to demerger of fine chemicals division effective 1st July, 2006.

(IV) Disclosures:

The information in respect of remuneration including performance linked remuneration alongwith performance criteria, service contract, notice period, stock options details if any have been given in the Corporate Governance Report.

Directors recommend the Special Resolutions for your approval.

ITEM NO: 11

Section 314(1) of the Companies Act, 1956, inter alia, provides that appointment of a relative of a Director for holding an office or a place of profit in a Company carrying total monthly remuneration exceeding Rs. 10,000/- but not more than Rs. 50,000/-, shall require approval of the members by Special Resolution.

In view of involvement of Mrs. Rajani S. Dandekar in carrying out and implementing activities of Camlin Art Foundation and acting as an Advisor to the Marketing Team for promotion of Colour Group products, your Directors strongly feel that Company should avail her continued advice and pay Consultancy Fees of Rs. 25,000/- per month plus service tax, car with driver, reimbursement of telephone and other communication facilities and all other incidental expenses as may be incurred by Mrs. Rajani S. Dandekar in carrying out the said assignment for the Company.

No Directors other than Mr. Ashish S. Dandekar, are concerned or interested in the Resolution.

Directors recommend the Special Resolution for your approval.

ITEM NO: 12

Section 314(1) of the Companies Act, 1956, inter alia, provides that appointment of a relative of a Director for holding an office or a place of profit in a Company carrying total monthly remuneration exceeding Rs. 10,000/- but not more than Rs. 50,000/-, shall require approval of the members by Special Resolution.

Considering the expertise, knowledge and vast experience possessed by Mr. Subhash D. Dandekar and his contribution to the business, your Directors strongly feel that Company should have his continued advice and pay Consultancy Fees of Rs. 15,000/- per month plus service tax, car with driver, reimbursement of telephone and other communication facilities and all other incidental expenses as may be incurred by Mr. Subhash D. Dandekar in carrying out the said assignment for the Company.

No 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.

Regd. Office:
9-B, Nanddeep Industrial Estate,
Kondivita Lane, J. B. Nagar,
Andheri (East),
MUMBAI-400 059.

By Order of the Board

RAVINDRA V. DAMLE
General Manager (Corporate) &
Company Secretary

Dated: 20th June, 2007.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 60th Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2007.

SCHEME OF ARRANGEMENT FOR DEMERGER

During the year under review, your Directors had initiated restructuring of its business by way of demerging its Fine Chemicals Division into a separate Company, with a view to enable the management to focus on respective businesses, provide scope for independent collaborations and expansions and also to help unlock value for members. The scheme was approved by the members and thereafter sanctioned by the Hon'ble Bombay High Court on 17th November, 2006. The process of demerger was completed on 19th December, 2006, that being the effective date under the Scheme of Arrangement. The Fine Chemicals Division has been now demerged as a going concern into a separate Company named Camlin Fine Chemicals Limited w.e.f. 1st July, 2006 (appointed date). The members of Camlin Limited were allotted equity shares by Camlin Fine Chemicals Limited, in terms of the Scheme. The said shares were listed on the Bombay Stock Exchange Limited on 30th March, 2007. The current financial accounts of your Company for the year ended 31st March, 2007 take into account the effect of the said demerger. In view of this, current years financial results are not comparable with the previous year, appearing in the Annual Accounts.

FINANCIAL RESULTS:

| | (Rs. in Lacs) | |
|---------------------------------------|---------------|----------|
| | 2006-07 | 2005-06 |
| Profit/(Loss) Before Tax | | |
| – From Operations | 380.79 | (22.14) |
| – From Non Recurring items | 4350.61 | — |
| – Less: Extra Ordinary items | | |
| Amortisation of VRS cost | 165.38 | 152.40 |
| | 4566.02 | (174.54) |
| Less: Provision for Tax | | |
| – Current/FBT | 798.68 | 46.52 |
| – Deferred | 122.41 | (68.41) |
| – Prior Year (Net) | 38.02 | — |
| Profit/(Loss) After Tax | 3606.91 | (152.65) |
| Balance bought forward from last year | 522.85 | 675.50 |
| Balance Carried forward | 4129.76 | 522.85 |
| Transferred to: | | |
| Proposed Dividend | 120.00 | — |
| Corporate Dividend Tax | 20.39 | — |
| General Reserve | 3500.00 | — |
| Balance Carried Forward | 489.37 | 522.85 |
| | 4129.76 | 522.85 |

REVIEW OF OPERATIONS:

The various restructuring initiatives taken by your management over the last couple of years are now yielding results. These are well reflected in your Company's performance under review which has resulted into operating profit before tax of Rs. 380.79 lacs as against a loss of Rs. 22.14 lacs in the previous year.

Your Company has achieved net sales of Rs. 18,764.66 lacs for the year under review as compared to Rs. 19,234.94 lacs in the previous year. The marginal decline of 2.44% in sales is on account of the Demerger of Company's Fine Chemicals Division w.e.f. 1st July, 2006. The net sales of Fine Chemical Division were Rs. 1,505.30 lacs being sales for first quarter (i.e. till demerger of the Fine Chemicals Division) as against net sales of Rs. 4,327.09 lacs for the previous year. In other words, excluding this demerged division, net sales of Consumer Products have increased from Rs. 14,864.09 lacs to Rs. 17,259.36 lacs, which represents a healthy growth of 16.11%.

Your Company is taking initiatives to ensure sustainability of growth and profitability in the coming years. Your Company is now focusing on topline increase supported by aggressive advertisement and marketing to reposition its existing brands and by reducing operating costs in the business.

DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs. 2.50 per share on 48,00,000 Equity Shares of Rs. 10/- each, for the year ended 31st March, 2007. The total dividend outgo amounts to Rs. 120.00 lacs exclusive of Tax of Rs. 20.39 lacs to be paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE & DEVELOPMENT AND SEGMENTWISE PERFORMANCE:

Your Company offers a wide range of products such as Artist Materials, Hobby Colours, Scholastic Colours, Scholastic Stationery Products, Office Products and Writing Instruments under the Camel and Camlin brands and caters to a vast consumer segment for their Fine Art, Scholastic and Office Stationery needs.

The large portfolio of products, well-known brands, and wide distribution network have helped your Company to retain its market leadership position in many product groups, in spite of competition not only from Indian Companies but also from cheap imports from China and South East Asian countries. It has been possible to maintain this position by our continuous efforts for product development and upgradation by the in-house R&D team and continuous brand building activities, which has made the Company's brands household names.



In addition to the business restructuring dealt with earlier in the report, the Company has taken certain initiatives to improve its value creation potential. Some of these initiatives are:

- Focus on products, which are at the higher end of the value chain.
- Portfolio review of businesses to aggressively support business with profitable growth potential.
- Aggressive T. V. campaign for Markers.
- Promotion of Art in India by Sponsoring “Euro Art Tour” by the Camel Art Foundation which has gained recognition and popularity from Artists Fraternity and
- Proactive alliance with technology partners in domains where the Company foresees future business opportunities. As a part of this Company entered into a distribution agreement with ColArt Fine Art & Graphics Ltd. U. K. for exclusive distribution of their products in India, Nepal and Bangladesh.

Consumer Products contributed to 92% of the total sales of the Company and has achieved net sales of Rs. 17,259.36 lacs as compared to Rs. 14,864.09 lacs in the previous year.

OUTLOOK, OPPORTUNITIES AND THREATS, RISKS AND CONCERNS:

Continuous positive development on the economic front, rapid changes in the retail environment and an increasing demand for FMCG products are all favorable indicators for your Company. The growing and young population, rising middle class incomes, changing lifestyles and aspirations present a unique opportunity for a Company like yours. Series of strategic initiatives will henceforth help your Company in mitigating the risks of squeeze on margins and paucity of funds for business development.

Macro economic factors like economic and political developments, natural calamities may affect the Company and industry at large.

Nevertheless increasing competitive pressures, dumping of imported products at extremely low prices, rising prices of input material continue to be a cause of concern for the Company.

INFORMATION TECHNOLOGY:

Your Company has been investing on technology to harness its power towards improving both process and employees productivity. As a part of this the process of implementation of SAP has already started and is expected to go live by July, 2007. The system will connect factory locations, offices and depots all over India. On successful implementation the project would entail standardization of the business process and systems with state of the art technology and would substantially help in reducing operating costs.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control procedures commensurate with its size and nature of business. The Company has established well-defined written policies and processes across the organisation pertaining to all major activities including authority for approvals. In all cases where a monetary decision is involved various limits and authorities are in place. Management Information System together with an exhaustive budgetary control system covering all major operations forms part of the overall control mechanism that ensures the requisite information related to operations is being prepared and is available for control and review. The internal auditors independently evaluate adequacy of internal control systems. Based on the observations and recommendations, follow up and remedial measures are being taken including increased area of coverage, if necessary. Observations and Recommendations of the internal auditors are discussed by the Audit Committee to ensure effective corrective action.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

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

Relations with the employees at all levels remained cordial during the year.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis Report describing the Company's projections, estimates and expectations may be interpreted as “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets in which the Company operates, changes in government regulations, tax laws and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

SUBSIDIARY COMPANIES:

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, Copies of Balance Sheet and Profit & Loss Account, Report of the Directors and Auditor of the Subsidiaries have not been attached to the Annual Accounts of the Company. These documents will, however, be made available upon