

Camlin



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61st ANNUAL REPORT 2007 - 2008

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Jammu Plant

**Camelart
Foundation
8th Northern Region
Art Exhibition**



**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** — Resigned w.e.f. 24-9-2007**Mr. Dhananjay N. Mungale****Mr. Anil C. Singhvi** — Appointed w.e.f. 24-9-2007**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

Tarapur : M.I.D.C., Boisar, Tarapur, Dist. - Thane - 401 506.

Taloja : M.I.D.C., Taloja, Navi Mumbai - 410 208.

Jammu : Industrial Growth Center, Samba Phase I, Jammu, J&K State.
101, Gangyal Industrial Area, Phase II, Jammu - 180 004.

Vasai : Rajprabha Udyog Nagar, Walive, Vasai (East), Dist. - Thane - 401 308.

CHIEF FINANCIAL OFFICER**Mr. Chetan R. Badal**
**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 is hereby given that the 61st Annual General Meeting of the Members of Camlin Limited, will be held on Thursday, the 3rd July, 2008 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 Profit and Loss Account for the year ended 31st March, 2008 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. Dhanajay N. Mungale, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Premanand A. Narvekar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Shishir S. Shirgaokar, 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 fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Anil C. Singhvi, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 24th September, 2007 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 Act, 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.”

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

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of

the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to Article 10 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for sub-division of the 1 (One) Equity Share of face value of Rs. 10/- each into 10 (Ten) Equity Shares of the face value of Re. 1/- (One) each and that the existing clause V of Memorandum of Association of the Company be substituted as follows:

- V. “The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One) each with power for the Company to increase or reduce the said capital and to issue any part of the Capital, original or increased with or without any preference priority or special privilege or subject to any postponement of rights to any conditions or restrictions.”

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall include a Committee thereof) and/or the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the above resolution including but not limited to filing of necessary forms with the Registrar of Companies and other deeds/documents/writings as may be required by Depositories/Stock Exchanges, issue of new Share certificates representing the sub-divided Equity Shares with new distinctive numbers and/or crediting the Members’ Dematerialisation Accounts maintained by them with their respective Depositories, subject to the provisions laid down under the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to delegate all or any of the powers herein vested to the officials of the Company, for giving effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board and/or the Company Secretary be and are hereby authorised on behalf of the Company, to take all necessary actions which in its absolute discretion deem necessary, to resolve and settle all questions and difficulties that may arise in the sub-division of Equity Shares, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

9. 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 Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing Article 3 of the Articles of Association of the Company be substituted as follows:

“The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One) each.”

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the “SEBI Guidelines”), or any statutory modification(s) or re-enactment of the Act, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to any other applicable approvals, consents, permissions and/or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, consents, permissions and/or sanctions, the approval and consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall include any ‘Compensation Committee’ or any other ‘Committee’ of the Board authorised for the purpose), to introduce and implement an ‘Camlin Employees Stock Option Scheme-2008’ (‘ESOP 2008’ or ‘the Scheme’), and to grant, offer, issue and allot in one or more tranches at any time to or to the benefit of such permanent employees of the Company (other than Promoters and Directors of the Company, whether Whole-time Directors or otherwise) as may be decided by the Board, an Option under ESOP-2008 exercisable or convertible into Equity Shares (hereinafter referred to as ‘the securities’) of the Company not exceeding in the aggregate 5% of the issued, subscribed and paid-up Equity Share Capital of the Company as on 31st March, 2008 i.e. upto 30,00,000 (Thirty Lacs) Equity Shares of Re. 1/-

(Rupee One) each (having original face value of Rs. 10/- each, now subdivided into Equity Shares of Re. 1/- each) of the Company (or such other adjusted number of Shares for any bonus issue, consolidation, sub-division or other re-organization of the capital structure of the Company as may be applicable from time to time), on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or any other applicable provisions as may be prevailing at that time.

RESOLVED FURTHER THAT:

- a. The exercise price shall be determined by the Board of Directors and/or Compensation Committee at the time of grant of an option by averaging the daily closing price of Equity Shares during the seven (7) days immediately preceding the date of grant (rounded off to the nearest rupee) on the Stock Exchange where the Shares are traded and has the highest trading volume.
- b. The Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the scheme on such terms and conditions as contained in the relevant Explanatory Statement to this Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to amendments with respect to vesting period/schedule, exercise price/period, eligibility criteria or to suspend, withdraw, terminate or revise the scheme;
- c. The securities may be allotted in accordance with the Scheme either directly or through a trust which may be set up in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable to acquire, purchase or subscribe to the Securities of the Company;
- d. The new Equity Shares to be issued and allotted upon exercise of options from time to time under ESOP-2008 shall rank pari passu inter se in all respects with the then existing Equity Shares of the Company;
- e. The Board be and is hereby authorised to take requisite steps for listing of the securities allotted under ESOP-2008 on the Stock Exchanges where the securities of the Company are listed; and
- f. For the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as may be necessary



or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to that end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

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 : 27th May, 2008.

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 10 (both numbers inclusive) is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from 27th June, 2008 to 3rd July, 2008 (both days inclusive).
4. The Dividend, if sanctioned, will be paid on or before 1st August, 2008 to those eligible Shareholders, whose names stand in the Register of Members as on 3rd July, 2008.
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 communicated only to the Depository Participant 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, M/s. Sharepro Services (India) Private Limited.

6. Pursuant to the 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, 2000, has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claims 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, 2001 and thereafter, may immediately approach the R&T Agent and 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. 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 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 NO: 7

Mr. Anil C. Singhvi was appointed as an Additional Director of the Company on 24th September, 2007. As per the provisions of Section 260 of the Companies Act, 1956, ("Act"), he holds office only up to the date of the forthcoming Annual General Meeting of the Company, and he is eligible for appointment. As required under Section 257 of the Act, a notice has been received along with the requisite deposit in respect of the said Director, from a Member signifying his intention to propose his candidature for the appointment as a retiring Director.

Mr. Singhvi is a Senior Professional having long experience in the field of finance and treasury. In the interest of the Company, the Board considers it desirable to avail of his guidance and hence recommends the resolution for your approval.

None of the Directors except the appointee are concerned or interested in the Resolution.

ITEM NOS: 8 TO 9

In order to enhance the liquidity of the Company's Shares in the stock market and to spread it among larger public investors, the Board of Directors of the Company ("the Board") at its meeting held on 27th May, 2008, considered it desirable to sub-divide the nominal value of the Equity Shares of Rs. 10/- each into 10 Equity Shares of Re. 1/- each.

The approval of the Members of the Company is being sought to the above sub-division pursuant to Section 94 of the Companies Act, 1956. ("the Act") read with Article 10 of the Articles of Association of the Company. In view of the proposed sub-division of the nominal value of Equity Share, it is necessary to amend the existing clause V of Memorandum of Association and existing Clause 3 of Articles of Association of the Company.

The date on which the sub-division would become effective will be decided by the Board and the same would be communicated to the members, the stock exchanges and the Depositories at appropriate time.

A copy of the Memorandum and Articles of Association of the Company incorporating the proposed amendments will be available for inspection of the members of the Company at the Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of Annual General Meeting of the Company.

The Directors of the Company are interested in the said resolutions to the extent of their respective Shareholding in the Company.

The Directors recommend the Resolutions for your approval.

ITEM NO: 10

Stock Options have long been recognized, as an effective instrument to align the interest of employees with those of the Company and its Shareholders, provides an opportunity to employees to Share in the growth of the Company and create long term wealth in the hands of the employees.

Your Company has always believed in rewarding its employees for their continuous hard work, dedication and support, which has led the Company on a growth path. To enable more and more employees to enjoy the fruits of the growth that the Company has witnessed in the recent past, the Board of Directors of the Company has proposed to offer employees of the Company an option to acquire Equity Shares of the Company under Camlin Employees Stock Option Scheme, 2008 (ESOP 2008 or the Scheme) so as to motivate, retain and reward eligible employees for their individual performance and efforts to improve the overall business and financial performance of the Company.

The Company has constituted a Compensation Committee to administer the Stock Option Scheme of the Company.

The face value of Shares proposed to be offered under ESOP is post sub-division of Shares approved by the members.

The following are the salient features of the scheme and various disclosures as required by Clause 6 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines") and which has been approved by the Board at its meeting held on 27th May, 2008.

1. Total number of options to be granted:

The total number of options to be granted under the Scheme shall not exceed 5% of the issued, subscribed and paid-up Equity Shares of the Company as on 31st March, 2008, i.e. upto 30,00,000 (Thirty Lacs) Equity Shares of Re. 1/- each (having original face value of Rs. 10/- each, now subdivided into Equity Shares of Re. 1/- each) of the Company. In the event of any Corporate action(s) viz. bonus issue, consolidation or other reorganization of the capital structure of the Company, number of options/Shares to be issued shall undergo appropriate adjustments pursuant to the SEBI Guidelines.

Each option when exercised would be converted into one Equity Share of Re. 1/- each fully paid-up.

There is no lock-in period. Once the option is exercised and the Equity Shares are allotted, the employees can sell the same in the market as per their choice.



Any vested option(s) that lapse due to non-exercise or unvested option(s) that get cancelled due to resignation of the employees or otherwise, would be available for being regranted at a future date.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

The identification of classes of eligible employees, may be decided by the Compensation Committee of the Company from time to time who shall be entitled to participate in ESOP 2008 in the manner and on the terms and conditions as the Compensation Committee may deem fit and appropriate in their sole discretion.

Eligible employees of the Company may be granted Stock Option based on their performance and such other criteria as the Compensation Committee may in its absolute discretion decide. The options to an eligible employee will not be transferable to any other person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting, period of vesting and maximum period of vesting:

The Options granted shall vest, not earlier than one year and not later than five years from the date of grant of options, so long as the employee continues to be in the employment of the Company, as the case may be. The options shall vest with the eligible employees subject to such terms and conditions of vesting as may be decided by the Board including but not limited to certain performance metrics on the achievement of which options granted would vest in the following manner:

1 st Year after the grant of option	40%
2 nd Year after the grant of option	30%
3 rd Year after the grant of option	30%

4. Exercise Price or Pricing Formula:

The Options would be granted at an exercise price which will be determined by averaging the daily closing price of Equity Shares during the 7 days immediately preceding the date of grant (rounded off to nearest rupee).

5. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of four years from the date of vesting of options. The options will lapse if not exercised within the specified exercise period or such other period as may be decided by the Board.

The options will be exercisable by the Employees by a written application to the designated officer of the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time.

6. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employees will be specified by the Compensation Committee, and will be based on criteria such as seniority of Employee, length of service, past performance record, merit of the employee, future potential contribution by the employees and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the Scheme will depend upon the rank/designation of the employee and in any case shall be less than 1,50,000 i.e. 0.25% of the issued capital (having a face value of Re 1/- each) (excluding outstanding warrants and conversions) per such employee of the Company at the time of grant of options.

8. Taxation:

Fringe Benefit Tax (FBT) introduced by the Finance Act, 2007 on stock options in respect of all outstanding stock options would be borne by the respective employees and recovered by the Company.

Computation of Tax liability is subject to change in tax laws and the same shall be borne by the employees.

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies specified in Clause 13.1 of the SEBI Guidelines.

10. Method of option Valuation:

To calculate the stock based compensation, the Company shall use the Intrinsic Value Method of Valuation of the options granted. The Company hereby declares that it shall disclose in the Directors' Report the impact on the Profit and on EPS, the difference between the employees compensation cost computed using the intrinsic value of stock options and employee compensation cost that shall have been recognised if the Company has used fair value of stock options.

11. Interpretations:

In the Event of any ambiguity with regard to the implementation of any provision of the scheme, interpretations given by the Compensation Committee shall be final and binding on all the eligible employees.

12. Powers and Duties of the Compensation Committee:

1. To decide the criteria for grant of options to eligible employees from time to time.
2. To decide on lapsing of options granted to an employee on account of his/her performance no longer being commensurate with the highest standard expected from critical employees.
3. To decide the quantum of options to be granted per employee and to all eligible employees in the aggregate including the criteria to do so from year to year.
4. To lay down specific procedures and forms for exercising of options, payment to be made by the employees, issue of Shares etc.
5. To decide on waiver of the performance period in exceptional cases.
6. To decide the period of vesting.
7. To decide the exercise period of vested options in case of termination of employment for any reason other than misconduct.
8. To re-issue options which have lapsed due to whatsoever reason.

Camlin Employees Stock Options Scheme (ESOP 2008) setting out the terms and conditions, is available for inspection of the members of the Company at its

Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company upto the date of Annual General Meeting of the Company.

As ESOP 2008 provides for issue of Equity Shares of the Company to be offered to persons other than existing Members of the Company, consent of Members is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, approval of Members is required by way of Special Resolution. Hence, this resolution is placed before you for approval.

None of the Directors of the Company are in any way, concerned or interested in the Resolution.

The Directors recommend the Resolutions 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 : 27th May, 2008.



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting herewith the 61st Annual Report and Audited Statements of Account for the Financial Year ended 31st March, 2008.

HIGHLIGHTS OF 2007-08:

- Net Sales of Consumer Products were at Rs. 21,377.48 lacs as compared to Rs. 17,259.36 lacs registering a robust growth of 23.86% over the previous year.
- Profit before tax from operations of Consumer Products was at Rs. 818.31 lacs as compared to Rs. 201.33 lacs registering an impressive growth of 306.45%.
- The Directors have recommended a dividend of Rs. 2.50 per share on face value of Rs. 10/- each.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2007-08	2006 -07
Profit Before Tax		
– From Operations	818.31	201.33
– From Discontinued Operations	—	179.46
– From Non Recurring items	—	4350.61
Less: Extra Ordinary items		
Amortisation of VRS cost	167.98	165.38
	650.33	4566.02
Less: Provision for Tax		
– Current/FBT	280.00	798.68
– Deferred	(2.97)	122.41
– Prior Year (Net)	(10.00)	38.02
Profit After Tax	383.30	3606.91
Balance bought forward from last year	489.37	522.85
Balance Carried forward	872.67	4129.76
Transferred to:		
Proposed Dividend	150.00	120.00
Corporate Dividend Tax	25.49	20.39
General Reserve	40.00	3500.00
Balance Carried Forward	657.18	489.37
	872.67	4129.76

REVIEW OF OPERATIONS:

Your Company registered an impressive growth in Revenue and Profits during the year. Total Net Sales at Rs. 21,377.48 lacs as against Rs. 18,766.66 lacs and Profit before tax at Rs. 650.33 lacs as against Rs. 215.41 lacs (excluding non recurring items) represent a robust increase of 13.91% and 201.91% respectively, over the previous year. This increase is a combination of high growth in sales along with optimum product mix, enhanced level of operations, higher margins on new products introduced in the market and overall cost reduction measures adopted by the Company.

NEW PLANT AT JAMMU

The Company has setup a new plant at Samba Phase I, Jammu for manufacturing various types of Colours such as Poster Colours, Crylin Colours, Premium Poster Colours, Glass Colours, Ceramic Colours etc. The estimated Capital expenditure is Rs. 990.00 lacs. The civil construction work is now complete with most of the machines installed at the site. The Company has started trial production during this month and it expects to commence commercial production in the second week of June, 2008 and achieve optimum capacity in the second quarter of the current financial year.

The various tax benefits/subsidies/exemptions under Excise, Income Tax and other statutes would help the Company gain competitive advantage and thereby increase its market share.

DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs. 2.50 per share on 60,00,000 Equity Shares of Rs 10/- each, for the year ended 31st March, 2008. The total dividend outgo amounts to Rs. 150.00 lacs exclusive of Tax of Rs. 25.49 lacs to be paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

INDUSTRY STRUCTURE & DEVELOPMENT:

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.

Indian art material market is divided into sub-segments like Paints, Mediums and Accessories. Similarly it can be categorized as per the user profile where on the top of the pyramid there is serious and high quality artist material patronised by professionals. The hobby material comes in the middle of the pyramid, which includes a very wide range of products and is used by a wide spectrum of people of all ages, regardless of the gender or education. The base is built up of the scholastic art material, including products like crayons, pastels and other economically priced products patronised by a huge population of schools and students. The market for art material in India is growing at a very healthy rate. The phenomenal rise in the recognition and appreciation of Indian art at home and abroad, has given impetus to the fine art material market. The artists are now in position and mood to use better and more expensive inputs to create the work of global standards.

Whereas Indian Stationery market, can be divided into School Stationery, Office Stationery, Paper products, and