



OVERCOMING CHALLENGES...
...with **Faith,**
Focus
and **Fortitude**

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2016-17 has been a year of formidable challenges.

Strong macro-headwinds in the form of steep fall in global commodity prices, particularly petro-chemicals, intense competition and protracted pressure on pricing created a demanding and daunting operating environment. For most players in the industry, growth rates came down during the year.

Whilst the challenges were many and circumstances were trying, at **Kokuyo Camlin Limited**, our deep faith in strategy, our single-minded focus on planning and our persevering fortitude in execution underlined our determination and resilience to overcome challenges.



In spite of challenges,
we launched many new product Sku's during the year.

We inaugurated our integrated manufacturing plant at
Patalganga and started commercial production.

We continued to invest in IT and Technology.

Our marketing efforts ensure all our brands reverberate
strongly with our customers.

At Kokuyo Camlin Limited, we have been

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Challenges in the form of fierce competition and pressure on prices impact growth rates and profitability

Our resolute determination in overcoming challenges with operational efficiencies and optimization, leveraging IT and Technology and launching new products across categories

The Challenges

The Indian stationery market faced significant challenges during the year. One of the key factors that affected growth and profitability was the continued pressure on prices that started in December 2015. Low inflation throughout 2016 combined with lower commodity prices globally left little room for any price increase. Historically, the industry used to have a 4% - 5% price increase every year, but in 2016, prices had to be reduced in many categories. In other words, the only way to maintain growth was through volumes.

Another major challenge was the increasing competition in every category of the stationery market. Most

players have expanded their presence into more categories to maintain growth. Due to global fall in commodity prices, the margin for small and unorganized players to import under their own brands became attractive, which further ate into the share of organized players particularly for price elastic products.

On the demand side, wholesale demand remained subdued during the year due to two consecutive sub-par monsoons in 2014 and 2015. Consequently, demand in urban and semi-urban markets was stagnant. Even as there was a moderate revival of demand, demonetization posed another challenge for the

industry. This impacted the third quarter performance, but by the last quarter, things were getting back to normal.

In the school segment, we are witnessing a marked shift in consumption pattern. In-school vendor shops/stalls are proving quite popular. Also, many schools following CBSE/ ICSE curriculum are starting the new session earlier, which is then followed by summer break. This has resulted in February and March increasing their share for school stationery segment, compared to May and June earlier.



Overcoming the Challenges

In the face of these stiff and significant challenges, Kokuyo Camlin Limited continued to make steady progress. Our clear focus, unwavering faith and steadfast fortitude was to continue doing the right things that will have an assured positive impact in the near, mid and long term.

We believe that our strategy of building strong foundations for future growth is in right direction.

The performance of office stationery category as well as artist materials category was quite satisfactory.

Leveraging IT and Technology

In addition to our flagship integrated manufacturing plant at Patalganga, we continue to invest in IT and Technology. We believe that our investment in IT and Technology is a huge and critical step for us in the right direction. Be it frontline salesforce, HR processes or procurement from vendors, we are leveraging the power of IT and Technology to improve every aspect of operations.

Sales team are a critical part at Kokuyo Camlin Limited. Today, we are proud of the fact that our sales team is largely IT-enabled and empowered. With latest smart tablets, the process of order fulfillment has gone to an entirely new level with real-time information and updates leading to better inventory planning, demand forecast and order execution.

Another key area where we are making long-term investment is in automation of our HR processes. In the years to come, people will prove to be the most important of all resources, and therefore, leveraging IT and Technology to measure and manage KPIs and KRAs will unlock the true potential of our people. This will also help in better Talent Management to ensure that we have one of the best people force in the industry with clearly defined goals and targets.

Brand - our biggest Asset

Our brand Camlin is by far our biggest asset. With a proud legacy of over 85 years, Camlin is one of the select brands that connects and reverberates with every Indian, across geography & generations. It is also one of the few brands that has continued to retain its vibrancy and is as alive and energetic as always with high recall amongst consumer brands in India.

At Kokuyo Camlin, we continue to associate Camlin with a variety of events and activities throughout the year to ensure that brand Camlin is always visible and vivid in the minds of all our consumers. The Camlin Art Contest (earlier, All India Camlin Colour Contest) is today one of the longest continuing art contest spanning four decades and covering over 6 million children across 8,000 schools in India and overseas.

Kokuyo Camlin won the URS AsiaOne White Swan Education Award 2015-16 in the category of India's Most Influential Education Ancillary Brands & Leaders at the 69th India's Greatest Brands & Leaders 2015-16

At Abby Award April 2017 - GOAFEST, Kokuyo Camlin won Bronze for its Design My Notebook Coverpage using Camlin Experience App

Marketing Excellence Award Kokuyo Camlin won 5 Awards (CMO Asia)

New Product Launches - keeping the momentum going

Launching new products in the market place is vital to keep the momentum growth going. At Kokuyo Camlin, we led the way with many new products Sku's launches during the year. Many of these products were innovative and industry-firsts like the Camel Gel Crayons, Kokuyo Square Glue Sticks, 2mm Mechanical Pencils, Foldable Scale.



While there have been challenges, at Kokuyo Camlin, we have been successful in Overcoming Challenges, and are confident that all our steps are in the right direction for long-term sustainable growth.

Our Integrated Manufacturing Plant at Patalganga

Inaugurated on
28th April, 2017

by the
Hon'ble Chief
Minister of
Maharashtra,
Shri Devendra
Fadnavis

Commercial
production
has
commenced





The benefits of the Patalganga integrated manufacturing plant will start getting visible in 2018 as the Company capitalizes on the synergies of one of the largest and most advanced stationery plants in the country.

In 2013, we undertook one of our most ambitious projects – a ₹ 100 crore investment to build a state-of-the-art integrated manufacturing plant with latest automated production lines that will produce over 200 products all in one location.

Spread over 14 acres, the Patalganga plant at MIDC is the biggest stationery plant in the Kokuyo Group. Integrated manufacturing will unleash massive economies of size, scale and scope and will result in very distinct competitive advantages for the Company.



Commercial production has commenced at the new plant. The plant has complete end-to-end production capability. It is designed to manufacture more than 200 different product SKUs that include market leaders like markers, mechanical pencils and crayons. The plant will also maintain a permanent R&D facility of the Inks, Adhesive and the Plastics Injection-molding. Integrated manufacturing at a single site would reduce the production cost owing to reduced transportation cost and enhanced shop-floor efficiency.

The new plant will also synergize the People potential as personnel of various skillsets shall work together collaboratively and cohesively, sharing learning and experience to create innovative and high-value products. The Company also plans regular Learning & Development initiatives at the new plant.

New Products





KOKUYO

Camlin

Camel



Inauguration of Patalganga Plant



Inauguration of Patalganga Plant at the hands of Hon'ble Chief Minister of Maharashtra
Shri Devendra Fadnavis in the presence of H.E. Mr. Kenji Hiramatsu Ambassador Extraordinary
and Plenipotentiary of Japan to India

