

## BOARD OF DIRECTORS

Mr. K. L. Rathi	Executive Chairman
Mr. B. S. Mehta	
Mr. P. P. Chhabria	
Mr. D. N. Damania	
Mr. S. N. Inamdar	
Mr. S. Padmanabhan	
Mr. S. K. Asher	
Mr. P. R. Rathi	Vice Chairman and Managing Director
Mr. N. J. Rathi	Director and Company Secretary
Mr. R. B. Rathi	Director

## BANKERS

Bank of Maharashtra  
State Bank of India  
Bank of Baroda  
ICICI Bank Ltd.  
HDFC Bank Ltd.

## AUDITORS

B. K. Khare & Company  
Chartered Accountants,  
Mumbai.

## REGISTERED OFFICE / GLOBAL HEAD OFFICE

162 Wellesley Road,  
Pune 411 001, Maharashtra State (India)  
Phone : (020) 26058888  
Fax : (020) 26058222

## FACTORIES

Roha : 46 MIDC Estate, Dhatav, Roha 402 116,  
Dist. Raigad.  
Mahad : Plot No. A-19/1+2, MIDC Estate,  
Mahad 402 301, Dist. Raigad.

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## Annual Report 2009-10

### DIRECTORS' REPORT TO THE SHAREHOLDERS : 2009 - 2010

Your Directors are pleased to present the 59<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2010.

#### 1. FINANCIAL HIGHLIGHTS :

Particulars	2009-2010 (Rupees in million)	2008-2009 (Rupees in million)
Gross Sales and Other Income	5770.50	4569.28
Gross Profit	791.97	410.41
Less : Depreciation	134.05	126.79
Profit before Tax and contingencies written back	657.92	283.62
Less : Provision for Taxation	198.83	95.23
Profit after Tax	459.09	188.39
Add : Surplus in Profit & Loss Account as per last Balance Sheet	206.00	122.40
Net Profit available for appropriation	665.09	310.79
<b>Appropriations</b>		
(1) Dividend proposed @ Rs.12.50/-per share on the face value of Rs.10/- ( 125 % ) ( previous year dividend paid @ 80% )	86.53	55.38
(2) Tax on Dividend	14.37	9.41
(3) General Reserve	200.00	40.00
	300.90	104.79
Balance to be carried forward	364.19	206.00

#### 2. THE YEAR IN RETROSPECT :

##### (A) SALES :

The Financial Year 2009-2010 turned out to be a very good year for the Company. For the first time in the history of the Company, Sales crossed Rs.5000 million. Profits also increased substantially as compared to the previous Financial Year. The good performance of the Company can be attributed mainly to buoyant domestic demand for Pigments, favourable input prices and better export realization.

Gross Revenue for the year ended 31<sup>st</sup> March, 2010 amounted to Rs. 5771 million as against Rs. 4569 million achieved during the previous year, registering a growth of 26%. Profit after tax recorded excellent growth as compared to the previous year. Profit after tax for the year ended 31<sup>st</sup> March, 2010 was Rs. 459 million as against Rs. 188 million earned during the previous year recording a growth of 144%.

During the current year, the Pigment Division has performed well. Pigment sales rose from Rs. 4056 million in the previous year to Rs. 4905 million in the year under review, registering a growth of 21%. Profits for the Pigment Division for the year under review amounted to Rs. 860 million as compared to Rs. 539 million of the previous year recording an impressive growth of 60%.

Agro Sales for the year ended 31<sup>st</sup> March, 2010 amounted to Rs. 775 million as against Rs. 473 million achieved during the previous year recording a growth of 64%. Profits for the Agro Division for the year under review amounted to Rs. 73 million as compared to Rs. 23 million of the previous year recording an excellent growth of 217%.

**(B) EXPORTS :**

Revenue from exports for the year ended 31<sup>st</sup> March, 2010 amounted to Rs. 1879 million as against Rs. 1666 million for the previous year registering an increase of 13%. More than 97% of the exports were accounted by Pigments Division.

The exports in Europe and USA continue to be affected due to the economic downturn. Pigment Division has worked very hard to make up the export loss from these continents by increasing business in other areas.

**3. DIVIDEND :**

Considering the good performance of the Company, the Directors recommend, subject to approval of the members, dividend of Rs 12.50/- per share on a face value of Rs. 10/- ( 125% ) for the year ended 31<sup>st</sup> March, 2010. The total outgo for the year under review on account of dividend @ 125% and dividend distribution tax @ 16.61% will be Rs.101 million.

**4. DIRECTORS :**

Mr. S.Padmanabhan and Mr. S.N.Inamdar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**5. DIRECTORS' RESPONSIBILITY STATEMENT :**

In accordance with the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that :

- (i) in the preparation of accounts for the Financial Year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the Profit and Loss account of the Company for the year under review ;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts for the year under review on a going concern basis.

**6. SUBSIDIARY COMPANIES :**

As part of Company's strategy to become a global pigment company, Company incorporated two Wholly Owned Subsidiaries abroad viz. Sudarshan Europe B.V. in December, 2007 in Amsterdam, Netherlands and Sudarshan North America, Inc., in April, 2009 in Delaware, USA.

Recruitments of the Marketing Team and establishing a Distribution network for sale of Pigments has been completed. Response from the market has been good and will start seeing results in the current year.

The other Indian Wholly Owned Subsidiary, Prescient Color Ltd., continues to augment and validate its product range especially for textile and specialty plastics segment. The operations of Prescient has also improved in the year under review. The current scenario looks to be stable and results for this year should be favourable.

**7. EXEMPTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 :**

Government of India, Ministry of Corporate Affairs, New Delhi vide Letter No. 47/211/2010-CL-III dt. 25<sup>th</sup> March, 2010 has granted exemption to the Company from attaching the Annual Accounts of Prescient Color Limited, Sudarshan

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Europe B.V. and Sudarshan North America, Inc., for the year ended 31<sup>st</sup> March, 2010 under Section 212 (8) of the Companies Act, 1956.

The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the Company and Subsidiary Companies investors seeking such information at any point of time. The annual accounts of the Subsidiary Companies is kept for inspection by any investor at its Registered Office of the Company. The Company shall furnish a hard copy of the Accounts of Subsidiaries to any shareholder on demand. Further, the accounts of individual Subsidiary Companies are posted at the Company's website.

### 8. CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with the requirements of Accounting Standard AS-21, the Consolidated Financial Statements of the Company and its subsidiaries is annexed herewith and form part of the Annual Report.

### 9. CORPORATE GOVERNANCE :

The Board is pleased to inform that the Company has complied with the mandatory requirements of the substituted code of Corporate Governance as detailed in Clause 49 of the Listing Agreement.

A separate statement on Management Discussion and Analysis and Corporate Governance is enclosed as a part of the Annual Report along with the certificate of the Statutory Auditors, B.K. Khare & Co., Chartered Accountants, Mumbai confirming compliance of the code of Corporate Governance.

### 10. COMPANIES ( DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS ) RULES, 1988 :

Information in accordance with Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the annexure and forms part of this report.

### 11. SUDARSHAN BUSINESS EXCELLENCE MODEL :

Sudarshan Business Excellence Model ( SBEM ) recognizes many approaches to achieving sustainable excellence in all aspects of performance. SBEM is based on the premise that excellent results with respect to Performance, Customers, People and Society are to be achieved through Leadership driving Policy and Strategy through key inputs from Innovation, People Partnerships, Resources, and Processes.

Keeping in mind the need to usher in empowerment and belongingness throughout the organization, the Company has decided to go for Employee engagement and Customer engagement Survey which would help to undertake improvement projects based on the result of the survey. Employee engagement and Customer Engagement are critical ingredients for individual and organizational success.

A key element of SBEM is an innovative culture, which would encourage sustainable growth of the Company by developing a system that drives knowledge creation, cutting edge science and research based technology, international competitiveness and increased productivity.

Under SBEM, Sudarshan is committed to developing policies and delivering programs, in partnership with stakeholders, to provide sustainable economic benefits in a highly competitive environment.

### 12. INDUSTRIAL RELATIONS :

Industrial relations continue to remain cordial at Roha and Mahad plants and at R & D Laboratory situated at Sutarwadi, Ambadvet, Dist. Pune. The Board records its appreciation of the commitment and support of employees at all levels.

Details of employees drawing remuneration of Rs. 0.2 million per month or Rs. 2.4 million per annum are given in the annexure and they form part of this report.

**13. FIXED DEPOSITS :**

During the year under review, the Company accepted deposits amounting to Rs. 134.35 million from the public. The total amount of deposits at the end of 31<sup>st</sup> March, 2010 stood at Rs. 223.09 million.

Deposits amounting to Rs.0.09 million from 5 Depositors, which fell due for repayment but which remained unclaimed before 31<sup>st</sup> March, 2010, is still remaining unclaimed as on date of this report.

**14. AUDITORS :**

B.K. Khare & Co., Statutory Auditors of the Company are due to retire at the ensuing Annual General Meeting. Members are requested to consider reappointing them and to authorise the Board of Directors to fix their remuneration.

**15. ENVIRONMENT, HEALTH, SAFETY (EHS) AND POLLUTION :**

Sudarshan has always laid great emphasis on Environment, Health, Safety (EHS) and Pollution. EHS and Pollution control responsibility is fundamental to Company's values. As the Company is committed to become a world class company, measurable improvements in environment, health, safety and pollution aspects in relation to our products, services & operations are a key. Continuous efforts for over a decade have resulted in significant reduction in emissions, reduced number of injuries and accidents, conservation of natural resources and enhanced product stewardship.

Company undertakes constant & persistent efforts to upgrade environmental performance. Effluents from the plants are treated so effectively that it meets not only the legal parameters but also meets with Company's stringent internal standards. Air emissions are effectively controlled by providing dust collectors, wet scrubbers. The emissions are monitored with the help of third party. Waste management system provides comprehensive guideline to monitor, control & minimize generation of wastes.

Environment management system conforming to ISO 14001:2004, occupational health & safety assessment series conforming to OHSAS 18001:2007, have been successfully established & implemented at all sites. The Company has successfully fused EHS management system with QMS, under Integrated Management System (IMS), at all sites. Behaviour Based Safety System has also been implemented to focus on human factor to increase safe behaviour of employees at work place.

The Company is also committed to meeting the environmental, health & safety expectations of our neighbours where it operates. As a part of community awareness, training programs on electrical safety, first aid were conducted in village Barsoli, near Roha factory. The Company has shared information about prevalent safety systems, emergency preparedness & response plan & pollution control measures with them.

**16. RECOGNITION / AWARDS :**

The Company has been audited & awarded the membership of ETAD (Ecological & Toxicological Association of Dyes & Organic Pigments Manufacturers).

The Dyestuffs Manufacturer's Association of India (DMAI) has also recognized the efforts of the Company for the Financial Year 2008-2009 in the following categories.

- a) Safety & Hazard control
- b) Anil Mehta award for best large scale member unit (CSR & EHS)
- c) Excellent performance in the field of Exports of Pigments

The Company's Roha unit has also been recognized by National Safety Council - Maharashtra Chapter, for achieving lowest accident frequency rate for 2008 & our Mahad unit received certificate of merit for meritorious performance in Industrial Safety during the year 2008.

Our Roha plant is awarded with "Four Star" rating after an extensive 3 day-long evaluation by British Safety Council, in first attempt.

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The Company's earlier certificate of "Two Star Export House", has now been upgraded to "Trading House" by Joint Director General Of Foreign Trade, Pune for achieving a cumulative export turnover of over Rs.5000 million over a given period.

Bayer Group of Companies in India has awarded the Company a trophy and a certificate of excellence for Outstanding Performance as a supplier of Pesticide Active Ingredient for the year 2009 based on its Procurement Supplier Evaluation ( PROSE ) software tool. The Company could achieve this inspite of tough competition.

### 17. OUTLOOK FOR THE FUTURE :

The demand in the domestic market seems robust and compensates for the downturn being faced in Europe and North America.

It is expected that the spade work which has been done by Sudarshan Europe B.V. as also Sudarshan North America, Inc., will help in consolidating Company's overseas operations.

The R&D teams have also helped in increasing the product range and Sudarshan's Business Excellence Model continues to drive the cost reduction initiative effectively. All the past issues of the Agro Division have now been sorted out and the outlook is quite stable.

Taking all these factors into account and barring any unforeseen circumstances, the current year's prospects look to be good.

### 18. APPRECIATION :

Your Directors place on record their gratitude to Bank of Maharashtra, State Bank of India , Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited and EXIM Bank for their co-operation and assistance. Your Directors are also grateful to the shareholders, customers, employees, suppliers and business associates of the Company for their continued co-operation and support.

For and on behalf of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Pune, 29<sup>th</sup> May, 2010

K.L.RATHI  
EXECUTIVE CHAIRMAN

**ANNEXURE TO DIRECTORS' REPORT : 2009 - 2010**

**FORM A - DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

**A. Power and Fuel Consumption :**

Particulars	2009-2010	2008-2009
1. Electricity		
(a) Purchased		
Units ('000 KWH)	35540	28138
Total amount (Rs. in million)	186.75	138.80
Rate per unit (Rs)	5.25	4.93
(b) Own Generation		
Units ('000KWH)	208	150
Units per litre of diesel oil	3.35	3.33
Cost per unit (Rs.)	10.81	10.99
2. (a) Furnace Oil		
Quantity (Tonnes)	740	1704
Total amount (Rs. in million)	17.32	49.31
Average Rate (Rs./Ton)	23399	28937
(b) LDO/HSD		
Quantity (K. Litres)	24	106
Total amount (Rs. in million)	0.80	4.32
Average Rate (Rs. K.L.)	33543	40856
(c) Coal		
Quantity (Tonnes)	24225	19093
Total amount (Rs.in million)	113.45	96.77
Average Rate (Rs./Ton)	4683	5068

**B. Consumption per unit of Production :**

The Company's products comprise a wide range of diverse pigments, pesticides and intermediates. The product mix varies each year and the production process involves several operations in different plants. It is therefore not feasible to apportion the cost and consumption per unit of production.

**FORM B – DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :**

**RESEARCH & DEVELOPMENT (R & D)**

**1. Specific areas in which R & D has been carried out are :**

- (a) New grades of Pigments – Development and Introduction.
- (b) High Performance Pigments and effect pigments – Development of Pigments for Automotive paint application.
- (c) Existing Pigments – Improvement in quality, productivity and cost reduction to meet the customer's changing requirements.

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- (d) New grades of Effects pigments for cosmetic application.
- (e) Cost Reduction by process improvement and cycle time reduction.
- (f) Newer pesticides.
- (g) Cost reduction in the present pesticides manufacturing.

### 2. Benefits derived as a result of the above R&D :

- (a) Improvement in product quality and productivity.
- (b) Increase in capacities of existing products to meet the growing demand.
- (c) Cost competitive products to meet the Chinese competition.
- (d) New products generated additional business.
- (e) Reduction in waste generated and energy input.

### 3. Future plan of action :

- (a) Continuous development of new products and high performance pigments.
- (b) Continuous improvement in quality, productivity and cost reduction in existing pigments.
- (c) Reduction in waste generated and energy input.

### 4. Expenditure on R&D for 2009- 2010 :

- |               |   |                   |
|---------------|---|-------------------|
| (a) Capital   | : | Rs. 11.66 million |
| (b) Recurring | : | Rs. 65.49 million |
| (c) Total     | : | Rs. 77.15 million |

### 5. Foreign Exchange Earnings & Outgo :

- |                                   |   |                     |
|-----------------------------------|---|---------------------|
| (a) Total Foreign Exchange Earned | : | Rs. 1617.60 million |
| (b) Total Foreign Exchange Used   | : | Rs. 797.86 million  |
| (c) Net Foreign Exchange Earned   | : | Rs. 819.74 million  |

For and on behalf of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Pune, 29<sup>th</sup> May, 2010

K.L.RATHI  
EXECUTIVE CHAIRMAN



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business of the Company – an overview

The Company is a renowned player in the Pigment Industry and manufactures a wide range of Organic and Inorganic Pigments, Effect Pigments, Agro Chemicals and other products with facilities at Roha and Mahad, Dist. Raigad, Maharashtra and R & D Laboratory at Sutarwadi, Ambadvet, Dist. Pune.

The Company manufactures High Performance Pigments and Commodity Pigments apart from Customized Pigments for niche segments catering to domestic and international customers. The Company also manufactures Effect Pigments for cosmetics, coating applications etc. High Performance Pigments and Effect Pigments have shown promise and will be one of the drivers for future growth.

Agro Chemical business of the Company consists primarily of Products which are generic in nature. The Company has changed its Product profile in the background of increasing emphasis on agriculture on account of rising demand for food and shrinking agricultural acreage. The Company is also exploring Contract manufacturing to reduce risk profile of Agro Chemical business.

The Company was the first chemical company in India to be awarded the ISO 9001 Certificate in the year 1991. Its Pune Office, Roha and Mahad plants have also been awarded the ISO 14001 Certificate. Our Roha and Mahad plants have been certified for OHSAS 18000. The Mahad plant has been certified OHSAS 18001 by BVQI for implementing systems aimed at reducing occupational risks in work areas besides focusing on health and safety. The Company has well established R & D laboratories recognized by Department of Scientific & Industrial Research (DSIR). Also our Labs are ISO 17025:2001 certified by National Accreditation Board for Testing and Calibration Laboratories (NABL), Government of India. Company has a wide distribution network in India as well as abroad. All the manufacturing plants and offices in the country are well connected with the help of Enterprise Resource Planning system (ERP).

With the formation of two wholly owned subsidiaries abroad i.e. Sudarshan Europe B.V. and Sudarshan North America, Inc., the Company has entered the European Market and the American Market to further strengthen and consolidate the pigment business globally and with the objective of moving closer and effecting direct sales to customers. Manpower recruitment of the Marketing Team and appointment of Distributors for establishing network for sale of Pigments in the European market have been completed. The response from European market has been very good and Pigment sales are expected to pick up from this year. In North America the infrastructure has now been set up and initial promotion is now taking place. Some sales will start taking place this year before a full scale impact in the next year.

### Financial review – 2009-2010

The Total Revenue for the year ended 31<sup>st</sup> March, 2010 amounted to Rs. 5771 million as against Rs. 4569 million for the previous year recording a growth of 26%. The Net Profit after tax for the year ended 31<sup>st</sup> March, 2010 amounted to Rs. 459 million against Rs. 188 million for the previous year registering an excellent growth of 144%.

Pigment Division has posted a growth in sales to the extent of 21% as compared to the previous year. Profitability of the division was also substantially higher as compared to the previous year.

Agro Chemical Division posted Sales of Rs. 775 million during the year as against Rs. 473 million achieved during the previous year. This translates to a growth of over 64% as compared to the previous year.

The Company has an internal audit system and procedures commensurate with the size and nature of its business.

### Segment I – Pigments

#### 1. Industry Structure and Developments

In the earlier days, Pigment Industry was mainly based in USA and Europe.

Over the last several years there has been a gradual shift in production to China and India. This shift has been necessitated mainly due to high cost of setting up a plant in USA and Europe.

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There has also been a consolidation of some sorts in the industry with BASF buying Ciba. Some of the smaller players in Europe have also been bought out. Most of the key intermediates required for pigments are also made in China.

There is still an excess capacity for pigments world-wide. This leads to intense price competition in the commodity segments market.

Many of the High Performance Pigments also become commoditized after they lose patent protection.

### 2. Opportunities and Threats

As the trend is towards shifting manufacturing base to China and India, it offers an opportunity to the pigment manufacturers in India and China.

The Chinese manufacturers have put up large scale plants for commodity pigments and hence to compete with them in this range becomes very difficult.

On the other hand, the Indian manufacturers have a technology edge and tend to focus more on Medium Performance and High Performance Pigments.

Due to BASF acquiring Ciba, the big customers are also looking for an alternate vendor who can supply good quality High Performance Pigments. This provides an opportunity to the Indian manufacturers.

### 3. Performance

The Pigment Division increased its sales in the year 2009 - 2010 to Rs. 4905 million from Rs. 4056 million in 2008-09, thereby showing an increase of 21%. Sales from exports for the year under review amounted to Rs. 1879 million as against Rs. 1666 million achieved during the previous year showing a growth of 13%. Notable factors that can be attributed to the good performance of the Pigment Division for the year under review is the buoyant domestic demand for Pigments, favourable input prices and better export realization.

### 4. Outlook

The demand in the domestic market seems robust and compensates for the downturn being faced in Europe and North America.

It is expected that the spade work which has been done by Sudarshan Europe B.V. as also Sudarshan North America, Inc., will help in consolidating Company's overseas operations.

The R&D teams have also helped in increasing the product range and Sudarshan's Business Excellence Model continues to drive the cost reduction initiative effectively.

Taking all these factors into account and barring any unforeseen circumstances, the current year's prospects look to be good.

### 5. Risks and Concerns

Recessionary conditions which have gripped the western markets may affect export of Pigments. Raw material prices are also showing signs of rising.

There is a great deal of volatility of the rupees vis-à-vis dollar and the Euro which may affect realization.

## Segment II – Agro Chemicals

### 1. Industry Development

The Crop Protection Industry witnessed some uncertainties in the 1<sup>st</sup> Quarter of 2009-10 owing to variations and delay in monsoon spread in some parts of the country. However, situation improved at the later stage with the onset of monsoon. The Industry witnessed a good Rabi season and agrochemical business saw itself back in stable position after a year of instability and uncertainty caused due to inadequate supply of basic chemicals from China owing to hosting of Olympics in 2008-09.

## 2. Opportunities and threats

Company's branded formulation business witnessed good growth over last year due to sales promotion activity undertaken by the marketing team. The formulation business also witnessed better price realization due to strong brand image and high acceptability of products in the market.

The Company was able to secure export business from countries such as Nigeria, Bangladesh, Taiwan and South Korea and is exploring opportunities to register its product range in other countries too. However registration of products in other countries is time consuming as one has to deal with alien laws and bureaucratic delays and this may affect the plans for building up sizeable exports in the immediate future.

In the year under review, the Company was able to secure one major contract from a leading multinational company for the sale of Triazophos. In the current year this contract is not there and alternate arrangements are being worked out.

More number of generic pesticides from China are getting registered or have already got registration in India, which poses a threat to domestic agrochemical manufacturing business.

## 3. Performance

During the year under review, the Agro Division achieved a turnover of Rs. 775 million as against Rs. 473 million made in the previous year. This shows an increase of over 64% in turnover as compared to the previous year. Profits for the Agro Division for the year under review amounted to Rs. 73 million as compared to Rs. 23 million of the previous year recording an impressive growth of 217%. The Company expects to improve performance by concentrating on the sale of Technical and Bulk pesticides besides the sale of high margin branded products and exports.

## 4. Outlook

All the past issues of the Agro Division have now been sorted out and the outlook is quite stable.

## 5. Risks and concerns

Increasing number of Indian Companies are registering Chinese material in India. Any change in the Chinese supply position will adversely affect Indian Agro Chemical Industry. Uncertainties of monsoon is also a matter of concern as it impacts the overall crop pattern and resultant pest formation.

The consumption of insecticides in cotton used to be more than 50% of the total consumption. However, after the introduction of Genetically Modified Cotton Seeds, the consumption of insecticides has drastically reduced. Similarly, there has been trends that suggest that GM varieties of crops are being developed in other crop categories including vegetables and consequently the consumption of insecticides is likely to be affected.

### Human Resource Development

The Company has drawn a Human Resource (HR) Agenda under the umbrella of Sudarshan Business Excellence Model (SBEM) to shore up organizational and individual capabilities for enhanced productivity and sustainable business growth. For more details please refer Directors Report. As on 31<sup>st</sup> March, 2010 a total of 1001 persons were employed by the Company.

**CORPORATE GOVERNANCE**

**I. Company’s Philosophy on Code of Governance :**

The Company’s philosophy on Corporate Governance envisages attainment of transparency and accountability in all spheres including its dealings with employees, shareholders, customers, vendors, lenders and others.

The Company believes that the systems and the actions lead to enhance the performance and increase stakeholders value.

**II. Board of Directors :**

**II.1. Composition :**

The Board of Directors comprises of following Directors as detailed below :-

Sr.No.	Category of Directors	Name of the Director
1.	Promoters - Executive (Nominees of Rathi Group)	1. Mr. K.L.Rathi Executive Chairman 2. Mr. P.R.Rathi Vice Chairman and Managing Director 3. Mr. N.J.Rathi Director and Company Secretary 4. Mr. R.B.Rathi Director
2.	Non-Promoter-Non-Executive (Independent)	i) Mr. B.S.Mehta ii) Mr. S.N.Inamdar iii) Mr. P.P.Chhabria iv) Mr. D.N.Damania v) Mr. S.Padmanabhan vi) Mr. Sanjay K.Asher

**Notes :**

- None of the Non-Promoter Non-Executive Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2009-2010 which in the judgment of the Board may affect independence of judgment of the Directors.
- The Directors mentioned at Serial No.2 above fall within the expression of “Independent Directors” as mentioned in I (A) (iii) of Clause 49 of the Listing Agreement.

**II.2 Meetings and Attendance :**

Six Board Meetings were held during the Financial Year 2009-2010 on the following dates:-

1. 18 <sup>th</sup> April, 2009	2. 26 <sup>th</sup> June, 2009
3. 31 <sup>st</sup> July, 2009	4. 31 <sup>st</sup> October, 2009
5. 25 <sup>th</sup> November, 2009	6. 30 <sup>th</sup> January, 2010

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2009-2010 and at the last Annual General Meeting held on 31<sup>st</sup> July, 2009 are given below :-

Sr. No.	Name of the Director	Designation	Status	No. of Board Meetings attended	Attendance at the last AGM
1.	Mr. K.L.Rathi	Executive Chairman	Executive	6	Yes
2.	Mr. P.R.Rathi	Vice Chairman and Managing Director	Executive	6	Yes
3.	Mr. N.J.Rathi	Director and Company Secretary	Executive	6	Yes
4.	Mr. R.B.Rathi	Director	Executive	4	Yes
5.	Mr. B.S.Mehta	Director	Non-Executive	5	Yes
6.	Mr. S.N.Inamdar	Director	Non-Executive	6	Yes
7.	Mr. P.P.Chhabria	Director	Non-Executive	4	Yes
8.	Mr. D.N.Damania	Director	Non-Executive	6	Yes
9	Mr. S.Padmanabhan	Director	Non-Executive	3	No
10	Mr. Sanjay K.Asher	Director	Non-Executive	6	Yes

**II.3 Details of Directorship/s and Committee membership/s in other Companies :**

(No. of companies)

Name of the Director	Directorship *	Committee Membership
Mr. K.L.Rathi	12	–
Mr. P.R.Rathi	20	9 **
Mr. N.J.Rathi	11	1
Mr. R.B.Rathi	11	-
Mr. B.S.Mehta	14	13 **
Mr. S.N.Inamdar	10	12 **
Mr. P.P.Chhabria	17	4 **
Mr. D.N.Damania	8	7
Mr. S.Padmanabhan	14	9 ***
Mr. Sanjay K.Asher	33	16 **

\* (Includes Directorships held in Private Companies, Section 25 Companies and Alternate Directorships)

\*\* ( Includes Chairmanship / Membership of Remuneration Committees which is non mandatory under Clause 49 of the Listing Agreement)

\*\*\* (Includes membership of Remuneration Committee)

**III. Delegation of Responsibilities :**

The Working Directors of the Company have pursuant to the resolution passed by the Board of Directors at its meeting held on 29<sup>th</sup> October, 2005 have delegated responsibilities coupled with necessary authorities to Officials of the Company so as to designate them as “Responsible Persons” and to vest in them the responsibility to ensure that all statutory compliances as applicable are complied.

**IV. Information placed before the Board of Directors :**

The information as required under Annexure IA to Clause 49 of the listing agreement is made available to the Board in every meeting.

## Annual Report 2009-10

### V. Audit Committee :

The Company has constituted a qualified audit committee complying with Clause II (A) of Clause 49 of the Listing Agreement.

The Audit Committee comprises of the following Directors:

1. Mr. B.S.Mehta, Chairman - (Independent, Non Executive Director)
2. Mr. S.N.Inamdar, Director - (Independent, Non Executive Director)
3. Mr. D.N.Damania, Director - (Independent, Non Executive Director)
4. Mr. P.R.Rathi, Vice Chairman and Managing Director - (Executive Director)

Mr. N.J.Rathi, Director and Company Secretary acts as Secretary to the Audit Committee.

The brief terms of reference of the Audit Committee include :-

- (a) Review of the Company's financial reporting process and financial statements.
- (b) Review of accounting and financial policies and practices.
- (c) Review of internal control and internal audit systems.
- (d) Pre-audit and Post-audit discussions with external auditors on nature and scope of audit and areas of concern, if any, respectively.
- (e) Appointment / Reappointment of Statutory Auditors, Internal Auditors, Cost Auditors and recommending remuneration.
- (f) Reviewing the Company's financial and risk management policies.
- (g) Review of Financial Statements, Investments made in Wholly Owned Subsidiary Companies i.e. Prescient Color Limited – Unlisted Indian Company, Sudarshan Europe B.V. – A Private Limited Company incorporated in Netherlands and Sudarshan North America, Inc., – A Private Limited Company incorporated in the State of Delaware, USA.

During the Financial Year 2009-2010, five meetings of the Audit Committee were held on the following dates :

- |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|
| 1. 18-04-2009 | 2. 26-06-2009 | 3. 31-07-2009 | 4. 31-10-2009 | 5. 30-01-2010 |
|---------------|---------------|---------------|---------------|---------------|

Mr. B.S.Mehta, Mr. S.N.Inamdar, Mr. D.N.Damania and Mr. P.R.Rathi Directors attended all the Audit Committee Meetings during the year.

### VI. Remuneration Committee :

The Remuneration Committee of the Board comprises of following Directors :

1. Mr. P.P.Chhabria, Chairman - (Independent, Non Executive Director)
2. Mr. D.N.Damania - (Independent, Non Executive Director)
3. Mr. S.N.Inamdar - (Independent, Non Executive Director)

The terms of reference of the committee are to review and recommend all aspects of remuneration payable to directors.

During the Financial Year 2009-2010, two meetings of the Remuneration Committee were held on 18<sup>th</sup> April, 2009 and 26<sup>th</sup> June, 2009.

Mr. S.N.Inamdar, Mr. D.N.Damania, Directors attended the meetings held on 18<sup>th</sup> April, 2009 and 26<sup>th</sup> June, 2009 and Mr. P.P.Chhabria, Director attended the meeting on 26<sup>th</sup> June, 2009.

**Criteria for payments to Non executive, Independent Directors :**

During the year sitting fees of Rs. 10,000/- per meeting has been paid to each of the Non executive, Independent Directors for attending the Audit Committee meetings / Board meetings / Committee meetings except meeting of the "Committee of Issue of Share Certificates / Duplicate Shares Certificate" for which sitting fee of Rs. 2500/- is paid per meeting. Accordingly, each Director is being paid sitting fees on the basis of number of Board meetings / Committee meetings attended.

**No. of shares held by Non Executive Directors : (As on 31<sup>st</sup> March, 2010)**

Sr. No.	Name of the Non Executive Director	No.of shares of Rs.10/- each held
1.	Mr. S.N.Inamdar	493
2.	Mr. D.N.Damania	93

**Remuneration to Executive Directors: (As on 31<sup>st</sup> March, 2010)**

(Amount in Rs.)

Particulars	Mr. K.L.Rathi Executive Chairman	Mr. P.R.Rathi Vice Chairman and Managing Director	Mr. N.J.Rathi Director and Company Secretary	Mr.R.B.Rathi Director
Salary & Other allowances	42,57,000	48,31,500	30,50,850	41,69,216
Contribution to Provident Fund & other Funds	10,44,900	11,66,805	7,48,845	6,66,900
Other Perquisites	6,50,009	6,46,179	4,65,582	4,63,607
Commission	62,50,000	62,50,000	62,50,000	62,50,000
<b>Total</b>	<b>1,22,01,909</b>	<b>1,28,94,484</b>	<b>1,05,15,277</b>	<b>1,15,49,723</b>

**Remuneration to Non-Executive Directors : (As on 31<sup>st</sup> March 2010)**

(Amount in Rs.)

Name of the Director	Sitting Fees	Others (Professional Fees)	Total
Mr. B.S. Mehta	95,000/-	-	95,000/-
Mr. S.N. Inamdar	1,56,500/-	3,25,000/-	4,81,500/-
Mr. P.P. Chhabria	70,000/-	-	70,000/-
Mr. D.N. Damania	1,32,500/-	-	1,32,500/-
Mr. S.Padmanabhan	30,000/-	-	30,000/-
Mr. S.K.Asher	67,500/-	-	67,500/-
<b>Total</b>	<b>5,51,500/-</b>	<b>3,25,000/-</b>	<b>8,76,500/-</b>

The Non-Executive Directors are paid sitting fees for attending Board meetings / Committee meetings. In addition to sitting fees, Mr. S.N.Inamdar is also paid fees for rendering professional services.

**VII. Selection Committee :**

The Selection Committee of the Board consists of following members :

1. Mr. P.P.Chhabria - Chairman, Independent, Non-Executive Director
2. Mr. D.N.Damania - Independent, Non-Executive Director
3. Mr. S.N.Inamdar - Independent, Non-Executive Director
4. Mr. K.L.Rathi - Executive Chairman
5. Mr. P.R.Rathi - Vice Chairman and Managing Director
6. Mr. V.Desai - HRD, Consultant as outside member

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The terms of reference of the committee are to review and recommend appropriate remuneration payable to relatives of directors holding office or place of profit in the Company.

During the Financial Year 2009-2010, one meeting of the Selection Committee was held on 26<sup>th</sup> June, 2009.

All the members of the Committee attended the Selection Committee meeting.

### VIII. Shareholders' / Investors' Grievance Committee :

The Shareholders' / Investors' Grievance Committee comprises of the following Directors:

1. Mr. P.P.Chhabria, Chairman (Non Executive, Independent Director)
2. Mr. P.R.Rathi, Vice Chairman and Managing Director
3. Mr. N.J.Rathi, Director and Company Secretary

The terms of reference of the committee are to redress shareholders and investors complaints and suggest ways and means to improve the quality of service.

During the Financial Year 2009-2010, one meeting of the Committee was held on 30<sup>th</sup> January, 2010. All the members of the Shareholders' / Investors' Grievance Committee attended the meeting.

During the Financial Year 2009-2010 no complaint was received from SEBI, Stock Exchange(s).

### IX. Risk Management :

Risk Management is a practice with processes, methods and tools for managing risks. The Company believes that successful risk management is one in which risks are continuously identified, analysed and monitored on a regular basis. Mr.K.R.Ambekar, Vice President – Engineering (Environment, Health and Safety) is entrusted with the responsibility of risk management. The necessary reporting is being made to the Audit Committee and Board of Directors.

### X. General Body Meeting :

Details of last three Annual General Meetings are given below :

Financial Year	Date	Venue	No. of Directors present
2008-09	31-07-2009	Mahratta Chamber of Commerce, Industries And Agriculture, Pune	9
2007-08	29-09-2008	Mahratta Chamber of Commerce, Industries And Agriculture, Pune	8
2006-07	17-08-2007	Mahratta Chamber of Commerce, Industries And Agriculture, Pune	8

### XI. Disclosures :

During the year under review, there were no material significant transactions entered into by the Company with its Promoters, Directors or the Management or relatives etc. that may have a potential conflict with the interest of the Company.

There were no instances of non compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

The Company has complied with all the mandatory requirements of Clause 49 of the listing agreement with the Stock Exchanges.

The minutes of the Board meetings of Wholly Owned Subsidiary Companies i.e. Prescient Color Limited , Sudarshan Europe B.V. and Sudarshan North America, Inc., were tabled before the Board at respective Board meetings for noting.



Except for the constitution of Remuneration Committee, other non mandatory requirements under Clause 49 of the listing agreement have not been adopted.

**XII. Means of Communication :**

The Quarterly, Half-Yearly and Audited financial results of the Company are announced / published within the prescribed time period stipulated under the listing agreement. These results are published in leading English and vernacular dailies.

The Company also displays all unaudited / audited financial results, any major announcements, decisions or significant developments on its website: [www.sudarshan.com](http://www.sudarshan.com)

In terms of SEBI Circular the Company has designated an e-mail address - [grievance.redressal@sudarshan.com](mailto:grievance.redressal@sudarshan.com) for enabling timely action on investor grievances , if any . Members are requested to forward their grievances , if any , at the designated e-mail address.

**XIII. Shareholders Information :**

Shareholders information is separately provided in the Annual Report.

**XIV. Code of Conduct :**

The Board has laid down a Code of Conduct for all Board members and senior management consisting of members of the Corporate Executive Committee. The Code of Conduct is posted on the Company's website .

All the Board members and senior management personnel have affirmed compliance to the Code of Conduct of the Company for the period 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010. The declaration dated 27<sup>th</sup> April, 2010 received from Mr. P.R.Rathi, Vice Chairman and Managing Director in this regard is given below :

"I hereby declare that all Board members of the Company and senior management personnel have affirmed compliance with the Code of Conduct for the period from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010."

For and on behalf of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Pune, 29<sup>th</sup> May, 2010

K.L.RATHI  
EXECUTIVE CHAIRMAN

**Annual Report 2009-10****AUDITOR'S CERTIFICATE**

To,

The Members of  
Sudarshan Chemical Industries Limited  
162 Wellesley Road,  
Pune 411 001

We have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited for the year ended 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the listing agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us:

We certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. K. Khare & Co.  
*Chartered Accountants*  
*Firm Registration No. 105102W*

U. B. Joshi  
*Partner*  
*Membership No - 044097*

Pune: 29<sup>th</sup> May, 2010

## SHAREHOLDERS INFORMATION

### 1. Annual General Meeting :

<b>Day and Date</b>	Saturday, 14 <sup>th</sup> August, 2010
<b>Time</b>	11.30 A.M.
<b>Venue</b>	Pudumjee Hall, Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune 411 002

### 2. Financial Calendar (Tentative) :

#### April 2010 to March 2011

Sr. No.	Particulars of Meetings	Date
1	Audited Financial Results for the year ended 31 <sup>st</sup> March 2010	29 <sup>th</sup> May, 2010
2	Unaudited Quarterly Results for the Quarter ended 30 <sup>th</sup> June 2010.	14 <sup>th</sup> August, 2010
3	Annual General Meeting.	14 <sup>th</sup> August, 2010
4	Unaudited Quarterly Results for the Quarter ended 30 <sup>th</sup> September 2010.	16 <sup>th</sup> October, 2010
5	Unaudited Quarterly Results for the Quarter ended 31 <sup>st</sup> December 2010.	12 <sup>th</sup> February, 2011
6	Unaudited Quarterly Results for the Quarter ended on 31 <sup>st</sup> March 2011 / Audited Annual Results for the year ended on 31 <sup>st</sup> March 2011.	On or before 15 <sup>th</sup> May, 2011 / Last week of May, 2011

### 3. Date of Book Closure :

2<sup>nd</sup> August, 2010 to 14<sup>th</sup> August, 2010. (Both days inclusive)

### 4. Dividend payment date :

The Board of Directors at its meeting held on 29<sup>th</sup> May, 2010 have recommended dividend of Rs. 12.50 per equity share (@ 125% ) on a face value of Rs. 10/- for the year ended 31<sup>st</sup> March 2010 subject to the approval of the shareholders in the Annual General Meeting. The dividend, if approved by the shareholders at the Annual General Meeting, will be paid on or before 10<sup>th</sup> September, 2010 to those members whose names appear on the Register of Members of the Company / beneficial owners as on 14<sup>th</sup> August, 2010.

### 5. Listing on Stock Exchanges & Stock Code :

Name	Code
Bombay Stock Exchange Limited	506655
The National Stock Exchange of India Limited	Sudarschem

The International Security Identification Number (ISIN) for Company's equity shares registered with NSDL and CDSL is INE659A01015.

The Company has paid the Annual Listing fees in respect of Bombay Stock Exchange Limited and The National Stock Exchange of India Limited for the Financial Year 2010-2011. The Company has also paid the Annual Custodial fees to NSDL and CDSL for the Financial Year 2010-2011.

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### 6. Stock Prices :

Month	High (Rs.)	Low (Rs.)
April 2009	118.25	99.10
May 2009	142.80	102.30
June 2009	162.30	129.00
July 2009	204.00	158.00
August 2009	236.50	191.80
September 2009	257.00	220.00
October 2009	280.00	240.00
November 2009	333.00	280.30
December 2009	357.30	318.25
January 2010	379.75	327.00
February 2010	399.90	337.15
March 2010	393.70	360.10

(Source : Bombay Stock Exchange Limited, Mumbai - Website)

### 7. Registrar and Transfer Agents :

Link Intime India Private Limited, Pune is acting as Company's Registrar and Transfer Agents to take care of all share related work including giving electronic credit of dematerialised shares of the Company. All share related matters are handled under the supervision of Mr. N.J.Rathi, Director and Company Secretary who is also the Compliance Officer under the Listing Agreement.

### 8. Share Transfer System :

The Board has constituted a Share Transfer Committee for expeditious transfer of shares. The shares lodged with the Company and complete in all respects are usually transferred within a period of three weeks from the date of lodgment.

### 9. Distribution of shareholding :

(As on 31<sup>st</sup> March, 2010)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	9722	98.30	1284053	18.55
3001 – 5000	34	0.34	135133	1.95
5001 & Above	134	1.36	5503539	79.50
Total	9890	100.00	6922725	100.00

### 10. Shareholding pattern :

(As on 31<sup>st</sup> March, 2010)

Category	No. of shares	% to share capital
Promoter Group : Rathis	3651843	52.75
Non Promoters	3270882	47.25
Total	6922725	100.00

**11. Dematerialisation of shares and liquidity :**

The Company's shares are presently traded on the BSE and NSE in dematerialised form.

As on 31<sup>st</sup> March, 2010, 67.28% of the non promoter shareholding is held in dematerialised form.

**12. Outstanding GDRs / ADRs / Warrants and other Convertible instruments, conversion dates and likely impact on equity :**

Not applicable as not issued.

**13. Plant locations :**

Location	Address
Roha	46 MIDC Estate, Dhatav, Roha 402 116, Dist Raigad
Mahad	Plot No. A-19/1+2, MIDC Estate, Mahad 402 301, Dist. Raigad
Sutarwadi	R&D Laboratory, Sutarwadi, Ambadvet, Dist. Pune

**14. Address for Correspondence :**

(1) Sr. Manager & Joint Company Secretary  
Sudarshan Chemical Industries Limited,  
162 Wellesley Road,  
Pune 411 001  
Tel. No. 020-26058888  
Fax No. 020-26058222  
Email: [grievance.redressal@sudarshan.com](mailto:grievance.redressal@sudarshan.com)

(2) Link Intime India Private Limited  
"Akshay Complex"  
Block No. 202, 2<sup>nd</sup> Floor  
Off Dhole Patil Road  
Near Ganesh Temple  
Pune - 411 001  
Tel.No. 020-26051629, 020-26050084  
Telefax 020-26053503  
E-mail : [pune@linkintime.co.in](mailto:pune@linkintime.co.in)  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

**Disclosure under Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of shares & Takeovers) Regulations, 1997 :**

**"Constituents of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 who have held shares of the Company as on 31<sup>st</sup> March, 2010".**

1) Dr. Ramwilas Jagannath Rathi (HUF) 2) Mrs.Kusum Ramwilas Rathi 3) Mr. Pradeep Ramwilas Rathi 4) Mr. Pradeep Ramwilas Rathi (HUF) 5) Mrs.Subhadra Pradeep Rathi 6) Mr. Rahul Pradeep Rathi 7) Mr. Balkrishna Jagannath Rathi (HUF) 8) Mrs.Kusum Balkrishna Rathi 9) Mr. Ajay Balkrishna Rathi 10) Mr. Ajay Balkrishna Rathi (HUF) 11) Mr. Ajay Balkrishna Rathi, Trustee of Manan Rathi Trust 12) Mrs.Nisha Ajay Rathi 13) Mr. Manan Ajay Rathi 14) Ms. Nidhi Ajay Rathi 15) Mr. Rajesh Balkrishna Rathi 16) Mr. Rajesh Balkrishna Rathi (HUF) 17) Mr. Rajesh Balkrishna Rathi, Trustee of Shri.Balkrishna Rathi Family Trust 18) Mr. Rajesh Balkrishna Rathi, Trustee of Sow Rachana Rathi Family Trust 19) Mrs.Rachana Rajesh Rathi 20) Mr.Kishor Laxminarayan Rathi 21) Mr.Kishor Laxminarayan Rathi (HUF) 22) Mrs. Aruna Kishor Rathi 23) Mr. Rohit Kishor Rathi 24) Mr. Narayandas Jagannath Rathi 25) Mr. Narayandas Jagannath Rathi (HUF) 26) Mr. Anuj Narayandas Rathi 27) Mr. Anuj Narayandas Rathi (HUF) 28) Mrs. Archana Anuj Rathi 29) Balkrishna Rathi Finance Private Limited 30) Laxminarayan Finance Private Limited 31) NJR Finance Private Limited.

**AUDITORS' REPORT****TO THE MEMBERS OF  
SUDARSHAN CHEMICAL INDUSTRIES LIMITED**

We have audited the attached balance sheet of SUDARSHAN CHEMICAL INDUSTRIES LIMITED as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
    - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration No. 105102W

U. B. Joshi  
Partner  
Membership No – 044097

Pune: 29<sup>th</sup> May, 2010

**ANNEXURE TO THE AUDITORS' REPORT****Referred to in paragraph 1 of our report of even date.**

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major portion of the fixed assets as at 31<sup>st</sup> March, 2010 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the operations of the Company and nature of its fixed assets.
- (c) During the year, the Company has not disposed off any substantial or major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- iii. 1 (a) According to the information and explanations given to us, the Company has granted loans amounting to Rs. 24,47,18,947 to 2 parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above unsecured loans granted by the Company are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us the company to whom loans and advances in the nature of loan have been given is repaying the principal amount as stipulated and is also regular in payment of interest.
- (d) There is no overdue amount of loan granted to the companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- 2 (a) According to the information and explanations given to us, the Company has taken unsecured loans of Rs.17,18,30,000/- from 11 parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above unsecured loans taken by the Company are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the company is regular in repayment of principal and interest.
- (d) There is no overdue amount of loan taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of

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inventory and fixed assets, and with regard to the sale of goods and services. During the course of our audit, no continuing failure to correct major weakness has been noticed in the internal controls.

- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act 1956,
- (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that needed to be entered into the register maintained under Section 301 have been so entered.
- (b) According to the information and explanations given to us and excluding certain transactions of purchase of goods and material of special nature for which alternate quotations are not available, in our opinion, the contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder in respect of the deposits accepted from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of Pesticides and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. (a) According to the records of the Company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities during the year.
- (b) According to the records, of the Company and information and explanation given to us, details of dues of excise duty, sales tax and Income Tax which have not been deposited on account of any dispute are given below :

Name of the Statute	Nature of Dues	Amount (Rs.)	Financial Years to which it pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	252,632	2006-07 and 2007-08	CESTAT
The Central Excise Act, 1944	Excise Duty	172,347	2006-07 to 2008-09	A.C.C.E.
The Central Excise Act, 1944	Excise Duty	597,791	1999-00	A.C.C.E.
The Central Excise Act, 1944	Excise Duty	4,487,025	2004-05	CESTAT
The Central Excise Act, 1944	Excise Duty	26,032	2004-05	A.C.C.E.
The Income Tax Act, 1961	Income Tax	3,377,678	2004-05	Income Tax (Appeals)
<b>Total</b>		<b>8,913,505</b>		



- x. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except for the corporate guarantee issued on behalf of its wholly owned subsidiary Prescient Color Limited, amounting to Rs.12,25,00,000 and terms and conditions thereof are not prejudicial to the interest of the company.
- xvi. To the best of our knowledge and based on explanations given to us, the term loans availed during the year by the Company have been used for the purpose for which the same were raised.
- xvii. According to the Cash Flow Statement on the balance sheet date and records examined by us and according to the information and explanations given to us, on overall basis, we report that no funds raised on short term basis have, prima facie, been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
- xix. The Company has not issued any debentures and hence the question of creation of any securities does not arise.
- xx. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration No. 105102W

U. B. Joshi  
Partner  
Membership No – 044097

Pune: 29<sup>th</sup> May, 2010

## Annual Report 2009-10

### BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	31-03-2010 Rs.	31-03-2009 Rs.
<b>I. SOURCES OF FUNDS :</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	69,227,250	69,227,250
(b) Reserves and Surplus	2	1,415,463,081	1,057,274,874
		<u>1,484,690,331</u>	<u>1,126,502,124</u>
<b>(2) Deferred Tax (Net)</b> (Refer Note 5 of Schedule 16)		58,657,608	68,826,439
<b>(3) Loan Funds</b>			
(a) Secured Loans	3	518,765,677	640,329,569
(b) Unsecured Loans	4	408,644,784	182,628,811
		<u>927,410,461</u>	<u>822,958,380</u>
	TOTAL ...	<u>2,470,758,400</u>	<u>2,018,286,943</u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>(1) Fixed Assets</b>	5		
Gross Block		2,736,499,265	2,599,394,187
Less : Depreciation		1,870,231,966	1,810,382,618
Net Block		<u>866,267,299</u>	<u>789,011,569</u>
Capital Work-in-Progress (including Capital Advances)		<u>110,631,935</u>	<u>51,898,692</u>
		<u>976,899,234</u>	<u>840,910,261</u>
<b>(2) Investments</b>	6	205,023,954	106,716,644
<b>(3) Current Assets, Loans and Advances</b>	7		
(a) Inventories		765,154,413	689,029,235
(b) Sundry Debtors		1,130,647,868	752,367,382
(c) Cash and Bank Balances		89,740,573	81,902,254
(d) Other Current Assets		33,552,767	44,967,672
(e) Loans and Advances		308,631,609	164,676,664
		<u>2,327,727,230</u>	<u>1,732,943,207</u>
Less : <b>Current Liabilities and Provisions</b>	8		
(a) Liabilities		871,356,009	521,159,362
(b) Provisions		167,536,009	164,180,698
		<u>1,038,892,018</u>	<u>685,340,060</u>
<b>Net Current Assets</b>		<u>1,288,835,212</u>	<u>1,047,603,147</u>
<b>(4) Miscellaneous Expenditure</b> (To the extent not written off or adjusted)			
Deferred Revenue Expenditure	9	—	23,056,891
	TOTAL ...	<u>2,470,758,400</u>	<u>2,018,286,943</u>
<b>Notes forming part of the Accounts</b>	16		

As per our report of even date

For B. K. KHARE & COMPANY  
Chartered Accountants

U. B. JOSHI  
Partner  
Membership No. : 044097

Pune: 29<sup>th</sup> May, 2010

For and on behalf of the Board of Directors

K. L. RATHI  
Executive Chairman

N. J. RATHI  
Director & Company Secretary

P. R. RATHI  
Vice -Chairman & Managing Director

R.B. RATHI  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule No.	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME :</b>			
Income from Operations	10	6,019,118,048	4,934,113,843
Less: Excise Duty		339,378,985	405,077,196
		<u>5,679,739,063</u>	<u>4,529,036,647</u>
Other Income	10	90,762,156	40,068,845
Increase/(Decrease) in Stocks	11	(38,972,239)	(16,390,014)
		<u>5,731,528,980</u>	<u>4,552,715,478</u>
<b>EXPENDITURE :</b>			
Consumption of Raw Materials	12	2,936,909,892	2,485,995,104
Manufacturing and Other Expenses	13	1,407,753,309	1,139,233,035
Administrative and Selling Expenses	14	505,394,057	380,230,402
Finance Cost	15	89,493,343	136,841,027
Depreciation		134,052,710	126,786,067
		<u>5,073,603,311</u>	<u>4,269,085,635</u>
<b>Profit Before Tax</b>		<b>657,925,669</b>	<b>283,629,843</b>
<i>Less :Provision for Taxation</i>			
Current Tax		209,000,000	115,000,000
Fringe Benefits Tax		–	5,100,000
Deferred Tax (Net)		(10,168,831)	(24,865,815)
<b>Profit After Tax</b>		<b>459,094,500</b>	<b>188,395,658</b>
<i>Add : Surplus brought forward</i>		<i>206,000,054</i>	<i>122,398,333</i>
<b>Amount available for appropriation</b>		<b>665,094,554</b>	<b>310,793,991</b>
<b>APPROPRIATIONS :</b>			
Proposed Dividend		86,534,063	55,381,800
Income Tax on Proposed Dividend		14,372,230	9,412,137
General Reserve		200,000,000	40,000,000
Surplus Carried to Balance Sheet		364,188,261	206,000,054
		<u>665,094,554</u>	<u>310,793,991</u>
Earning per Share, Basic & Diluted (Rs. Per Equity Share of Rs. 10 each)		66.32	27.21
<b>Profit after tax available for equity shareholders</b>		<b>459,094,500</b>	<b>188,395,658</b>
No. of shares used in computing Earning per share, basic & diluted		6,922,725	6,922,725
<b>Notes forming part of the Accounts</b>	16		

As per our report of even date

For B. K. KHARE & COMPANY  
Chartered Accountants

U. B. JOSHI  
Partner  
Membership No. : 044097

Pune: 29<sup>th</sup> May, 2010

For and on behalf of the Board of Directors

K. L. RATHI  
Executive Chairman

N. J. RATHI  
Director & Company Secretary

P. R. RATHI  
Vice -Chairman & Managing Director

R.B. RATHI  
Director

## Annual Report 2009-10

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit Before Tax		657,925,669		283,629,843
Adjustment for :				
Depreciation	134,052,710		126,786,067	
Investment Income	(109,587)		(207,210)	
Interest Charged	89,493,343		136,841,027	
(Profit)/Loss on sale of assets(Net)	6,886,956		23,665,149	
Leave Encashment	5,161,321		(668,676)	
Provision for Pension	2,642,185		14,813,360	
Provision for Gratuity	-		12,741,932	
Foreign Exchange Difference	(2,831,394)		(454,576)	
Amortisation of VRS	23,056,891		23,056,889	
		<b>258,352,425</b>		<b>336,573,962</b>
Operating Profit before changes in Working Capital		<b>916,278,094</b>		<b>620,203,805</b>
Changes in Working Capital				
Trade and other receivables	(378,280,490)		129,173,264	
Inventories	(76,125,178)		95,164,477	
Trade and Other Payables	308,735,330		(141,872,563)	
Loans & Advances	(161,954,945)		(51,026,407)	
Other Current Assets	11,414,903	(296,210,380)	(9,721,525)	21,717,246
Cash Generated From Operations		<b>620,067,714</b>		<b>641,921,051</b>
Direct Taxes Paid	(191,000,000)	(191,000,000)	(108,200,000)	(108,200,000)
NET CASH FROM OPERATING ACTIVITIES		<b>429,067,714</b>		<b>533,721,051</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets/WIP	(276,896,331)		(183,386,522)	
(Includes Borrowing Costs capitalised 3,102,095) (Previous Year 1,024,112 )				
Sale of Fixed Assets	868,462		(3,788,146)	
(Purchase)/Sale of Investments	(98,307,310)		(43,322,200)	
Dividend and Interest Received	109,587		207,210	
NET CASH USED IN INVESTING ACTIVITIES		<b>(374,225,592)</b>		<b>(230,289,658)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Repayment) of Borrowings	107,283,477		(145,728,937)	
Interest paid	(89,493,343)		(136,841,027)	
Dividend paid	(55,381,800)		(20,768,175)	
Income Tax on Dividend	(9,412,137)		(3,529,550)	
NET CASH USED IN FINANCING ACTIVITIES		<b>(47,003,803)</b>		<b>(306,867,689)</b>
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		<b>7,838,319</b>		<b>(3,436,296)</b>
CASH & CASH EQUIVALENTS- OPENING BALANCE		<b>81,902,254</b>		<b>85,338,550</b>
CASH & CASH EQUIVALENTS- CLOSING BALANCE		<b>89,740,573</b>		<b>81,902,254</b>
		<b>7,838,319</b>		<b>(3,436,296)</b>

As per our report of even date  
For B. K. KHARE & COMPANY  
Chartered Accountants

For and on behalf of the Board of Directors  
K. L. RATHI  
Executive Chairman

P. R. RATHI  
Vice -Chairman & Managing Director

U. B. JOSHI  
Partner  
Membership No. : 044097  
Pune: 29<sup>th</sup> May, 2010

N. J. RATHI  
Director & Company Secretary

R.B. RATHI  
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE 1 : SHARE CAPITAL**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>AUTHORISED :</b> 8,000,000 Equity Shares of Rs.10 each	<u>80,000,000</u>	<u>80,000,000</u>
<b>ISSUED :</b> * 6,922,775 Equity Shares of Rs.10 each	<u>69,227,750</u>	<u>69,227,750</u>
<b>SUBSCRIBED AND PAID UP :</b> 6,922,725 Equity Shares of Rs.10 each fully paid up	<u>69,227,250</u>	<u>69,227,250</u>
TOTAL ...	<u>69,227,250</u>	<u>69,227,250</u>

**Notes : Of the above shares :**

- (i) 8,400 Equity Shares of Rs.10 each fully paid up were allotted pursuant to the contract without payment being received in cash.
- (ii) 3,080,075 Equity Shares of Rs.10 each fully paid up were allotted as Bonus Shares by capitalising General Reserve and Share Premium Account.

\* Allotment of 50 Rights Equity Shares of Rs.10/- each is kept in abeyance, matter being subjudice.

**SCHEDULE 2 : RESERVES AND SURPLUS**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>CAPITAL RESERVE - I :</b> As per last Balance Sheet	-	186,968
Less : Transferred to Profit and Loss Account	-	186,968
	<u>-</u>	<u>-</u>
<b>CAPITAL RESERVE - II :</b> As per last Balance Sheet	<u>5,044,100</u>	<u>5,044,100</u>
	<u>5,044,100</u>	<u>5,044,100</u>
<b>SHARE PREMIUM :</b> As per last Balance Sheet	<u>132,115,000</u>	<u>132,115,000</u>
<b>GENERAL RESERVE :</b> As per last Balance Sheet	<u>714,115,720</u>	<u>674,115,720</u>
Add : Transferred from Profit and Loss Account	<u>200,000,000</u>	<u>40,000,000</u>
	<u>914,115,720</u>	<u>714,115,720</u>
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>	<u>364,188,261</u>	<u>206,000,054</u>
TOTAL ...	<u>1,415,463,081</u>	<u>1,057,274,874</u>

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### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE 3 : SECURED LOANS

	31-03-2010 Rs.	31-03-2009 Rs.
<b>TERM LOANS FROM :</b>		
HDFC Bank Ltd.	-	225,335
Export-Import Bank of India	<b>153,125,000</b>	110,625,000
Bank Of Maharashtra	<b>71,759,000</b>	91,963,000
State Bank of India	-	14,000,000
	<u><b>224,884,000</b></u>	<u>216,813,335</u>
<b>WORKING CAPITAL BORROWINGS FROM BANKS</b>	<b>293,881,677</b>	423,516,234
TOTAL ...	<u><b>518,765,677</b></u>	<u>640,329,569</u>

- For details of Security, refer Note 2 of Schedule 16.

- Term Loans repayable within a year Rs. 63,329,000/- (Previous Year Rs. 56,861,733/-)

#### SCHEDULE 4 : UNSECURED LOANS

	31-03-2010 Rs.	31-03-2009 Rs.
Intercompany and Other Deposits	<b>185,645,692</b>	151,613,158
Fixed Deposits :		
(i) From Shareholders	<b>82,475,000</b>	400,000
(ii) From Others	<b>140,524,092</b>	30,615,653
- Repayable within a year Rs. 50,105,203/- (Previous Year Rs. 25,889,901/-)		
TOTAL ...	<u><b>408,644,784</b></u>	<u>182,628,811</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE 5 : FIXED ASSETS**

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance As on 01-04-2009 Rs.	Additions Rs.	Deductions Rs.	Balance As on 01-04-2009 Rs.	For the Year Rs.	Deductions Rs.	Balance As on 31-03-2010 Rs.	Balance As on 31-03-2009 Rs.
FREEHOLD LAND	14,973,085	2,362,940	-	-	-	-	17,336,025	14,973,085
LEASEHOLD LAND	12,740,447	-	-	1,444,408	145,999	-	11,150,040	11,296,039
BUILDINGS	269,972,131	2,507,378	9,011,575	123,025,258	7,741,830	6,959,489	139,660,335	146,946,873
PLANT & MACHINERY	2,118,169,275	164,497,600	66,160,150	1,603,029,542	103,801,947	62,594,265	572,269,501	515,139,733
VEHICLES	36,922,236	12,247,990	4,855,242	11,044,974	3,306,051	3,356,624	33,320,583	25,877,262
FURNITURE & FIXTURES	31,673,706	780,763	730,818	10,671,675	1,852,160	501,452	19,701,268	21,002,031
OFFICE EQUIPMENTS	9,010,533	596,672	1,200,990	4,974,736	391,837	791,532	3,831,174	4,035,797
INTANGIBLE ASSETS	-	33,888,319	-	-	10,279,833	-	23,608,486	-
<b>FIXED ASSETS - R&amp;D :-</b>								
BUILDINGS	31,134,400	-	-	5,741,387	1,048,228	-	6,789,615	25,393,013
PLANT & MACHINERY	70,209,496	2,182,191	-	47,474,250	5,200,983	-	19,716,454	22,735,246
FURNITURE & FIXTURES	4,588,878	-	-	2,976,388	283,842	-	1,328,648	1,612,490
<b>TOTAL</b>	<b>2,599,394,187</b>	<b>219,063,853</b>	<b>81,958,775</b>	<b>1,810,382,618</b>	<b>134,052,710</b>	<b>74,203,362</b>	<b>866,267,299</b>	<b>789,011,569</b>
PREVIOUS YEAR	2,758,565,911	195,569,243	354,740,967	2,018,273,545	126,973,035	334,863,962	789,011,569	740,292,366

Plant & Machinery includes :

1. Borrowing cost capitalised during the year Rs. 3,102,095 (Previous Year Rs. 1,024,112)
2. Expenditure during construction period capitalised Rs. 501,032 (Previous Year Rs. 650,000)

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### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE 6 : INVESTMENTS

	31-03-2010 Rs.	31-03-2009 Rs.
<b>Non Trade (At Cost) :</b>		
<b>Long Term Investments (Quoted) :</b>		
257,392 (257,392) Units of Rs.10 each in Unit Trust of India-UTI G-SEC Fund	3,000,000	3,000,000
Less : Provision for decline in the value	<u>364,306</u>	<u>364,306</u>
	2,635,694	2,635,694
[Market Value of Quoted Investments Rs.2,753,708/- (Previous year Rs. 2,715,736/-)]		
<b>Current Investments (Quoted) :</b>		
2,008,704 (-) Units of Rs. 10 each in SBI-SHF-Ultra Short Term Fund	<u>20,099,095</u>	-
	20,099,095	-
[Market Value of Quoted Investments Rs.20,099,095/- (Previous year Rs. Nil )]		
<b>Long Term Investments (Unquoted) :</b>		
5 (5) Shares of Rs.50 each fully paid-up in Nariman Bhavan Premises Co-op.Soc.Ltd.	250	250
<b>Investment in Subsidiaries :</b>		
6,000,000 (6,000,000) Equity shares of Rs.10/- each fully paid up in Prescient Color Ltd.	60,000,000	60,000,000
400,000 (-) 10% Non cumulative, redeemable & with a right of call & put option Preference shares of Rs.100/- each fully paid up in Prescient Color Ltd.	40,000,000	-
12,500 (6,700) Equity shares of Euro 100/- each fully paid up in Sudarshan Europe B.V.	<u>82,288,915</u>	<u>44,080,700</u>
TOTAL ...	<u><u>205,023,954</u></u>	<u><u>106,716,644</u></u>



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>CURRENT ASSETS :</b>		
<b>Inventories</b>		
Stores, Spares etc.	75,334,188	59,103,206
Raw Materials	262,820,189	163,953,754
Semi-finished Products	137,140,252	107,390,786
Finished Products	289,859,784	358,581,489
	<u>765,154,413</u>	<u>689,029,235</u>
<b>Sundry Debtors - (Unsecured, considered good unless stated otherwise)</b>		
Outstanding for a period exceeding six months	37,783,155	27,857,275
Considered Doubtful	3,512,562	25,685,719
Less : Provision	<u>(3,512,562)</u>	<u>(25,685,719)</u>
	37,783,155	27,857,275
Other Debts	1,092,864,713	724,510,107
	<u>1,130,647,868</u>	<u>752,367,382</u>
<b>Cash and Bank Balances :</b>		
Cash on hand	1,335,338	952,599
Balances with Scheduled Banks :		
In Current Accounts	68,318,375	64,985,605
In Fixed deposit Accounts	20,086,860	15,964,050
	<u>89,740,573</u>	<u>81,902,254</u>
<b>Other Current Assets</b>	33,552,767	44,967,672
	<u>2,019,095,621</u>	<u>1,568,266,543</u>
<b>LOANS AND ADVANCES :</b>		
(Unsecured, considered good)		
Advances and loans to subsidiaries	171,600,000	59,125,095
Advances recoverable in cash or in kind or for value to be received	75,699,587	47,147,397
	<u>247,299,587</u>	<u>106,272,492</u>
Income Tax Paid	888,716,125	666,758,443
Less : Provision for Tax	860,100,000	651,100,000
Income Tax Paid (Net)	<u>28,616,125</u>	<u>15,658,443</u>
Balances with Excise, Customs etc.	32,715,897	42,745,729
	<u>308,631,609</u>	<u>164,676,664</u>
TOTAL ...	<u>2,327,727,230</u>	<u>1,732,943,207</u>

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### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

	31-03-2010 Rs.	31-03-2009 Rs.
<b>CURRENT LIABILITIES :</b>		
Acceptances	44,190,790	21,637,101
Sundry Creditors - For Capital Goods	2,767,880	1,867,115
- For Others	474,842,326	254,162,124
(Also refer Note - 7 of Schedule 16)		
Other Liabilities	347,454,756	241,584,917
* Unclaimed Dividend	1,024,829	650,570
* Unclaimed Matured Fixed Deposits	95,000	87,000
Interest accrued but not due on loans	980,428	1,170,535
	<b>871,356,009</b>	<b>521,159,362</b>
<p>* The amount reflects the position as at 31st March, 2010. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.</p>		
<b>PROVISIONS :</b>		
Proposed Dividend	86,534,063	55,381,800
Income Tax on Proposed Dividend	14,372,230	9,412,137
Employee Benefits :		
Pension	36,681,874	34,039,689
Gratuity	-	40,560,551
Short Term Compensated Absence	29,947,842	24,786,521
	<b>167,536,009</b>	<b>164,180,698</b>
TOTAL ...	<b>1,038,892,018</b>	<b>685,340,060</b>

#### SCHEDULE 9 : MISCELLANEOUS EXPENDITURE

	31-03-2010 Rs.	31-03-2009 Rs.
<b>Deferred Revenue Expenditure :</b>		
<b>Voluntary Retirement Scheme -</b>		
Balance as per last Balance Sheet	23,056,891	46,113,780
Less : Amortisation for the year	23,056,891	23,056,889
TOTAL ...	<b>-</b>	<b>23,056,891</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

**SCHEDULE 10 : INCOME FROM OPERATIONS AND OTHER INCOME**

	2009-2010 Rs.	2008-2009 Rs.
<b>A. INCOME FROM OPERATIONS</b>		
Sales :		
Gross Sales	5,985,038,581	4,904,841,092
Export Incentives	34,079,467	29,272,751
	<u>6,019,118,048</u>	<u>4,934,113,843</u>
Less: Excise duty	339,378,985	405,077,196
TOTAL...	<u><u>5,679,739,063</u></u>	<u><u>4,529,036,647</u></u>
<b>B. OTHER INCOME</b>		
Miscellaneous Income	32,371,306	23,385,486
Interest earned on :		
Investments	-	34,088
Bank Deposits	1,734,726	1,081,587
Others	19,087,657	15,394,562
[T.D.S. Rs.19,14,577/- (Previous year Rs. 2,606,162/-)]		
Dividend	109,587	173,122
Foreign Exchange Difference (Net)	37,458,880	-
TOTAL ...	<u><u>90,762,156</u></u>	<u><u>40,068,845</u></u>

**SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS**

	2009-2010 Rs.	2008-2009 Rs.
Stocks at Commencement :		
Finished Products	358,581,489	388,748,366
Semi-Finished Products	107,390,786	93,613,923
	<u>465,972,275</u>	<u>482,362,289</u>
Less: Stocks at Close :		
Finished Products	289,859,784	358,581,489
Semi-Finished Products	137,140,252	107,390,786
	<u>427,000,036</u>	<u>465,972,275</u>
Increase/(Decrease) in stocks..	<u><u>(38,972,239)</u></u>	<u><u>(16,390,014)</u></u>

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### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

#### SCHEDULE 12 : CONSUMPTION OF RAW MATERIALS

	2009-2010 Rs.	2008-2009 Rs.
Opening Stock	163,953,754	236,254,932
Add: Purchases	3,035,776,327	2,413,693,926
	<u>3,199,730,081</u>	<u>2,649,948,858</u>
Less: Closing Stock	262,820,189	163,953,754
TOTAL ...	<u><u>2,936,909,892</u></u>	<u><u>2,485,995,104</u></u>

[Consumption includes cost of goods traded in Rs 198,657,055/-  
(Previous Year Rs 103,277,087/-)]

#### SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES

	2009-2010 Rs.	2008-2009 Rs.
Payments to and Provisions for the Employees :		
Salaries, Wages, Bonus and Commission	403,569,250	335,010,147
Contribution to Provident and Other Funds	52,760,146	32,221,728
Employee Welfare Expenses	6,338,152	5,485,801
	<u>462,667,548</u>	<u>372,717,676</u>
Less: Transferred to Research and Development Expenses	28,624,045	25,099,531
	<u>434,043,503</u>	<u>347,618,145</u>
Stores, Spares and Consumables	156,092,742	115,615,494
Power and Fuel	329,804,122	296,909,726
Water Charges	52,911,061	43,431,214
Freight and Octroi	8,246,867	11,328,366
Packing Material	82,960,466	66,292,286
Repairs and Maintenance :		
Buildings	38,812,965	24,135,967
Plant and Machinery	78,627,353	53,834,709
Others	1,396,107	1,943,835
Insurance	8,396,542	6,576,779
Rates and Taxes	6,035,183	4,887,119
Rent / Lease Rent	5,671,675	5,929,465
Loss on sale/disposal of Fixed Assets (Net)	6,886,956	23,665,149
Licence Fees	4,583,821	1,897,119
Amortisation of Deferred Revenue Expenditure	23,056,891	23,056,889
Research & Development Expenses :		
Employee Cost	28,624,045	25,099,531
Stores, Spares and Consumables etc.	12,760,815	8,504,538
Other Expenses	24,108,156	10,233,737
	<u>65,493,016</u>	<u>43,837,806</u>
Other Manufacturing Expenses (Including Excise Duty accrued on Finished Products' Stocks)	104,734,039	68,272,967
TOTAL ...	<u><u>1,407,753,309</u></u>	<u><u>1,139,233,035</u></u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

**SCHEDULE 14 : ADMINISTRATIVE AND SELLING EXPENSES**

	2009-2010 Rs.	2008-2009 Rs.
Printing, Stationery and Communication Expenses	15,686,880	15,124,939
Travelling and Conveyance	21,302,926	16,784,094
Advertisement	11,574,855	5,415,348
Legal, Professional and Consultancy Charges	65,856,875	32,356,571
Auditors' Remuneration :		
Audit Fees	450,000	360,000
Other Services	415,000	210,500
Reimbursement of Expenses	16,735	14,457
Directors' Sitting Fees	551,500	350,000
Bank Charges	10,056,830	9,188,452
ERP / Computer related expenses	5,348,625	3,004,867
Sales Tax Surcharge/Turnover Tax	1,543,082	3,525,078
General Expenses	32,677,899	21,855,531
Provision for Doubtful Debts	-	20,720,998
Bad Debts Written Off	15,819,426	-
Foreign Exchange Difference (Net)	-	24,196,894
Selling and Distribution Expenses	29,839,560	18,191,358
Export Market Development Expenses :		
Commission on Exports	8,541,885	9,189,285
Travelling, Postage, Forwarding, etc.	79,354,353	32,178,171
Commission to Selling Agents	132,459,801	106,987,680
Discounts	73,897,825	60,576,179
TOTAL ...	<u>505,394,057</u>	<u>380,230,402</u>

**SCHEDULE 15 : FINANCE COST**

	2009-2010 Rs.	2008-2009 Rs.
<b>Interest :</b>		
Fixed Period Loans	20,395,527	15,128,983
Other Loans	69,097,816	121,712,044
TOTAL ...	<u>89,493,343</u>	<u>136,841,027</u>

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### SCHEDULE 16 : NOTES FORMING PART OF THE ACCOUNTS

#### 1. Significant Accounting Policies :

##### (i) Basis of Accounting :

The financial statements are prepared having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and conforms with Accounting Standards as specified u/s 211 (3C) of the Companies Act, 1956.

##### (ii) Fixed Assets :

- (a) Fixed Assets are stated at cost of acquisition along with attributable cost including related borrowing cost for bringing the assets to its working condition for its intended use less accumulated depreciation.
- (b) Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the period in which they are incurred.

##### (iii) Depreciation :

- (a) Depreciation on fixed assets is provided on straight line method on prorata basis, at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956. The leasehold land is amortised over the lease period.
- (b) The intangible assets are amortised over its useful economic life.

##### (iv) Impairment of Assets :

The carrying amounts of Cash Generating Unit / Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds recoverable amount.

##### (v) Investments :

Long term Investments are carried at cost including related expenses, provision for diminution being made, if necessary, to recognize a decline, other than temporary, in the value thereof.

Current investments are valued at lower of cost and fair value.

##### (vi) Inventories :

The inventories are valued at lower of cost and net realisable value.

- (a) Raw materials, packing materials, stores and consumables are valued at weighted average cost.
- (b) The cost of Finished goods and Semi-finished goods is ascertained by weighted average of cost of raw material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Scrap is accounted for on sale.
- (d) Provision is made for obsolete and non-moving items.

##### (vii) Research and Development :

Research and development expenditure of capital nature is added to fixed assets and depreciation is provided thereon. All other expenditure on research and development is charged to Profit and Loss Account in the year of incurrence.

##### (viii) Foreign Currency Transactions :

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities are translated at the year-end rate. The difference between the rate prevailing on the date of the transaction and on the date of settlement as also on translation of current assets and current liabilities, at the end of the year is recognised as income or expense, as the case may be.
- (b) In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract. Gains or losses on cancellation of forward exchange contracts are recognised as income or expense.

(ix) **Revenue Recognition :**

Sale of goods is recognised on dispatches to customers, which coincide with the transfer of significant risks and rewards associated with ownership, inclusive of excise duty and net of discount.

Dividend income is accounted for when the right to receive is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(x) **Employee Benefits :**

(a) **Defined Contribution Plan :**

Contributions are made to approved Superannuation and Provident Fund.

(b) **Defined Benefit Plan :**

Company's liability towards Gratuity is determined using the Projected Unit Credit Method which consider each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service Gratuity liability is computed with reference to the service put in by each employee till the date of valuation as also the Projected Terminal Salary at the time of exit. Actuarial Gains and Losses are recognized immediately in the statement of Profit & Loss as income or expense. Obligation is measured as the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and Government Bonds are consistent with the currency and estimated term of Defined Benefit obligation.

(c) **Non-Contributory Pension Scheme :**

Pension Scheme applicable to the eligible employees, using Projected Unit Credit Method, reliable estimates are made and provided in books of account.

(d) **Short Term Compensated Absences :**

Liability on account of short term compensated absences is provided on actuals.

(xi) **Miscellaneous Expenditure :**

The amount of VRS compensation paid to employees is amortised over remaining period till 31<sup>st</sup> March 2010 in line with Revised Accounting Standard-15 issued by The Institute of Chartered Accountants of India.

(xii) **Taxation :**

Income Tax expense comprises current tax and deferred tax charge or credit. Current Tax is provided on taxable income by applying the prevailing tax rates and tax laws. The Deferred Tax for timing difference between book and tax profit for the year is accounted using tax rates and tax laws that have been enacted or substantively enacted on the Balance Sheet Date. Deferred tax assets arising from the timing differences are recognized to the extent that there is a virtual certainty that sufficient future taxable income will be available.

(xiii) **Provision and Contingent Liability :**

(a) Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimates can be made about the amount of obligation.

(b) Contingent liabilities are disclosed by way of note to financial statement, after careful evaluation by the management of the facts and legal aspects of the matter involved.

**2. Secured Loans :**

(a) The Term Loans from Export-Import Bank of India (EXIM Bank) are secured by pari passu first charge by way of Hypothecation of all movable fixed assets (excluding assets exclusively charged to existing term lenders) and security by way of mortgage on all immovable fixed assets, both present and future; except land and building at Pune.

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- (b) The Term loans from Bank of Maharashtra are secured by exclusive/first pari passu charge, on all the present and future movable fixed assets; except land and building at Pune.
- (c) Working Capital Borrowings are secured by hypothecation of stock-in-trade, book debts & receivables. These are further secured by second charge on the immovable property (except land and building at Pune) and the movable property on the said immovable property created by joint mortgage by deposit of title deeds with EXIM Bank acting for itself and as agent of the other lenders.
3. Estimated amount of contracts remaining to be executed on capital account – Rs.21,586,308/- (Previous Year Rs.5,740,958/-).
4. **Contingent liabilities not provided for :**
- (a) Excise Duty – Rs. 370,601/- (Previous Year Rs. Rs 368,601/-).
- (b) Corporate Guarantee issued on behalf of the wholly owned subsidiary company Prescient Color Limited - Rs. 122,500,000/- (Previous Year Rs.122,500,000/-).
- (c) Income Tax – Rs.27,876,347/- (Previous Year Rs. 27,583,847/-).

5. **Deferred Tax :**

The breakup of deferred tax assets and liabilities into major components at the year end is as below:

Particulars of timing difference :	31-03-2010 Rs.	31-03-2009 Rs.
<b>Liabilities :</b>		
Depreciation	91,385,961	101,307,295
Expenditure considered fully deductible	1,952,361	1,997,764
TOTAL ...	93,338,322	103,305,059
<b>Assets :</b>		
Expenditure accrued but not deductible for tax purpose, allowable on actual payment	34,680,714	34,478,620
TOTAL ...	34,680,714	34,478,620
Deferred Tax Liability (Net)	58,657,608	68,826,439

6. The following disclosures are made in accordance with Accounting Standard – 15 (Revised) pertaining to defined benefit plans :

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Obligations at period beginning	89,976,176	83,334,291
Service cost	4,978,780	4,831,362
Interest cost	7,198,094	6,666,743
Actuarial (gain) / loss	24,007,414	5,995,962
Benefits paid	(5,041,653)	(10,852,182)
Obligations at period end	121,118,811	89,976,176
<b>Change in plan assets :</b>		
Plans assets at period beginning, at fair value	49,415,625	55,515,672
Expected return on plan assets	4,841,211	4,696,761
Actuarial (gain) / loss	–	–
Contributions	71,903,628	55,374
Benefits paid	(5,041,653)	(10,852,182)
Plans assets at period end, at fair value	121,118,811	49,415,625
<b>Reconciliation of present value of the obligation and the fair value of the plan assets :</b>		
Fair value of the plan assets at the end of the year	121,118,811	49,415,625
Present value of the defined benefit obligations at the end of the period	121,118,811	89,976,176
Liability recognized in the balance sheet	–	40,560,551



<b>Gratuity cost for the period :</b>		
Service cost	4,978,780	4,831,362
Interest cost	7,198,094	6,666,743
Expected return on plan assets	(4,841,211)	(4,696,761)
Actuarial (gain) / loss	24,007,414	5,995,962
<b>Net gratuity cost</b>	<b>31,343,077</b>	<b>12,797,306</b>

**Investment details of the plan assets :**

Plan assets are invested in the debt instruments prescribed by IRDA

**Summary of Actuarial Assumptions :**

	31-03-2010	31-03-2009
Interest / Discount Rate	8.00%	8.00%
Estimated rate of return on plan assets	7.00%	7.00%

The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**7. Sundry Creditors :**

- a) Outstanding to creditors other than Micro, Small & Medium Enterprise Rs.520,626,648/- (Previous Year Rs. 276,962,449/-) (Interest Paid/Payable is Rs. Nil).
- b) Outstanding to Micro, Small & Medium Enterprise: Rs.1,174,348/- (Previous Year Rs.703,891/-).

The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the company. Total Outstanding dues of Micro and Small Enterprises, which were outstanding for more than stipulated period, are given below:

	31-03-2010 Rs.	31-03-2009 Rs.
a) Principal amount due	1,174,348	703,891
b) Interest paid under MSMED Act, 2006	Nil	Nil
c) Interest due	388,440	134,746
d) Interest accrued and due	Nil	Nil
e) Interest due and payable till actual payment	388,440	134,746

**8. Segment Reporting :**

The Business segment has been considered as the primary segment for disclosure. The categories included in each of the reported business segments are as follows :

- i) Pigments
- ii) Agro Chemicals

The above business segments have been identified considering :

- i) The nature of the product/services
- ii) The related risks and returns
- iii) The internal financial reporting systems

Revenue and expenses have been accounted for, based on their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Income/Expenses". Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

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### A) Primary Segment Information for the year ended 31st March, 2010 :

Particulars	Year ended 31-03-2010 Rs.	Year ended 31-03-2009 Rs.
<b>1 Segment Revenue</b>		
a) Pigments	4,905,085,516	4,056,281,746
b) Agro Chemicals	774,653,547	472,754,901
Total	5,679,739,063	4,529,036,647
Less :Inter segment revenue	-	-
<b>Net Sales / Income from Operations</b>	<b>5,679,739,063</b>	<b>4,529,036,647</b>
<b>2 Segment Results</b>		
Profit/(Loss) before tax		
a) Pigments	860,040,486	538,774,691
b) Agro Chemicals	72,796,639	22,723,083
Total	932,837,125	561,497,774
Less : i. Interest	89,493,343	136,841,027
ii. Other Unallocable expenditure (net of Unallocable income)	185,418,113	141,026,904
<b>Profit Before Tax</b>	<b>657,925,669</b>	<b>283,629,843</b>
<b>3 Segment Capital Employed</b>		
Segment assets		
a) Pigments	2,778,299,387	2,205,060,190
b) Agro Chemicals	229,044,239	134,385,113
Segment liabilities		
a) Pigments	646,803,057	376,310,260
b) Agro Chemicals	174,040,033	67,868,684
<b>Capital employed in segments</b>		
a) Pigments	2,131,496,330	1,828,749,930
b) Agro Chemicals	55,004,206	66,516,429
	2,186,500,536	1,895,266,359
Add :Unallocable Corporate assets less liabilities	284,257,864	123,020,584
<b>Total capital employed</b>	<b>2,470,758,400</b>	<b>2,018,286,943</b>
<b>4 Capital Expenditure</b>		
a) Pigments	257,211,646	193,807,550
b) Agro Chemicals	4,765,292	3,865,985
c) Unallocated	67,718,850	49,794,400
<b>Total capital expenditure</b>	<b>329,695,788</b>	<b>247,467,935</b>
<b>5 Depreciation</b>		
a) Pigments	107,245,899	91,911,010
b) Agro Chemicals	11,578,471	19,025,000
c) Unallocated	15,228,340	15,850,057
<b>Total Depreciation</b>	<b>134,052,710</b>	<b>126,786,067</b>

**B) Secondary Segment Disclosures :**

	<b>31-03-2010</b>	31-03-2009
	<b>Rs.</b>	Rs.
<b>i) Revenue from External Customers</b>		
Indigenous	<b>3,766,520,145</b>	2,833,565,639
Exports (including export incentives)	<b>1,913,218,918</b>	1,695,471,008
TOTAL ...	<b>5,679,739,063</b>	4,529,036,647
<b>ii) Carrying amount of Assets</b>		
In India	<b>1,918,540,810</b>	1,747,112,516
Outside India	<b>552,217,590</b>	248,117,536
TOTAL ...	<b>2,470,758,400</b>	1,995,230,052

**9. Related Party Disclosures :**

List of Related Parties and description of relationship:

i) Key Management Personnel	Mr. N.J.Rathi	Dr. K.D.Inamdar
	Mr. K.L.Rathi	Mr. K.R.Ambekar
	Mr. P.R.Rathi	Mr. S.Mukherjee
	Mr. R.B.Rathi	Mr. A.V.Vij
ii) Relatives of Key Management Personnel	Mr. R.K.Rathi	- Son of Mr. K.L.Rathi
	Mrs. A.N.Rathi	- Wife of Mr. N.J.Rathi
	Mr. R.P.Rathi	- Son of Mr. P.R.Rathi
	Mr. A.N.Rathi	- Son of Mr. N.J.Rathi
	Mrs. K.B.Rathi	- Mother of Mr. R.B.Rathi
	Mrs. K.R.Rathi	- Mother of Mr. P.R.Rathi
	Ms. S.R.Rathi	- Daughter of Mr. R.B.Rathi
	Mr. A.B.Rathi	- Brother of Mr. R.B. Rathi
	Mr. A.K.Ambekar	- Son of Mr. K.R.Ambekar

iii) Subsidiary Companies: Prescient Color Limited, Sudarshan Europe B.V. and Sudarshan North America, Inc.

iv) Transactions with Related Parties :

Nature of transactions	2009-2010			2008-2009		
	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Subsidiary Companies Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Subsidiary Companies Rs.
Salary, Pension etc.	<b>61,156,534</b>	<b>4,241,763</b>	-	33,942,810	3,508,788	-
Interest	<b>275,444</b>	<b>4,304,380</b>	-	195,068	845,178	-
Acceptance of Deposits	<b>3,950,000</b>	<b>57,860,000</b>	-	-	6,100,000	-
Repayments of Deposits	<b>1,800,000</b>	<b>7,140,000</b>	-	507,300	253,650	-
Sale of Chemicals	-	-	<b>157,834,694</b>	-	-	24,141,180
Car lease rent received	-	-	<b>160,800</b>	-	-	160,800
Subscription to Share Capital	-	-	<b>78,208,215</b>	-	-	46,352,200
Unsecured Loans given from time to time	-	-	<b>244,718,947</b>	-	-	209,109,987
Unsecured Loans repayments received from time to time	-	-	<b>132,244,042</b>	-	-	177,392,000
Trade Advances given	-	-	<b>70,382</b>	-	-	344,982
Balance outstanding at year end	-	-	<b>179,230,701</b>	-	-	60,264,013
Interest received/accrued	-	-	<b>11,775,042</b>	-	-	7,453,996

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### 10. Particulars of Managerial Remuneration in accordance with Section 198 of the Companies Act, 1956 :

(a) Computation of Net Profit :

	2009-2010 Rs.	2008-2009 Rs.
Net Profit as per Profit and Loss Account	657,925,669	283,629,843
Add : Managerial Remuneration	47,161,393	33,942,810
Book Depreciation	134,052,710	126,786,067
Loss on Sale of Fixed Assets (Net)	6,886,956	23,665,149
	<b>846,026,728</b>	468,023,869
Less: Depreciation under section 350	134,052,710	126,786,067
Profit available	711,974,018	341,237,802
Commission :		
Executive Chairman, Vice Chairman & Managing Director and Wholetime Directors	25,000,000	8,800,000

(b) Details of payments and provisions on account of remuneration to Executive Chairman, Vice Chairman & Managing Director and Wholetime Directors :

	2009-2010 Rs.	2008-2009 Rs.
<b>Managerial Remuneration</b>		
Salaries	16,308,566	16,746,511
Commission	25,000,000	8,800,000
Contribution to Provident Fund and Superannuation Scheme	3,627,450	3,442,336
Monetary value of other perquisites	2,225,377	4,953,963
	<b>47,161,393</b>	33,942,810

### 11. Information required under paras 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :

(a) Capacity and Production :	Capacity		Production
	Licensed/Registered M.Tonnes	Installed M.Tonnes	M.Tonnes
(i) Inorganic Pigments	8030 (6530)	10422 (5802)	7971 (5921)
(ii) Organic Pigments	9400 (6400)	10081 (9235)	8728 (6727)
(iii) Intermediates	4100 (4100)	2500 (2500)	85 (101)
(iv) Pesticides (100%)	3460 (3460)	3520 (3520)	1839 (959)
(v) High Performance speciality Dyes	- (310)	- (-)	- (-)

Installed Capacity certified by Managing Director

(b) Stocks :

Finished Products :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
(i) Inorganic Pigments	274 (499)	62,027,811 (107,479,874)	368 (274)	79,333,725 (62,027,811)
(ii) Organic Pigments	731 (750)	269,312,378 (255,918,226)	473 (731)	176,582,151 (269,312,378)
(iii) Intermediates	10 (20)	5,560,233 (7,634,346)	7 (10)	2,500,928 (5,560,233)
(iv) Pesticides (100%)	27 (25)	21,681,067 (17,715,920)	65 (27)	31,442,980 (21,681,067)
TOTAL ...		<b>358,581,489</b> (388,748,366)		<b>289,859,784</b> (358,581,489)

Semi Finished Products :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
(i) Inorganic Pigments	<b>120</b> (105)	<b>26,498,173</b> (22,197,802)	<b>130</b> (120)	<b>43,422,869</b> (26,498,173)
(ii) Organic Pigments	<b>154</b> (140)	<b>74,066,852</b> (65,330,936)	<b>99</b> (154)	<b>85,585,391</b> (74,066,852)
(iii) Intermediates	- (-)	<b>192,766</b> (1,013,555)	- (-)	<b>1,685,254</b> (192,766)
(iv) Pesticides (100%)	<b>2</b> (6)	<b>6,632,995</b> (5,071,630)	<b>1</b> (2)	<b>6,446,738</b> (6,632,995)
TOTAL ...		<b>107,390,786</b> (93,613,923)		<b>137,140,252</b> (107,390,786)

(c) Sales :	Quantity M.Tonnes *	Value Rs.
(i) Inorganic Pigments	<b>7628</b> (5997)	<b>1,668,917,320</b> (1,402,731,594)
(ii) Organic Pigments	<b>8615</b> (6455)	<b>3,204,804,027</b> (2,626,054,125)
(iii) Intermediates	- (-)	<b>1,975</b> (-)
(iv) Pesticides (100%)	<b>1802</b> (961)	<b>514,462,447</b> (377,482,789)
(v) Trading Sales	- (-)	<b>257,473,827</b> (93,495,388)
TOTAL ...		<b>5,645,659,596</b> (4,499,763,896)

\* Net of Captive consumption wherever applicable.

(d) Raw Materials Consumed :	Quantity M.Tonnes	Value Rs.
(i) Litharge and Lead Metal	<b>1718</b> (1230)	<b>154,703,462</b> (113,500,654)
(ii) Sodium Bichromate	<b>1067</b> (474)	<b>75,196,902</b> (39,668,475)
(iii) Organo Phosphorous Intermediates	<b>846</b> (442)	<b>95,743,572</b> (59,607,825)
(iv) C P C Blue	<b>1259</b> (1026)	<b>214,788,263</b> (191,109,646)
(v) C Acid	<b>433</b> (355)	<b>70,026,344</b> (67,531,074)
(vi) Others		<b>2,326,451,349</b> (2,014,577,430)
TOTAL ...		<b>2,936,909,892</b> (2,485,995,104)

## Annual Report 2009-10

(e) <b>Value of Imported and Indigenous Raw Materials consumed during the year :</b>	Rs.	% to total consumption
(i) Value of Imported Raw Materials including duty, handling, clearance charges etc.	<b>598,309,154</b> (607,165,498)	<b>20%</b> (24%)
(ii) Value of Indigenous Raw Materials	<b>2,338,600,738</b> (1,878,829,606)	<b>80%</b> (76%)
TOTAL ...	<b>2,936,909,892</b> (2,485,995,104)	<b>100%</b> (100%)
(f) <b>Value of Imported and Indigenous Stores, Spares and Components Consumed :</b>	Rs.	% to total consumption
(i) Value of Imported Stores, Spares and Components including duty, handling, clearance charges etc.	<b>6,692,551</b> (3,819,264)	<b>4%</b> (3%)
(ii) Value of Indigenous Stores, Spares and Components	<b>149,400,191</b> (111,796,230)	<b>96%</b> 97%
TOTAL ...	<b>156,092,742</b> (115,615,494)	<b>100%</b> (100%)
(g) <b>Expenditure in Foreign Currencies on Account of :</b>		Rs.
(i) Commission		<b>3,866,846</b> (11,528,619)
(ii) Foreign Travel		<b>10,554,967</b> (5,680,054)
(iii) Interest		<b>1,186,161</b> (246,207)
(iv) Others		<b>56,161,324</b> (6,531,369)
TOTAL ...		<b>71,769,298</b> (23,986,249)
(h) <b>C.I.F. Value of Imports :</b>		Rs.
(i) Raw Materials (including through Canalising Agencies)		<b>708,121,882</b> (759,170,622)
(ii) Stores and Components		<b>5,258,893</b> (3,298,192)
(iii) Capital Goods		<b>8,249,892</b> (-)
TOTAL ...		<b>721,630,667</b> (762,468,814)
(i) <b>Remittances during the year in foreign currencies on account of dividend to non-resident shareholders were as follows :</b>		
Number of Shareholders		<b>1</b> (1)
Number of Equity Shares (Shares of Rs.10/- each) for final dividend of 2008-09		<b>557,989</b> (557,989)
Amount remitted for the year ended 31-03-2009 (Rs.)		<b>4,463,912</b> (1,673,967)
The above information pertains to non-resident shareholder to whom direct remittance has been made by the Company.		
(j) <b>Earnings in Foreign Exchange :</b>		Rs.
a) Export of goods on F.O.B.Basis (inclusive of exports of Export House)		<b>1,613,247,612</b> (1,749,891,791)
b) Others		<b>4,353,570</b> (1,513,082)
TOTAL ...		<b>1,617,601,182</b> (1,751,404,873)

The figures in brackets are those in respect of previous year.

12. Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to current year's groupings and classifications.

13.

**Balance Sheet Abstract and Company's General Business Profile  
As Required under Schedule VI to the Companies Act, 1956**

I. Registration Details

CIN 

L	2	4	1	1	9	P	N	1	9	5	1	P	L	C	0	0	8	4	0	9
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 State Code 

1	1
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Balance Sheet Date 

3	1
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 / 

0	3
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2	0	1	0
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Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
			N	I	L														
			N	I	L														
Bonus Issue	Private Placement																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
			N	I	L														
			N	I	L														

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>4</td><td>7</td><td>0</td><td>7</td><td>5</td><td>8</td></tr></table>			2	4	7	0	7	5	8	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>4</td><td>7</td><td>0</td><td>7</td><td>5</td><td>8</td></tr></table>			2	4	7	0	7	5	8
		2	4	7	0	7	5	8											
		2	4	7	0	7	5	8											

Sources of Funds

Paid-up Capital	Reserves & Surplus																			
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>9</td><td>2</td><td>2</td><td>7</td></tr></table>					6	9	2	2	7	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>1</td><td>5</td><td>4</td><td>6</td><td>3</td></tr></table>			1	4	1	5	4	6	3	
				6	9	2	2	7												
		1	4	1	5	4	6	3												
Deferred Tax (Net)	Secured Loans																			
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>8</td><td>6</td><td>5</td><td>8</td></tr></table>					5	8	6	5	8	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>1</td><td>8</td><td>7</td><td>6</td><td>5</td></tr></table>					5	1	8	7	6	5
				5	8	6	5	8												
				5	1	8	7	6	5											
Unsecured Loans																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>8</td><td>6</td><td>4</td><td>5</td></tr></table>					4	0	8	6	4	5										
				4	0	8	6	4	5											

Application of Funds

Net Fixed Assets	Investments																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>7</td><td>6</td><td>8</td><td>9</td><td>9</td></tr></table>					9	7	6	8	9	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>5</td><td>0</td><td>2</td><td>4</td></tr></table>					2	0	5	0	2	4
				9	7	6	8	9	9												
				2	0	5	0	2	4												
Net Current Assets	Misc. Expenditure																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>8</td><td>8</td><td>8</td><td>3</td><td>5</td></tr></table>			1	2	8	8	8	3	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>					N	I	L				
		1	2	8	8	8	3	5													
				N	I	L															
Accumulated Losses																					
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>					N	I	L														
				N	I	L															

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>7</td><td>3</td><td>1</td><td>5</td><td>2</td><td>9</td></tr></table>			5	7	3	1	5	2	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>0</td><td>7</td><td>3</td><td>6</td><td>0</td><td>3</td></tr></table>			5	0	7	3	6	0	3
		5	7	3	1	5	2	9											
		5	0	7	3	6	0	3											
Profit/Loss Before Tax	Profit/Loss After Tax																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>+</td><td> </td><td>6</td><td>5</td><td>7</td><td>9</td><td>2</td><td>6</td></tr></table>	+		6	5	7	9	2	6	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>+</td><td> </td><td>4</td><td>5</td><td>9</td><td>0</td><td>9</td><td>4</td></tr></table>	+		4	5	9	0	9	4		
+		6	5	7	9	2	6												
+		4	5	9	0	9	4												

(Please tick Appropriate box + for profit, - for loss)

Earning Per Share in Rs.  

6	6	.	3	2
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Dividend Rate %  

1	2	5
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## Annual Report 2009-10

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)												3	2	0	4	1	7	
Product Description	P	I	G	M	E	N	T	S		O	R	G	A	N	I	C		
Item code No. (ITC Code)																		
Product Description	P	I	G	M	E	N	T	S		I	N	O	R	G	A	N	I	C
Item code No. (ITC Code)																		
Product Description	P	E	S	T	I	C	I	D	E	S								

Signatures to Schedules 1 to 16

As per our report of even date

For B. K. KHARE & COMPANY  
*Chartered Accountants*

U. B. JOSHI  
*Partner*  
Membership No. : 044097  
Pune: 29<sup>th</sup> May, 2010

For and on behalf of the Board of Directors

K. L. RATHI  
*Executive Chairman*

N. J. RATHI  
*Director & Company Secretary*

P. R. RATHI  
*Vice -Chairman & Managing Director*

R.B. RATHI  
*Director*



Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1	Name of the Subsidiary Company	Prescient Color Limited	Sudarshan Europe B.V.	Sudarshan North America, Inc.
2	Financial year of the subsidiary	1/4/2009 to 31/3/2010	1/4/2009 to 31/3/2010	29/4/2009 to 31/3/2010
3	(a) No. of shares held in subsidiary company as at 31st March, 2010: - Equity	6,000,000 shares of Rs 10/- each	12500 shares of EURO 100 each (Equivalent to Rs 82,288,915/-)	30,050,000 shares of USD 0.01 each (Equivalent to Rs 14,176,732/-)
	- Preference	400,000 shares of Rs.100/- each		
	(b) Extent of holding	100%	100%	100%
4	The net aggregate profits less losses of subsidiary company as far as it concerns the members of the holding company :			
	(i) Not dealt with in the holding company's accounts :			
	(a) Of the subsidiary for the year 2009-10	Rs. 3,591,512/- Loss	Rs. 31,419,273/- Loss	Rs. 12,188,892/- Loss
	(b) For the previous financial years since it became the holding company's subsidiary:	Rs. 46,731,155/- Loss	Rs. 41,551,583/- Loss	Rs. Nil
	(ii) Dealt with in the holding company's accounts :			
	(a) Of the subsidiary for the year 2009-10	Nil	Nil	Nil
	(b) For the previous financial years since it became the holding company's subsidiary:	Nil	Nil	Nil
5	Change in the interest of the holding company between the end of the financial year of the subsidiary and the end of the holding company's financial year.	Not applicable	Not applicable	Not applicable
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of the subsidiary's :			
	(i) Fixed assets	Not applicable	Not applicable	Not applicable
	(ii) Investments	Not applicable	Not applicable	Not applicable
	(iii) Moneys lent by the subsidiary	Not applicable	Not applicable	Not applicable
	(iv) Moneys borrowed by the subsidiary	Not applicable	Not applicable	Not applicable
7	Financial details :			
	(a) Capital	Rs. 100,000,000	EURO 1,250,000	USD 300,500
	(b) Reserves	Nil	Nil	Nil
	(c) Total assets	Rs. 267,973,792	Rs 176,788,915	Rs. 14,323,688
	(d) Total liabilities	Rs. 267,973,792	Rs 176,788,915	Rs. 14,323,688
	(e) Investments	Nil	Nil	Nil
	(f) Turnover	Rs. 266,257,604	Rs. 142,866,414	Rs. 2,694,425
	(g) Loss before taxation	Rs. 3,591,512	Rs. 31,419,273	Rs. 12,188,892
	(h) Provision for taxation	Nil	Nil	Nil
	(i) Loss after taxation	Rs. 3,591,512	Rs. 31,419,273	Rs. 12,188,892
	(j) Proposed dividend	Nil	Nil	Nil

For and on behalf of the Board of Directors

K. L. RATHI  
Executive Chairman

P. R. RATHI  
Vice Chairman & Managing Director

N. J. RATHI  
Director and Company Secretary

R. B. RATHI  
Director

Pune : 29<sup>th</sup> May, 2010

**AUDITORS' REPORT FOR CONSOLIDATION**

TO,  
THE MEMBERS OF  
SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Auditors' Report to the Board of Directors of Sudarshan Chemical Industries Limited on the Consolidated Financial Statements of Sudarshan Chemical Industries Limited and its Subsidiaries.

We have examined the attached Consolidated Balance Sheet of SUDARSHAN CHEMICAL INDUSTRIES LIMITED and its Subsidiaries as at 31<sup>st</sup> March 2010, and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 32,35,81,564 as at 31<sup>st</sup> March, 2010. These financial statements have been audited by other auditors, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS)-21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Sudarshan Chemical Industries Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Sudarshan Chemical Industries Limited and its subsidiaries, we are of the opinion that-

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sudarshan Chemical Industries Limited and its subsidiaries as at 31<sup>st</sup> March, 2010,
- b) the Consolidated Profit And Loss Account gives a true and fair view of the consolidated results of operations of Sudarshan Chemical Industries Limited and its subsidiaries for the year then ended, and
- c) the Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of Sudarshan Chemical Industries Limited and its subsidiaries for the year then ended.

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration No. 105102W

U. B. Joshi  
Partner  
Membership No – 044097

Pune: 29<sup>th</sup> May, 2010

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule No.	31-03-2010 Rs.	31-03-2009 Rs.
<b>I. SOURCES OF FUNDS :</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	69,227,250	69,227,250
(b) Reserves and Surplus	2	1,277,951,199	967,407,398
		<u>1,347,178,449</u>	<u>1,036,634,648</u>
<b>(2) Deferred Tax (Net)</b> (Refer Note 5 of Schedule 16)		58,657,608	68,826,439
<b>(3) Loan Funds</b>			
(a) Secured Loans	3	609,589,468	750,745,378
(b) Unsecured Loans	4	408,841,740	182,628,811
		<u>1,018,431,208</u>	<u>933,374,189</u>
	TOTAL ...	<u>2,424,267,265</u>	<u>2,038,835,276</u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>(1) Fixed Assets</b>	5		
Gross Block		2,878,132,097	2,734,423,217
Less : Depreciation		1,892,759,200	1,822,363,345
Net Block		<u>985,372,897</u>	<u>912,059,872</u>
Capital Work-in-Progress (including Capital Advances)		112,432,206	52,310,201
		<u>1,097,805,103</u>	<u>964,370,073</u>
<b>(2) Investments</b>	6	22,735,039	2,635,944
<b>(3) Current Assets, Loans and Advances</b>	7		
(a) Inventories		855,096,832	719,283,673
(b) Sundry Debtors		1,231,606,951	762,063,202
(c) Cash and Bank Balances		102,942,616	91,407,988
(d) Other Current Assets		34,785,699	45,336,889
(e) Loans and Advances		138,592,027	144,962,042
		<u>2,363,024,125</u>	<u>1,763,053,794</u>
Less : Current Liabilities and Provisions	8		
(a) Liabilities		889,501,441	549,102,807
(b) Provisions		169,795,561	165,508,091
		<u>1,059,297,002</u>	<u>714,610,898</u>
<b>Net Current Assets</b>		<u>1,303,727,123</u>	<u>1,048,442,896</u>
<b>(4) Miscellaneous Expenditure</b> (To the extent not written off or adjusted)			
Deferred Revenue Expenditure	9	—	23,386,363
	TOTAL ...	<u>2,424,267,265</u>	<u>2,038,835,276</u>
<b>Notes forming part of the Accounts</b>	16		

As per our report of even date

For B. K. KHARE & COMPANY  
Chartered Accountants

U. B. JOSHI  
Partner  
Membership No. : 044097

Pune: 29<sup>th</sup> May, 2010

For and on behalf of the Board of Directors

K. L. RATHI  
Executive Chairman

N. J. RATHI  
Director & Company Secretary

P. R. RATHI  
Vice -Chairman & Managing Director

R.B. RATHI  
Director

## Annual Report 2009-10

### CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME :</b>			
Income from Operations	10	6,262,524,266	5,022,191,671
Less: Excise Duty		358,470,765	415,404,199
		<u>5,904,053,501</u>	<u>4,606,787,472</u>
Other Income	10	86,294,592	34,208,323
Increase/(Decrease) in Stocks	11	1,936,532	(4,319,837)
		<u>5,992,284,625</u>	<u>4,636,675,958</u>
<b>EXPENDITURE :</b>			
Consumption of Raw Materials	12	3,105,337,134	2,551,972,707
Manufacturing and Other Expenses	13	1,493,329,505	1,183,944,281
Administrative and Selling Expenses	14	537,938,992	401,775,347
Finance Cost	15	100,796,989	147,484,285
Depreciation		144,600,742	136,337,490
		<u>5,382,003,362</u>	<u>4,421,514,110</u>
<b>Profit Before Tax</b>		<b>610,281,263</b>	<b>215,161,848</b>
<i>Less: Provision for Taxation</i>			
Current Tax		209,000,000	115,000,000
Fringe Benefits Tax		–	5,280,000
Deferred Tax (Net)		(10,168,831)	(24,865,815)
<b>Profit After Tax</b>		<b>411,450,094</b>	<b>119,747,663</b>
<i>Add : Surplus brought forward</i>		<i>116,132,578</i>	<i>101,178,852</i>
<b>Amount available for appropriation</b>		<b>527,582,672</b>	<b>220,926,515</b>
<b>APPROPRIATIONS :</b>			
Proposed Dividend		86,534,063	55,381,800
Income Tax on Proposed Dividend		14,372,230	9,412,137
General Reserve		200,000,000	40,000,000
Surplus Carried to Balance Sheet		226,676,379	116,132,578
		<u>527,582,672</u>	<u>220,926,515</u>
Earning per Share, Basic & Diluted (Rs. Per Equity Share of Rs. 10 each)		59.43	17.30
<b>Profit after tax available for equity shareholders</b>		<b>411,450,094</b>	<b>119,747,663</b>
No. of shares used in computing Earning per share, basic & diluted		6,922,725	6,922,725
<b>Notes forming part of the Accounts</b>	<b>16</b>		

As per our report of even date

For B. K. KHARE & COMPANY  
Chartered Accountants

U. B. JOSHI  
Partner  
Membership No. : 44097  
Pune: 29<sup>th</sup> May, 2010

For and on behalf of the Board of Directors

K. L. RATHI  
Executive Chairman

N. J. RATHI  
Director & Company Secretary

P. R. RATHI  
Vice -Chairman & Managing Director

R.B. RATHI  
Director

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit Before Tax		610,281,263		215,161,848
Depreciation	144,600,742		136,337,490	
Investment Income	(109,587)		(207,210)	
Interest Charged	100,796,989		147,484,285	
(Profit)/Loss on sale of assets(Net)	6,921,134		23,665,149	
Leave Encashment	5,672,088		361,018	
Provision for Pension	2,642,185		14,813,360	
Provision for Gratuity	421,391		12,741,932	
Foreign Exchange Difference	(2,799,865)		(454,576)	
Amotisation of Preliminary Expenses	329,472		41,184	
Amortisation of VRS	23,056,891		23,056,889	
		<b>281,531,440</b>		<b>357,839,521</b>
Operating Profit before changes in Working Capital		<b>891,812,703</b>		<b>573,001,369</b>
Changes in Working Capital				
Trade and other receivables	(469,543,749)		164,159,883	
Inventories	(135,813,152)		77,569,398	
Trade and Other Payables	298,937,318		(125,827,019)	
Loans & Advances	(11,629,984)		(81,962,195)	
Other Current Assets	10,551,189	(307,498,378)	(9,917,903)	24,022,164
Cash Generated From Operations		<b>584,314,325</b>		<b>597,023,533</b>
Direct Taxes Paid	(191,000,000)	(191,000,000)	(108,430,000)	(108,430,000)
NET CASH FROM OPERATING ACTIVITIES		<b>393,314,325</b>		<b>488,593,533</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets/WIP (Includes Borrowing Costs capitalised 3,102,095) (Previous Year 1,176,380 )	(284,944,697)		(198,730,096)	
Sale of Fixed Assets	888,548		(3,788,146)	
(Purchase)/Sale of Investments	(20,099,095)		3,030,000	
Dividend and Interest Received	109,587		207,210	
NET CASH USED IN INVESTING ACTIVITIES		<b>(304,045,657)</b>		<b>(199,281,032)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Repayment) of Borrowings	87,856,886		(115,706,526)	
Interest paid	(100,796,989)		(147,484,285)	
Dividend paid	(55,381,800)		(20,768,175)	
Income Tax on Dividend	(9,412,137)		(3,529,550)	
NET CASH USED IN FINANCING ACTIVITIES		<b>(77,734,040)</b>		<b>(287,488,536)</b>
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		<b>11,534,628</b>		<b>1,823,965</b>
CASH & CASH EQUIVALENTS- OPENING BALANCE		<b>91,407,988</b>		<b>89,584,023</b>
CASH & CASH EQUIVALENTS- CLOSING BALANCE		<b>102,942,616</b>		<b>91,407,988</b>
		<b>11,534,628</b>		<b>1,823,965</b>

As per our report of even date  
For B. K. KHARE & COMPANY  
Chartered Accountants

For and on behalf of the Board of Directors

K. L. RATHI  
Executive Chairman

P. R. RATHI  
Vice -Chairman & Managing Director

U. B. JOSHI  
Partner  
Membership No. : 044097  
Pune: 29<sup>th</sup> May, 2010

N. J. RATHI  
Director & Company Secretary

R.B. RATHI  
Director

## Annual Report 2009-10

### SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

#### SCHEDULE 1 : SHARE CAPITAL

	31-03-2010 Rs.	31-03-2009 Rs.
<b>AUTHORISED :</b> 8,000,000 Equity Shares of Rs.10 each	<u>80,000,000</u>	<u>80,000,000</u>
<b>ISSUED :</b> * 6,922,775 Equity Shares of Rs.10 each	<u>69,227,750</u>	<u>69,227,750</u>
<b>SUBSCRIBED AND PAID UP :</b> 6,922,725 Equity Shares of Rs.10 each fully paid up	<u>69,227,250</u>	<u>69,227,250</u>
TOTAL ...	<u>69,227,250</u>	<u>69,227,250</u>

**Notes : Of the above shares :**

- (i) 8,400 Equity Shares of Rs.10 each fully paid up were allotted pursuant to the contract without payment being received in cash.
- (ii) 3,080,075 Equity Shares of Rs.10 each fully paid up were allotted as Bonus Shares by capitalising General Reserve and Share Premium Account.

\* Allotment of 50 Rights Equity Shares of Rs.10/- each is kept in abeyance, matter being subjudice.

#### SCHEDULE 2 : RESERVES AND SURPLUS

	31-03-2010 Rs.	31-03-2009 Rs.
<b>CAPITAL RESERVE - I :</b> As per last Balance Sheet	-	186,968
Less : Transferred to Profit and Loss Account	-	186,968
	<u>-</u>	<u>-</u>
<b>CAPITAL RESERVE - II :</b> As per last Balance Sheet	<u>5,044,100</u>	<u>5,044,100</u>
	<u>5,044,100</u>	<u>5,044,100</u>
<b>SHARE PREMIUM :</b> As per last Balance Sheet	<u>132,115,000</u>	<u>132,115,000</u>
<b>GENERAL RESERVE :</b> As per last Balance Sheet	<u>714,115,720</u>	<u>674,115,720</u>
Add : Transferred from Profit and Loss Account	<u>200,000,000</u>	<u>40,000,000</u>
	<u>914,115,720</u>	<u>714,115,720</u>
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT</b>	<u>226,676,379</u>	<u>116,132,578</u>
TOTAL ...	<u>1,277,951,199</u>	<u>967,407,398</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 3 : SECURED LOANS**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>TERM LOANS FROM :</b>		
HDFC Bank Ltd.	-	225,335
Export-Import Bank of India	153,125,000	110,625,000
Bank Of Maharashtra	71,759,000	91,963,000
State Bank of India	-	14,000,000
Standard Chartered Bank	63,333,333	88,666,667
Kotak Mahindra Prime Ltd.	762,700	-
	<u>288,980,033</u>	<u>305,480,002</u>
<b>WORKING CAPITAL BORROWINGS FROM BANKS</b>	<b>320,609,435</b>	<b>445,265,376</b>
TOTAL ...	<u><u>609,589,468</u></u>	<u><u>750,745,378</u></u>

- For details of Security, refer Note 3 of Schedule 16.  
 - Term Loans repayable within a year Rs. 88,662,333/- (Previous Year Rs. 63,528,400/-)

**SCHEDULE 4 : UNSECURED LOANS**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>SHORT TERM LOANS :</b>		
Wachovia Bank	146,956	-
	<u>146,956</u>	<u>-</u>
Intercompany and Other Deposits	185,645,692	151,613,158
Fixed Deposits :		
(i) From Shareholders	82,475,000	400,000
(ii) From Others	140,574,092	30,615,653
- Repayable within a year Rs. 50,105,203/- (Previous Year Rs. 25,889,901/-)	<u>408,694,784</u>	<u>182,628,811</u>
TOTAL ...	<u><u>408,841,740</u></u>	<u><u>182,628,811</u></u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 5 : FIXED ASSETS**

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance As on 01-04-2009 Rs.	Additions Rs.	Deductions Rs.	Balance As on 01-04-2009 Rs.	For the Year Rs.	Deductions Rs.	Balance As on 31-03-2010 Rs.	Balance As on 31-03-2009 Rs.
FREEHOLD LAND	34,855,729	2,362,940	-	-	-	-	37,218,669	34,855,729
LEASEHOLD LAND	12,740,447	-	-	1,444,408	145,999	-	1,590,407	11,296,039
BUILDINGS	291,917,963	2,631,160	9,011,575	123,703,383	8,404,987	6,959,489	125,148,881	160,388,667
PLANT & MACHINERY	2,194,063,370	169,988,073	66,215,952	1,613,155,826	113,573,595	62,595,793	1,664,133,628	580,907,544
VEHICLES	37,122,236	13,201,673	4,855,242	11,073,500	3,356,078	3,356,623	11,072,955	26,048,736
FURNITURE & FIXTURES	32,271,166	839,544	730,818	10,701,201	1,890,723	501,452	12,090,472	21,569,965
OFFICE EQUIPMENTS	9,507,488	629,557	1,200,990	4,993,203	416,468	791,530	4,618,141	4,514,285
INTANGIBLE ASSETS	-	33,888,319	-	-	10,279,834	-	10,279,834	-
<b>FIXED ASSETS - R&amp;D :-</b>								
BUILDINGS	31,134,399	-	-	5,741,387	1,048,229	-	6,789,616	25,393,012
PLANT & MACHINERY	86,221,541	2,182,191	-	48,574,049	5,200,984	-	53,775,033	37,647,492
FURNITURE & FIXTURES	4,588,878	-	-	2,976,388	283,845	-	3,260,233	1,612,490
<b>TOTAL</b>	<b>2,734,423,217</b>	<b>225,723,457</b>	<b>82,014,577</b>	<b>1,822,363,345</b>	<b>144,600,742</b>	<b>74,204,887</b>	<b>1,892,759,200</b>	<b>912,059,872</b>
PREVIOUS YEAR	2,865,443,569	223,720,615	354,740,967	2,020,702,851	136,524,456	334,863,962	1,822,363,345	844,740,718

Plant & Machinery includes :

1. Borrowing cost capitalised during the year Rs. 3,102,095 (Previous Year Rs. 1,109,845)
2. Expenditure during construction period capitalised Rs. 501,032 (Previous Year Rs. 650,000)



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 6 : INVESTMENTS**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>Non Trade (At Cost) :</b>		
<b>Long Term Investments (Quoted) :</b>		
<b>257,392</b> (257,392) Units of Rs.10 each in Unit Trust of India-UTI G-SEC Fund	<b>3,000,000</b>	3,000,000
<i>Less : Provision for decline in the value</i>	<b>364,306</b>	364,306
	<b>2,635,694</b>	2,635,694
[Market Value of Quoted Investments Rs.2,753,708/- (Previous year Rs. 2,715,736/-)]		
<b>Current Investments (Quoted) :</b>		
<b>2,008,704</b> (-) Units of Rs. 10 each in SBI-SHF-Ultra Short Term Fund	<b>20,099,095</b>	-
	<b>20,099,095</b>	-
[Market Value of Quoted Investments Rs.20,099,095/- (Previous year Rs. Nil )]		
<b>Long Term Investments (Unquoted) :</b>		
<b>5</b> (5) Shares of Rs.50 each fully paid-up in Nariman Bhavan Premises Co-op.Soc.Ltd.	<b>250</b>	250
TOTAL ...	<b>22,735,039</b>	2,635,944

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### SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

#### SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

	31-03-2010 Rs.	31-03-2009 Rs.
<b>CURRENT ASSETS :</b>		
<b>Inventories</b>		
Stores, Spares etc.	76,934,472	59,493,775
Raw Materials	296,083,430	179,647,500
Semi-finished Products	137,905,618	107,968,883
Finished Products	344,173,312	372,173,515
	<u>855,096,832</u>	<u>719,283,673</u>
<b>Sundry Debtors - (Unsecured, considered good unless stated otherwise)</b>		
Outstanding for a period exceeding six months	37,936,321	62,862,213
Considered Doubtful	3,512,562	25,685,719
Less : Provision	(3,512,562)	(25,685,719)
	<u>37,936,321</u>	<u>62,862,213</u>
Other Debts	1,193,670,630	699,200,989
	<u>1,231,606,951</u>	<u>762,063,202</u>
<b>Cash and Bank Balances :</b>		
Cash on hand	1,427,591	976,962
Balances with Scheduled Banks :		
In Current Accounts	81,428,165	73,724,723
In Fixed deposit Accounts	20,086,860	16,706,303
	<u>102,942,616</u>	<u>91,407,988</u>
<b>Other Current Assets</b>	34,785,699	45,336,889
	<u>2,224,432,098</u>	<u>1,618,091,752</u>
<b>LOANS AND ADVANCES :</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	57,335,021	67,367,451
Income Tax Paid	889,416,227	667,339,862
Less : Provision for Tax	860,400,000	651,400,000
Income Tax Paid (Net)	<u>29,016,227</u>	<u>15,939,862</u>
Balances with Excise, Customs etc.	52,240,779	61,654,729
	<u>138,592,027</u>	<u>144,962,042</u>
TOTAL ...	<u>2,363,024,125</u>	<u>1,763,053,794</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>CURRENT LIABILITIES :</b>		
Acceptances	44,190,790	21,637,101
Sundry Creditors - For Capital Goods	2,767,880	1,867,115
- For Others	482,741,995	269,393,720
(Also refer Note - 9 of Schedule 16)		
Other Liabilities	357,700,519	254,296,766
* Unclaimed Dividend	1,024,829	650,570
* Unclaimed Matured Fixed Deposits	95,000	87,000
Interest accrued but not due on loans	980,428	1,170,535
	<b>889,501,441</b>	<b>549,102,807</b>
<p>* The amount reflects the position as at 31st March 2010. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.</p>		
<b>PROVISIONS :</b>		
Proposed Dividend	86,534,063	55,381,800
Income Tax on Proposed Dividend	14,372,230	9,412,137
Employee Benefits :		
Pension	36,681,874	34,039,689
Gratuity	587,741	40,726,901
Short Term Compensated Absence	31,619,653	25,947,564
	<b>169,795,561</b>	<b>165,508,091</b>
TOTAL ...	<b>1,059,297,002</b>	<b>714,610,898</b>

**SCHEDULE 9 : MISCELLANEOUS EXPENDITURE**

	31-03-2010 Rs.	31-03-2009 Rs.
<b>Deferred Revenue Expenditure :</b>		
<b>Voluntary Retirement Scheme -</b>		
Balance as per last Balance Sheet	23,056,891	46,113,780
Less : Amortisation for the year	23,056,891	23,056,889
TOTAL ...	-	23,056,891
<b>Preliminary Expenses -</b>		
Balance as per last Balance Sheet	329,472	370,656
Less : Amortisation for the year	329,472	41,184
TOTAL ...	-	329,472
	-	23,386,363

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### SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

#### SCHEDULE 10 : INCOME FROM OPERATIONS AND OTHER INCOME

	2009-2010 Rs.	2008-2009 Rs.
<b>A. INCOME FROM OPERATIONS</b>		
Sales :		
Gross Sales	6,227,982,853	4,992,918,920
Export Incentives	34,541,413	29,272,751
	<u>6,262,524,266</u>	<u>5,022,191,671</u>
Less: Excise duty	358,470,765	415,404,199
<b>TOTAL...</b>	<u><u>5,904,053,501</u></u>	<u><u>4,606,787,472</u></u>
<b>B. OTHER INCOME</b>		
Miscellaneous Income	39,958,605	17,506,576
Interest earned on :		
Investments	—	34,088
Bank Deposits	1,827,967	1,099,975
Others	7,317,166	15,394,562
[T.D.S. Rs.19,14,577/- (Previous year Rs. 2,606,162/-)]		
Dividend	109,587	173,122
Foreign Exchange Difference (Net)	37,081,267	—
<b>TOTAL ...</b>	<u><u>86,294,592</u></u>	<u><u>34,208,323</u></u>

#### SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS

	2009-2010 Rs.	2008-2009 Rs.
Stocks at Commencement :		
Finished Products	372,173,515	390,848,312
Semi-Finished Products	107,968,883	93,613,923
	<u>480,142,398</u>	<u>484,462,235</u>
Less: Stocks at Close :		
Finished Products	344,173,312	372,173,515
Semi-Finished Products	137,905,618	107,968,883
	<u>482,078,930</u>	<u>480,142,398</u>
<b>Increase/(Decrease) in stocks..</b>	<u><u>1,936,532</u></u>	<u><u>(4,319,837)</u></u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 12 : CONSUMPTION OF RAW MATERIALS**

	2009-2010 Rs.	2008-2009 Rs.
Opening Stock	179,647,500	246,548,882
Add : Purchases	<u>3,221,773,064</u>	<u>2,485,071,325</u>
	3,401,420,564	2,731,620,207
Less : Closing Stock	<u>296,083,430</u>	<u>179,647,500</u>
TOTAL ...	<u><u>3,105,337,134</u></u>	<u><u>2,551,972,707</u></u>
[Consumption includes cost of goods traded in Rs 198,657,055/- (Previous Year Rs 103,277,087/-)]		

**SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES**

	2009-2010 Rs.	2008-2009 Rs.
Payments to and Provisions for the Employees :		
Salaries, Wages, Bonus and Commission	458,129,095	364,247,048
Contribution to Provident and Other Funds	54,354,546	33,040,792
Employee Welfare Expenses	<u>7,021,170</u>	<u>5,929,913</u>
	519,504,811	403,217,753
Less: Transferred to Research and Development Expenses	<u>28,624,045</u>	<u>25,099,531</u>
	490,880,766	378,118,222
Stores, Spares and Consumables	157,103,555	115,696,132
Power and Fuel	336,592,817	300,532,460
Water Charges	53,011,251	43,495,814
Freight and Octroi	10,265,326	11,922,637
Packing Material	84,571,027	66,807,290
Repairs and Maintenance :		
Buildings	39,143,190	24,296,388
Plant and Machinery	80,536,418	54,607,500
Others	1,788,505	2,224,763
Insurance	8,850,073	6,944,828
Rates and Taxes	6,690,591	4,897,379
Rent / Lease Rent	8,087,914	7,774,650
Loss on sale/disposal of Fixed Assets	6,921,134	23,665,149
Licence Fees	4,804,781	2,541,419
Amortisation of Deferred Revenue Expenditure	23,056,891	23,056,889
Amortisation of Preliminary Expenses	329,472	41,184
Research & Development Expenses :		
Employee Cost	28,624,045	25,099,531
Stores, Spares and Consumables etc.	12,760,815	8,504,538
Other Expenses	<u>27,575,985</u>	<u>12,852,534</u>
	68,960,845	46,456,603
Other Manufacturing Expenses	111,734,949	70,864,974
(Including Excise Duty accrued on Finished Products' Stocks)		
TOTAL ...	<u><u>1,493,329,505</u></u>	<u><u>1,183,944,281</u></u>

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### SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

#### SCHEDULE 14 : ADMINISTRATIVE AND SELLING EXPENSES

	2009-2010 Rs.	2008-2009 Rs.
Printing, Stationery and Communication Expenses	17,338,931	15,925,435
Travelling and Conveyance	29,621,518	21,717,979
Advertisement	12,719,568	7,308,825
Legal, Professional and Consultancy Charges	72,278,036	40,652,849
Auditors' Remuneration :		
Audit Fees	745,000	445,000
Other Services	495,000	210,500
Reimbursement of Expenses	16,735	14,457
Directors' Sitting Fees	551,500	350,000
Bank Charges	11,149,934	9,497,427
ERP / Computer related expenses	5,375,037	3,004,867
Sales Tax Surcharge/Turnover Tax	1,581,611	3,640,516
General Expenses	36,751,940	22,990,767
Provision for Doubtful Debts	–	20,720,998
Bad Debts Written Off	15,819,426	–
Foreign Exchange Difference (Net)	–	26,478,323
Selling and Distribution Expenses	39,027,500	19,499,406
Export Market Development Expenses :		
Commission on Exports	8,541,885	9,189,285
Travelling, Postage, Forwarding, etc.	79,474,778	32,346,938
Commission to Selling Agents	132,542,188	107,020,020
Discounts	73,908,405	60,761,755
TOTAL ...	<u><u>537,938,992</u></u>	<u><u>401,775,347</u></u>

#### SCHEDULE 15 : FINANCE COST

	2009-2010 Rs.	2008-2009 Rs.
<b>Interest :</b>		
Fixed Period Loans	28,522,848	23,894,489
Other Loans	72,274,141	123,589,796
TOTAL ...	<u><u>100,796,989</u></u>	<u><u>147,484,285</u></u>

## SCHEDULE 16 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 1. Significant Accounting Policies :

#### (i) Basis for preparation of consolidated financial statements :

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and comply with the Accounting Standard (AS 21) – Consolidated Financial Statements, Accounting Standard (AS 23) – Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

#### (ii) Basis of Accounting :

The financial statements are prepared having due regard to the fundamental accounting assumptions of going concern, consistency, accrual and conforms with Accounting Standards as specified u/s 211 (3C) of the Companies Act, 1956.

#### (iii) Fixed Assets :

- (a) Fixed Assets are stated at cost of acquisition along with attributable cost including related borrowing cost for bringing the assets to its working condition for its intended use less accumulated depreciation.
- (b) Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the period in which they are incurred.

#### (iv) Depreciation :

- (a) Depreciation on fixed assets is provided on straight line method on prorata basis, at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956. The leasehold land is amortised over the lease period.
- (b) Intangible assets are amortised over its useful economic life.

#### (v) Impairment of Assets :

The carrying amounts of Cash Generating Unit / Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds recoverable amount.

#### (vi) Investments :

Long term Investments are carried at cost including related expenses, provision for diminution being made, if necessary, to recognize a decline, other than temporary, in the value thereof.

Current investments are valued at lower of cost and fair value.

#### (vii) Inventories :

The inventories are valued at lower of cost and net realisable value.

- (a) Raw materials, packing materials, stores and consumables are valued at weighted average cost.
- (b) The cost of Finished goods and Semi-finished goods is ascertained by weighted average of cost of raw material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Scrap is accounted for on sale.
- (d) Provision is made for obsolete and non-moving items.

#### (viii) Research and Development :

Research and development expenditure of capital nature is added to fixed assets and depreciation is provided thereon. All other expenditure on research and development is charged to Profit and Loss Account in the year of incurrence.

#### (ix) Foreign Currency Transactions :

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities are translated at the year-end rate. The difference between the rate prevailing on the date of the transaction and on the date of settlement as also on translation of current assets and current liabilities, at the end of the year is recognised as income or expense, as the case may be.

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- (b) In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract. Gains or losses on cancellation of forward exchange contracts are recognised as income or expense.

(x) **Revenue Recognition :**

Sale of goods is recognised on dispatches to customers, which coincide with the transfer of significant risks and rewards associated with ownership, inclusive of excise duty and net of discount.

Dividend income is accounted for when the right to receive is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(xi) **Employee Benefits :**

(a) **Defined Contribution Plan :**

Contributions are made to approved Superannuation and Provident Fund.

(b) **Defined Benefit Plan :**

Company's liability towards Gratuity is determined using the Projected Unit Credit Method which consider each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service Gratuity liability is computed with reference to the service put in by each employee till the date of valuation as also the Projected Terminal Salary at the time of exit. Actuarial Gains and Losses are recognized immediately in the statement of Profit & Loss as income or expense. Obligation is measured as the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and Government Bonds are consistent with the currency and estimated term of Defined Benefit obligation.

(c) **Non-Contributory Pension Scheme :**

Pension Scheme applicable to the eligible employees, using Projected Unit Credit Method, reliable estimates are made and provided in books of account.

(d) **Short Term Compensated Absences :**

Liability on account of short term compensated absences is provided on actuals.

(xii) **Miscellaneous Expenditure :**

The amount of VRS compensation paid to employees is amortised over remaining period till 31<sup>st</sup> March 2010 in line with Revised Accounting Standard-15 issued by The Institute of Chartered Accountants of India.

(xiii) **Taxation :**

Income Tax expense comprises current tax and deferred tax charge or credit. Current Tax is provided on taxable income by applying the prevailing tax rates and tax laws. The Deferred Tax for timing difference between book and tax profit for the year is accounted using tax rates and tax laws that have been enacted or substantively enacted on the Balance Sheet Date. Deferred tax assets arising from the timing differences are recognized to the extent that there is a virtual certainty that sufficient future taxable income will be available.

(xiv) **Provision and Contingent Liability :**

- (a) Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimates can be made about the amount of obligation.

- (b) Contingent liabilities are disclosed by way of note to financial statement, after careful evaluation by the management of the facts and legal aspects of the matter involved.

**2. Principles of Consolidation :**

- (a) The consolidated financial statements are based on the audited financial statements of the subsidiaries.
- (b) The financial statements of the holding company and subsidiaries have been combined to the extent possible on line by line basis by adding together like items of assets, liabilities, income and expenses. All significant intra group balances and transactions have been eliminated on consolidation.
- (c) The consolidated financial statements have been prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.



**3. Secured Loans :**

- (a) The Term Loans from Export-Import Bank of India (EXIM Bank) are secured by pari passu first charge by way of Hypothecation of all movable fixed assets (excluding assets exclusively charged to existing term lenders) and security by way of mortgage on all immovable fixed assets, both present and future; except land and building at Pune.
- (b) The Term loans from Bank of Maharashtra are secured by exclusive/first pari passu charge, on all the present and future movable fixed assets; except land and building at Pune.
- (c) Working Capital Borrowings are secured by hypothecation of stock-in-trade, book debts & receivables. These are further secured by second charge on the immovable property (except land and building at Pune) and the movable property on the said immovable property created by joint mortgage by deposit of title deeds with EXIM Bank acting for itself and as agent of the other lenders.
- (d) The Term Loan from Standard Chartered Bank is secured by first charge by way of mortgage by deposit of title deeds of land and building at Pirangut.
- (e) Working Capital Borrowings from Standard Chartered Bank are secured by hypothecation of stock-in-trade, book debts & receivables. These are further secured by first charge on the immovable property of the Company at Pirangut in the State of Maharashtra and the movable property on the said immovable property created by way of mortgage.
- (f) The loan from Kotak Mahindra Prime Ltd. is secured by hypothecation of the vehicle procured out of the said loan.

4. Estimated amount of contracts remaining to be executed on capital account - Rs.21,586,308/- (Previous Year Rs. 5,740,958/-).

5. The Subsidiary Company Sudarshan Europe B.V. was incorporated on 05.12.2007 in Netherlands. As per the prevailing Laws and Regulations of that country, the accounts for the year 01.04.2009 to 31.03.2010 are not required to be audited by the local auditors. Hence, the accounts have been prepared in conformity with the Companies Act, 1956 and Generally Accepted Accounting Practices in India, as applicable, for the purpose of consolidation of accounts.

**6. Contingent Liabilities not provided for :**

- (a) Excise Duty – Rs. 370,601/- (Previous Year Rs. Rs 368,601/-).
- (b) Corporate Guarantee issued on behalf of the wholly owned subsidiary company Prescient Color Limited – Rs. 122,500,000/- (Previous Year Rs.122,500,000/-).
- (c) Income Tax – Rs.27,876,347/- (Previous Year Rs. 27,583,847/-)

**7. Deferred Tax :**

The breakup of deferred tax assets and liabilities into major components at the year end is as below :

Particulars of timing difference :	31-03-2010 Rs.	31-03-2009 Rs.
<b>Liabilities :</b>		
Depreciation	91,385,961	101,307,295
Expenditure considered fully deductible	1,952,361	1,997,764
TOTAL ...	<b>93,338,322</b>	<b>103,305,059</b>
<b>Assets :</b>		
Expenditure accrued but not deductible for tax purpose, allowable on actual payment.	34,680,714	34,478,620
TOTAL ...	<b>34,680,714</b>	<b>34,478,620</b>
Deferred Tax Liability (Net)	<b>58,657,608</b>	<b>68,826,439</b>

8. The following disclosures are made in accordance with Accounting Standard – 15 (Revised) pertaining to defined benefit plans:

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Obligations at period beginning	90,358,588	83,716,704
Service cost	5,125,874	4,831,362
Interest cost	7,228,687	6,666,743
Actuarial (gain) / loss	24,270,565	5,995,962
Benefits paid	(5,041,653)	(10,852,182)
Obligations at period end	<b>121,942,061</b>	<b>90,358,589</b>

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<b>Change in plan assets :</b>		
Plans assets at period beginning, at fair value	49,631,688	55,515,672
Expected return on plan assets	4,860,657	4,710,329
Actuarial (gain) / loss	–	–
Contributions	71,903,628	257,869
Benefits paid	(5,041,653)	(10,852,182)
Plans assets at period end, at fair value	121,354,320	49,631,688
<b>Reconciliation of present value of the obligation and the fair value of the plan assets :</b>		
Fair value of the plan assets at the end of the year	121,354,320	49,631,688
Present value of the defined benefit obligations at the end of the period	121,942,061	90,358,589
Liability recognized in the balance sheet	587,741	40,726,901
<b>Gratuity cost for the period :</b>		
Service cost	5,125,874	4,831,362
Interest cost	7,201,187	6,666,743
Expected return on plan assets	(4,860,657)	(4,710,329)
Actuarial (gain) / loss	24,270,564	5,995,962
Net gratuity cost	31,736,968	12,783,738

### Investment details of the plan assets :

Plan assets are invested in the debt instruments prescribed by IRDA

### Summary of Actuarial Assumptions :

	31-03-2010	31-03-2009
Interest / Discount Rate	8.00%	8.00%
Estimated rate of return on plan assets	7.00%	7.00%

The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

### 9. Sundry Creditors :

- Outstanding to creditors other than Micro, Small & Medium Enterprise Rs.526,001,795/- (Previous Year Rs. 290,490,693/-) (Interest Paid/Payable is Rs. Nil).
- Outstanding to Micro, Small & Medium Enterprise: Rs.3,698,870/- (Previous Year Rs.2,407,243/-).

The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the company. Total Outstanding dues of Micro and Small Enterprises, which were outstanding for more than stipulated period, are given below:

	31-03-2010 Rs.	31-03-2009 Rs.
a) Principal amount due	3,698,870	2,407,243
b) Interest paid under MSMED Act, 2006	Nil	Nil
c) Interest due	398,991	139,874
d) Interest accrued and due	Nil	Nil
e) Interest due and payable till actual payment	398,991	139,874

### 10. Segment Reporting :

The Business segment has been considered as the primary segment for disclosure. The categories included in each of the reported business segments are as follows:

- Pigments
- Agro Chemicals

The above business segments have been identified considering:

- The nature of the product/services
- The related risks and returns
- The internal financial reporting systems

Revenue and expenses have been accounted for, based on their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Income/Expenses". Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

**A) Primary Segment Information for the year ended 31st March, 2010 :**

Particulars	Year ended 31-03-2010 Rs.	Year ended 31-03-2009 Rs.
<b>1 Segment Revenue</b>		
a) Pigments	5,129,399,954	4,134,032,571
b) Agro Chemicals	774,653,547	472,754,901
Total	<u>5,904,053,501</u>	<u>4,606,787,472</u>
Less : Inter segment revenue	-	-
<b>Net Sales / Income from Operations</b>	<u>5,904,053,501</u>	<u>4,606,787,472</u>
<b>2 Segment Results</b>		
Profit/(Loss) before tax		
a) Pigments	868,373,096	501,658,343
b) Agro Chemicals	72,796,639	22,723,083
Total	<u>941,169,735</u>	<u>524,381,426</u>
Less : i. Interest	100,796,989	147,484,285
ii. Other Unallocable expenditure (net of Unallocable income)	<u>230,091,483</u>	<u>161,735,293</u>
<b>Profit Before Tax</b>	<u>610,281,263</u>	<u>215,161,848</u>
<b>3 Segment Capital Employed</b>		
Segment assets		
a) Pigments	2,989,166,478	2,318,866,445
b) Agro Chemicals	229,044,239	134,385,113
Segment liabilities		
a) Pigments	688,660,705	389,457,955
b) Agro Chemicals	174,040,033	67,868,684
<b>Capital employed in segments</b>		
a) Pigments	2,300,505,773	1,929,408,490
b) Agro Chemicals	<u>55,004,206</u>	<u>66,516,429</u>
	<u>2,355,509,979</u>	<u>1,995,924,919</u>
Add : Unallocable Corporate assets less liabilities	<u>68,757,286</u>	<u>42,910,357</u>
<b>Total capital employed</b>	<u>2,424,267,265</u>	<u>2,038,835,276</u>
<b>4 Capital Expenditure</b>		
a) Pigments	261,882,554	221,212,558
b) Agro Chemicals	4,765,292	3,865,985
c) Unallocated	<u>71,507,817</u>	<u>50,952,273</u>
<b>Total capital expenditure</b>	<u>338,155,663</u>	<u>276,030,816</u>
<b>5 Depreciation</b>		
a) Pigments	117,158,713	100,971,693
b) Agro Chemicals	11,578,473	19,025,000
c) Unallocated	<u>15,863,556</u>	<u>16,340,797</u>
<b>Total Depreciation</b>	<u>144,600,742</u>	<u>136,337,490</u>
<b>B) Secondary Segment Disclosures :</b>		
i) <b>Revenue from External Customers</b>		
Indigenous	4,036,575,308	2,913,943,748
Exports (including export incentives)	<u>1,867,478,193</u>	<u>1,692,843,724</u>
TOTAL ...	<u>5,904,053,501</u>	<u>4,606,787,472</u>
ii) <b>Carrying amount of Assets</b>		
In India	1,833,751,824	1,755,984,821
Outside India	<u>590,515,441</u>	<u>259,464,092</u>
TOTAL ...	<u>2,424,267,265</u>	<u>2,015,448,913</u>

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### 11. Related Party Disclosures :

List of Related Parties and description of relationship :

i)	Key Management Personnel	Mr. N.J.Rathi Mr. K.L.Rathi Mr. P.R.Rathi Mr. R.B.Rathi	Dr. K.D.Inamdar Mr. K.R.Ambekar Mr. S.Mukherjee Mr. A.V.Vij
ii)	Relatives of Key Management Personnel	Mr. R.K.Rathi Mrs. A.N.Rathi Mr. R.P.Rathi Mr. A.N.Rathi Mrs. K.B.Rathi Mrs. K.R.Rathi Ms. S.R.Rathi Mr. A.B.Rathi Mr. A.K.Ambekar	- Son of Mr. K.L.Rathi - Wife of Mr. N.J.Rathi - Son of Mr. P.R.Rathi - Son of Mr. N.J.Rathi - Mother of Mr. R.B.Rathi - Mother of Mr. P.R.Rathi - Daughter of Mr. R.B.Rathi - Brother of Mr. R.B.Rathi - Son of Mr. K.R.Ambekar
iii)	Subsidiary Companies	Prescient Color Limited, Sudarshan Europe B.V. and Sudarshan North America, Inc.	
iv)	Transactions with Related Parties :		

Nature of transactions	2009-2010		2008-2009	
	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.
Salary, Pension etc.	61,156,534	4,241,763	33,942,810	3,508,788
Interest	275,444	4,304,380	195,068	845,178
Acceptance of Deposits	3,950,000	57,860,000	-	6,100,000
Repayments of Deposits	1,800,000	7,140,000	507,300	253,650

### 12. Information required under paras 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 :

(a) Capacity and Production	Capacity		Production
	Licensed/Registered M.Tonnes	Installed M.Tonnes	M.Tonnes
(i) Inorganic Pigments	8030 (6530)	10422 (5802)	7971 (5921)
(ii) Organic Pigments	9400 (6400)	10081 (9235)	8728 (6727)
(iii) Intermediates	4100 (4100)	2500 (2500)	85 (101)
(iv) Pesticides (100%)	3460 (3460)	3520 (3520)	1839 (959)
(v) High Performance speciality Dyes	- (310)	- (-)	- (-)
(vi) Colour and additive Masterbatch	- (-)	1750 (1750)	1269 (464)
Installed Capacity certified by Managing Director			
(b) Stocks :	At Commencement		At Close
Finished Products :	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes
(i) Inorganic Pigments	274 (499)	62,027,811 (107,479,874)	368 (274)
(ii) Organic Pigments	755 (750)	276,942,871 (255,918,226)	849 (755)
(iii) Intermediates	10 (20)	5,560,233 (7,634,347)	7 (10)
(iv) Pesticides (100%)	27 (25)	21,681,067 (17,715,920)	65 (27)
(v) Colour and additive Masterbatch	29 (8)	5,961,533 (2,099,945)	83 (29)
TOTAL ...		372,173,515 (390,848,312)	344,173,312 (372,173,515)

Semi Finished Products :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
(i) Inorganic Pigments	<b>120</b> (105)	<b>26,498,173</b> (22,197,802)	<b>130</b> (120)	<b>43,422,869</b> (26,498,173)
(ii) Organic Pigments	<b>154</b> (140)	<b>74,066,852</b> (65,330,936)	<b>99</b> (154)	<b>85,585,391</b> (74,066,852)
(iii) Intermediates	<b>-</b> (-)	<b>192,766</b> (1,013,555)	<b>-</b> (-)	<b>1,685,254</b> (192,766)
(iv) Pesticides (100%)	<b>2</b> (6)	<b>6,632,995</b> (5,071,630)	<b>1</b> (2)	<b>6,446,738</b> (6,632,995)
(v) Colour and additive Masterbatch	<b>4</b> (-)	<b>578,097</b> (-)	<b>3</b> (4)	<b>765,366</b> (578,097)
<b>TOTAL ...</b>		<b>107,968,883</b> (93,613,923)		<b>137,905,618</b> (107,968,883)

(c) Sales :	Quantity M.Tonnes *	Value Rs.
(i) Inorganic Pigments	<b>7605</b> (5997)	<b>1,670,490,892</b> (1,402,731,594)
(ii) Organic Pigments	<b>8556</b> (6479)	<b>3,190,504,193</b> (2,612,626,574)
(iii) Intermediates	<b>-</b> (-)	<b>1,975</b> (-)
(iv) Pesticides (100%)	<b>1802</b> (961)	<b>514,462,447</b> (377,482,789)
(v) Trading Sales	<b>-</b> (-)	<b>257,473,827</b> (93,495,388)
(vi) Colour and additive Masterbatch	<b>1215</b> (439)	<b>236,578,754</b> (91,178,376)
<b>TOTAL ...</b>		<b>5,869,512,088</b> (4,577,514,721)

\* Net of Captive consumption wherever applicable.

(d) Raw Materials Consumed :	Quantity M.Tonnes	Value Rs.
(i) Litharge and Lead Metal	<b>1718</b> (1230)	<b>154,703,462</b> (113,500,654)
(ii) Sodium Bichromate	<b>1067</b> (474)	<b>75,196,902</b> (39,668,475)
(iii) Organo Phosphorous Intermediates	<b>846</b> (442)	<b>95,743,572</b> (59,607,825)
(iv) C P C Blue	<b>1259</b> (1026)	<b>214,788,263</b> (191,109,646)
(v) C Acid	<b>433</b> (355)	<b>70,026,344</b> (67,531,074)
(vi) Others		<b>2,494,878,591</b> (2,080,555,033)
<b>TOTAL ...</b>		<b>3,105,337,134</b> (2,551,972,707)

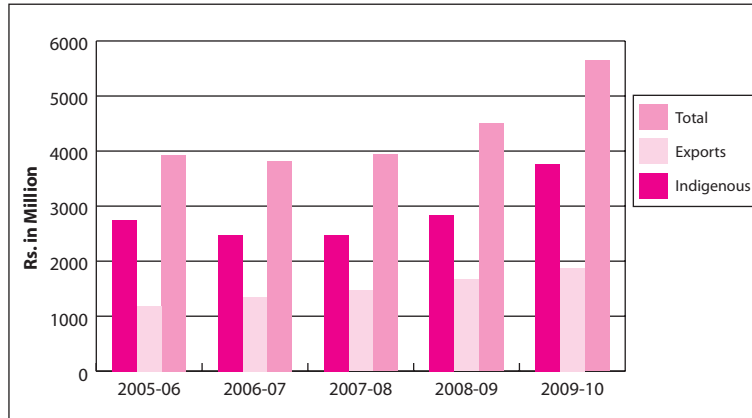
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(e) <b>Value of Imported and Indigenous Raw Materials consumed during the year :</b>	Rs.	% to total consumption
(i) Value of Imported Raw Materials including duty, handling, clearance charges etc.	<b>657,066,068</b> (621,869,472)	<b>21%</b> (24%)
(ii) Value of Indigenous Raw Materials	<b>2,448,271,066</b> (1,930,103,235)	<b>79%</b> (76%)
TOTAL ...	<b>3,105,337,134</b> (2,551,972,707)	<b>100%</b> (100%)
(f) <b>Value of Imported and Indigenous Stores, Spares and Components Consumed :</b>	Rs.	% to total consumption
(i) Value of Imported Stores, Spares and Components including duty, handling, clearance charges etc.	<b>6,692,551</b> (3,819,264)	<b>4%</b> (3%)
(ii) Value of Indigenous Stores, Spares and Components	<b>150,411,004</b> (111,876,868)	<b>96%</b> 97%
TOTAL ...	<b>157,103,555</b> (115,696,132)	<b>100%</b> (100%)
(g) <b>Expenditure in Foreign Currencies on Account of :</b>		Rs.
(i) Commission		<b>3,866,846</b> (11,528,619)
(ii) Foreign Travel		<b>10,675,392</b> (5,698,858)
(iii) Interest		<b>1,186,161</b> (246,207)
(iv) Others		<b>74,714,103</b> (7,684,430)
TOTAL ...		<b>90,442,502</b> (25,158,114)
(h) <b>C.I.F. Value of Imports :</b>		Rs.
(i) Raw Materials (including through Canalising Agencies)		<b>756,492,922</b> (774,545,113)
(ii) Stores and Components		<b>5,258,893</b> (3,298,192)
(iii) Capital Goods		<b>8,249,892</b> (12,208,654)
TOTAL ...		<b>770,017,707</b> (790,051,959)
(i) <b>Remittances during the year in foreign currencies on account of dividend to non-resident shareholders were as follows :</b>		
Number of Shareholders		<b>1</b> (1)
Number of Equity Shares (Shares of Rs.10/- each) for final dividend of 2008-09		<b>557,989</b> (557,989)
Amount remitted for the year ended 31-03-2009 (Rs.)		<b>4,463,912</b> (1,673,967)
The above information pertains to non-resident shareholder to whom direct remittance has been made by the Company.		
(j) <b>Earnings in Foreign Exchange :</b>		Rs.
a) Export of goods on F.O.B. Basis (inclusive of exports of Export House)		<b>1,526,252,381</b> (1,739,574,524)
b) Others		— (—)
TOTAL ...		<b>1,526,252,381</b> (1,739,574,524)

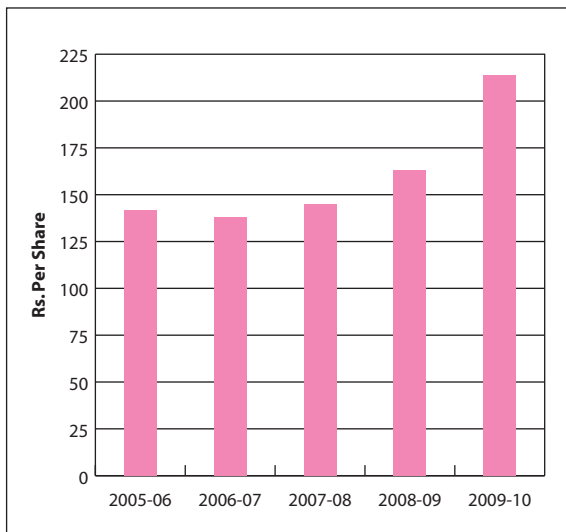
The figures in brackets are those in respect of previous year.

13. Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to current year's groupings and classifications.

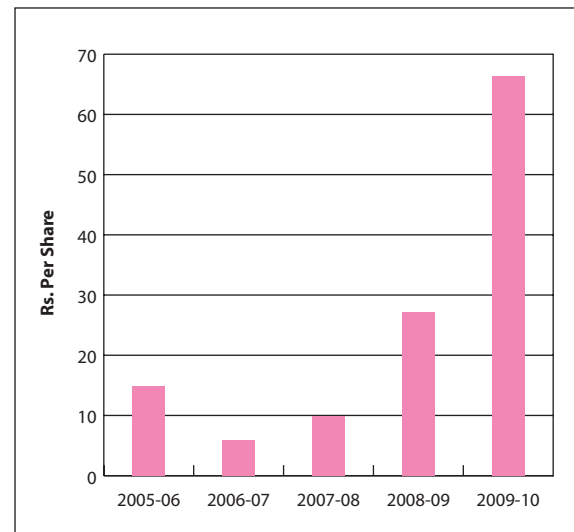
**SALES**



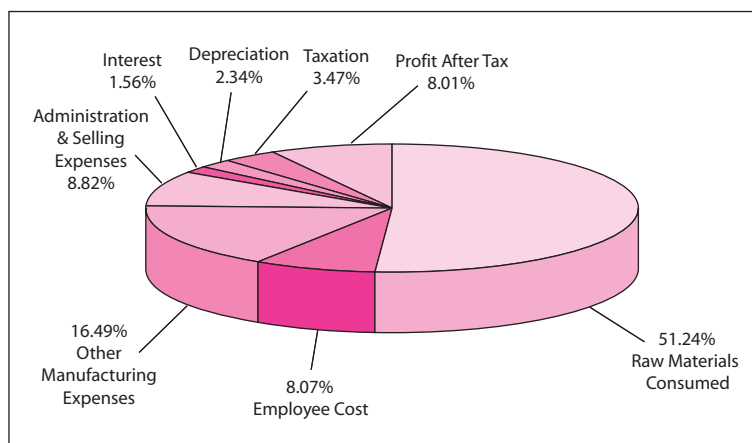
**BOOK VALUE**



**EARNING PER SHARE**

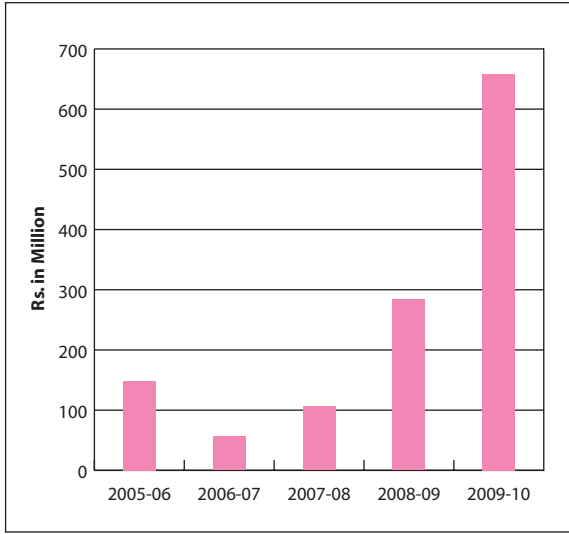


**DISTRIBUTION OF REVENUE  
for the year ended 31st March, 2010**

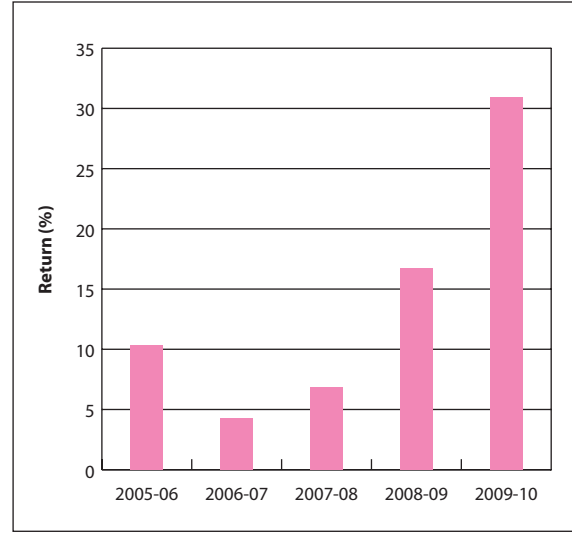


# Annual Report 2009-10

## PROFIT BEFORE TAX



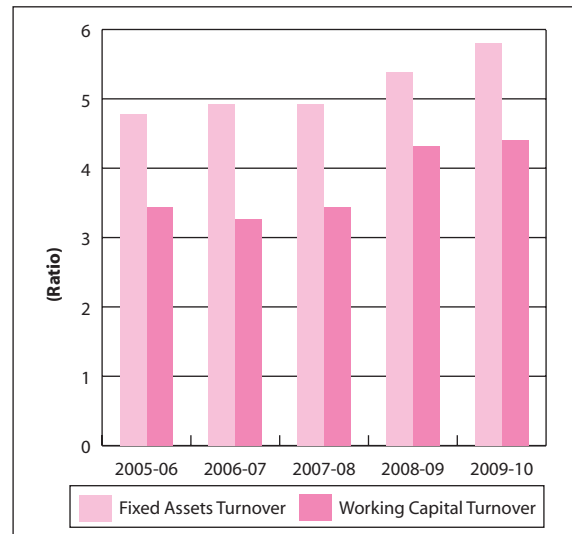
## RETURN ON NET WORTH



## DEBT - EQUITY



## FIXED ASSETS TURNOVER & WORKING CAPITAL TURNOVER



## FIXED ASSETS

