

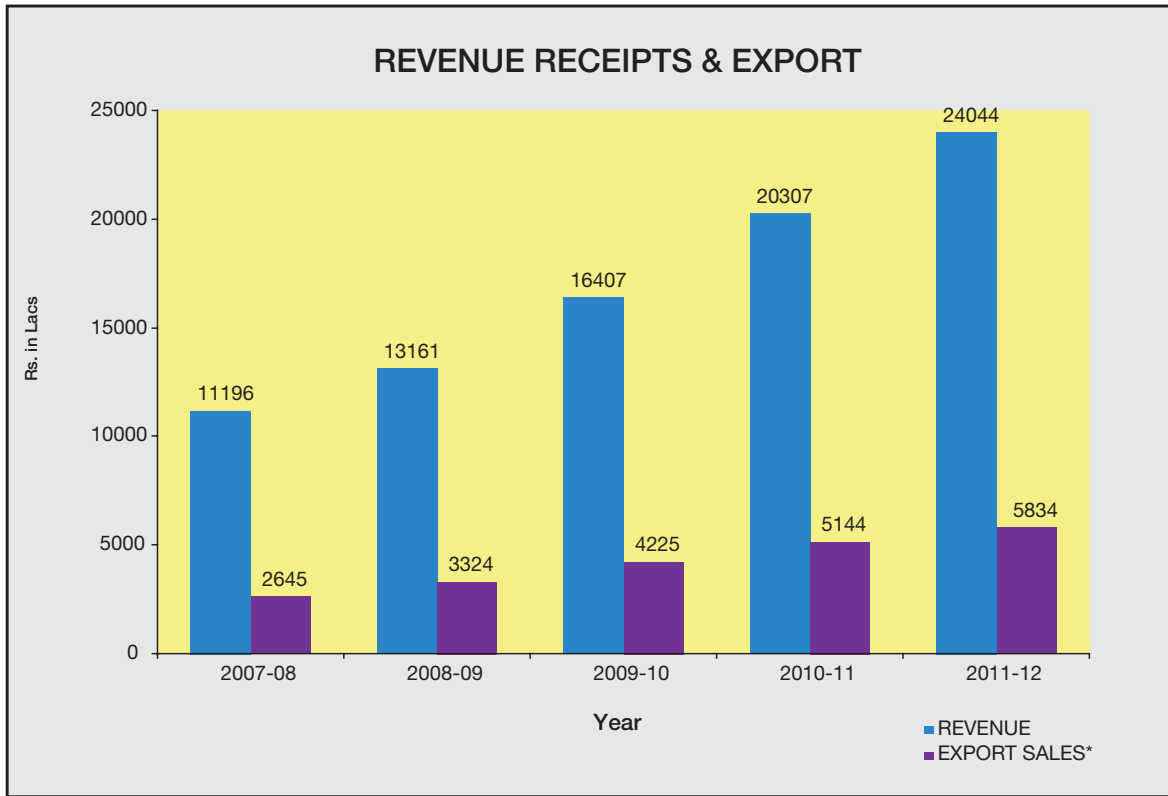


**Poddar Pigments Ltd.**

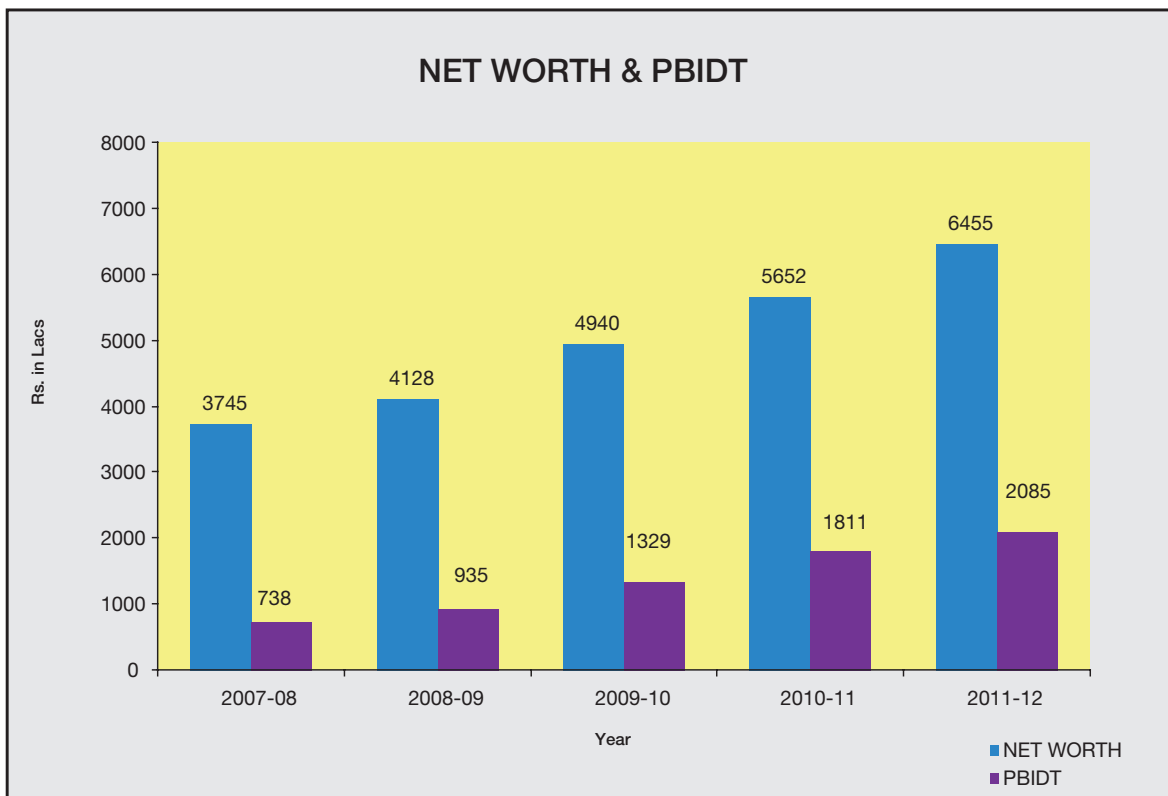
**Annual Report 2011 - 2012**

# Taking a leap into a new growth curve





\* Excluding Deemed Export





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## **BOARD OF DIRECTORS**

Shri Kishore Rungta  
Smt.Mahima P. Agarwal  
Shri M.K.Sonthalia  
Shri N.Gopaldaswamy  
Shri R.K.Sureka, CEO  
Shri S.S.Poddar, Managing Director

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## **AUDITORS**

M/s.K.N.Gutgutia & Company  
Chartered Accountants  
New Delhi

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## **BANKERS**

State Bank of India  
Punjab National Bank  
State Bank of Bikaner & Jaipur

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## **REGISTERED OFFICE & WORKS**

RIICO Industrial Area  
Sitapura, Jaipur-302 022  
(Rajasthan)

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## **CORPORATE OFFICE**

302, Nanak Chambers,  
3rd Floor, (Opp. Fun Republic),  
New Link Road,  
Andheri (W), Mumbai-400 053



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## NOTICE

**NOTICE** is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Company will be held at the Registered Office of the Company at E-10,11 & F-14 TO 16, **RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR-302 022 (RAJASTHAN)** on **Tuesday, the 25th September, 2012 at 11:00 A.M.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To declare a Dividend for the year 2011-12 on Equity Share.
3. To appoint a Director in place of Shri M. K. Sonthalia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors to hold office till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/s. K. N. Gutgutia & Co., the retiring Auditors are eligible for re-appointment.

### SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as Special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (The Act) and subject to statutory approvals, if any, consent be and is hereby accorded for payment of revised remuneration for remaining term of appointment i.e. from 01.04.2012 to 30.09.2012 and for re-appointment of Shri R. K. Sureka, as Director & CEO of the Company for a period of 3 years from 1st October, 2012 to 30th September, 2015 on the following terms and conditions:

The remuneration to the Director & CEO, on account of Basic Salary & perquisites and additional remuneration are mentioned below:

1. (i) Basic Salary : Rs. 250000/- Per Month.  
(ii) Perquisites : In addition to the salary, the following perquisites will be allowed:

The perquisites are classified into three categories 'A', 'B' and 'C' as below:

#### CATEGORY - A

- (a) Rent Free Accommodation or House Rent Allowance up to a maximum of 60% of Basic Salary
- (b) Expenditure incurred on gas, electricity and water shall be paid / reimbursed by the company
- (c) Medical Expenses incurred for self and family
- (d) Leave Travel Concession for self & family once in a year to any destination in India or Abroad

- (e) Fee of Clubs
- (f) Premium for Personal Accident Insurance
- (g) Premium for Personal Life Insurance
- (h) Any other perquisites as per Company's Rules within the ceiling perquisites of Rs.100000/- Per Month

**Note:** All the perquisites will be interchangeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s); Or the ceiling of perquisites may be reduced by corresponding increase in Basic Salary.

#### CATEGORY - B

The following perquisites shall also be paid to the Director & CEO and these will not be included in the computation of the ceiling on perquisites mentioned above:

- (a) Company's contribution to Provident Fund & Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity not exceeding half a month's salary for each completed year of service.
- (c) Encashment of leave in accordance with the Company's Rules.

#### CATEGORY-C

- (a) Provision of car with driver for use on Company's business (not considered as a perquisite). The use of car for private purpose shall be billed by the Company to the Director & CEO.
- (b) Provision of telephone at the residence of the Director & CEO at Company's cost (not considered as a perquisite). Personal long distance calls shall be billed by the Company to the Director & CEO.

#### 2. Other Terms for additional remuneration:

In addition to the Salary and Perquisites, as specified above, the Director & CEO shall be entitled to receive additional remuneration as Special Allowance of Rs.112500/- per quarter.

However, the total remuneration payable to him shall not exceed 5% of the Net Profits of the Company for the year and 10% of the Net Profits of the Company, computed in terms of the companies act,1956, payable to all the Managerial Personnel taken together. The composition, mode and manner of payment of such additional remuneration shall be finalized in consultation with the Director & CEO.

Where in any financial year during the currency of term of Director & CEO, the Company has no profits or its profits are inadequate, the Company shall pay to Director & CEO, remuneration by way of Salary and Perquisites as specified above as minimum remuneration, subject however to the provisions of Schedule XIII to the Companies Act, 1956 and such approvals as may be required."

"The Board of Directors of the Company be and is hereby authorized to alter, vary and modify the terms and conditions of



appointment of Shri R. K. Sureka from time to time during the tenure of his appointment as Director & CEO of the Company including salary, perquisites and additional remuneration, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Section 198, 309 and all other applicable provisions of the Companies Act, 1956."

"The Board of Directors of the Company be and is hereby authorized to settle any questions, doubts or difficulties and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution without being required to seek further approval of the Members and the

approval of the Members shall be deemed to have been given thereto expressly by the authority of this resolution."

"In the event of any amendment in Schedule XIII of the Companies Act, 1956 the limit as specified in revised schedule shall be applicable".

**Registered Office:**

E-10,11 & F-14 to 16  
RIICO Industrial Area, Sitapura,  
Jaipur- 302 022

**By order of the Board**

**NAVIN JAIN**  
COMPANY SECRETARY

**DATE: 7th August, 2012**

**NOTES:**

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
  
Proxies, in order to be effective, must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 19.09.2012 to 25.09.2012 (both days inclusive).
4. Details of Shri M. K. Sonthalia, required to be provided pursuant to Clause 49 of Listing Agreement, are furnished in the Corporate Governance Report published elsewhere in the Annual Report.
5. Members are requested:
  - a. to bring their copy of the Annual Report at the Meeting.
  - b. to notify any change in their address to M/s Link Intime (R&T) / Company.
6. If the Dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or after 10.10.2012 as under:
  - a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 18.09.2012;
  - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 18.09.2012.
7. In case of transfer of physical shares, the instrument of Share Transfer complete in all respect, should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to the closure of the Register of Members as stated above.
8. The copies of relevant documents can be inspected at the Registered Office of the company on any working day between 10.30 A.M. to 12.30 P.M., till the date of Twenty First Annual General Meeting.



## ANNEXURE TO NOTICE

Explanatory Statement (Pursuant to section 173 (2) of the Companies Act, 1956)

### Item No. 5

The present tenure of appointment of Shri R. K. Sureka, Director & CEO expires on 30.09.2012 and the Remuneration Committee of the Board, at its Meeting held on 11th May, 2012, recommended the payment of revised remuneration for remaining term of appointment i.e. from 01.04.2012 to 30.09.2012 and for the re-appointment of Shri R.K.Sureka as Director & CEO for a further period of Three Years from 01.10.2012 to 30.09.2015.

Permission of the members is required under Schedule XIII of the Companies Act, 1956. The Directors, therefore, recommend this resolution for members' approval.

As required under Para (B) of Section-II of Part-II of the amended Schedule XIII to the Companies Act, 1956, the relevant details to be sent alongwith the notice calling the General Meeting are as under:

### I GENERAL INFORMATION

- Nature of Industry:** Masterbatch and Engineering Plastic Compounds.
- Date or expected date of commencement of commercial production:** The Company has already commenced commercial production from 1st March, 1995.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**  
Not Applicable
- Financial performance based on given indicators**

Particulars for the financial year ended 31.03.2012	Rs. in lacs
Revenue Receipts including other Income	24044
Operating Profit (before finance cost, Depreciation and Tax)	2085
Profit Before Tax	1442

- Export Performance and net foreign exchange earnings and collaborations:** The earning in Foreign Exchange by Exports & others for the year ended 31.03.2012 was Rs. 5463 lacs.
- Foreign investment of collaborators, if any:**  
Not Applicable

### II INFORMATION ABOUT THE DIRECTOR & CEO

#### 1. Background, recognition and award details:

Shri R. K. Sureka, aged 55 years, is the Director & CEO of Company since 01.06.1999. He is a Fellow member of the Institute of Chartered Accountants of India and the

Institute of Company Secretaries of India. He has vast managerial and Industrial experience of more than 33 years and has worked in very senior positions as a part of his professional career. He has been working with the company for 18 years, controlling the all key functions of the company. The Company has progressed substantially during his tenure.

#### 2. Past Remuneration:

The last remuneration of Shri R. K. Sureka approved by the Members of the Company at their Annual General Meeting held on 04.08.2009 is as under:

A. Basic Salary	:	Rs. 150000/- P.M.
B. Perquisites	:	Rs. 150000/- P.M.
Total Remuneration	:	Rs. 300000/- P.M.

#### 3. Job Profile and Suitability:

The Director & CEO shall carry-out such duties as may be entrusted to him by the Managing Director and / or the Board from time to time. The Director & CEO shall exercise such powers as may be assigned to him subject to superintendence, control and direction of the Managing Director and/or the Board in connection with and in the best interest of the business of the Company. He is already taking care of all key functions of the organization and has been at the helm of the company for about 18 years, reporting to the Managing Director and to the Board of Directors.

#### 4. Remuneration Proposed:

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 11th May, 2012 and 7th August, 2012 approved the terms of remuneration for remaining period of present appointment i.e. 01.04.2012 to 30.09.2012 and the re-appointment for a 3 year tenure of Shri R. K. Sureka commencing from 1st October, 2012 as under:

A. Basic Salary	:	Rs. 250000/- P.M.
B. Perquisites	:	Rs. 100000/- P.M.
C. Special Allowance	:	Rs. 112500/- per Quarter

#### 5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :

The executive' remuneration in the industry had risen substantially over past few years. Appreciating this, the Central Government had raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial person. The "Remuneration Committee" constituted by the Board in terms of the said Schedule perused the remuneration of managerial persons in the industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Shri R. K. Sureka before approving the remuneration as proposed herein before.



**6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Besides the remuneration proposed, Shri R. K. Sureka does not have any pecuniary relationship with the Company.

**III OTHER INFORMATION**

**1. Reasons of loss or inadequate profits:**

The Masterbatch Industry is high-tech in nature and requires continuous R&D, both on the existing product lines as well as on new product development to not just maintain, but also to expand its market share. Increased competition in the industry, coupled with the increase in cost of imported raw-materials and other inputs is creating pressure on margins. During the coming year, the Company may have inadequate profits in terms of Section 349 & 350 of the Companies Act, 1956.

**2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:**

With a view to improve overall profitability and the financial health of the company, major steps have been taken, which inter-alia include reduction in interest costs, major marketing re-structuring for exports, reduction in production cost through implementation of energy saving measures, sourcing of cheaper raw materials, increase in productivity through better combination of product mix, increase in the product range to cater to the requirements of different segments and strengthening of the R&D division on continuous basis. The direct exports of the

Company have increased by 12.98% in the year 2011-12 over the previous year. In current financial year, the company expects further increase in turnover & profits.

The proposed remuneration of Shri R.K.Sureka has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 11th May, 2012. The Company has not made any default in payment of any of its debts specified or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person. The Company has no deposit / outstanding deposit. The specified information required to be given to the shareholders alongwith the Notice is given herewith in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

The Resolution and Explanatory Statement are to be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Shri R.K.Sureka, being the Director & CEO, is concerned or interested in this resolution.

**Registered Office:**  
E-10,11 & F-14 to 16  
RIICO Industrial Area, Sitapura,  
Jaipur- 302 022

**By order of the Board**  
  
**NAVIN JAIN**  
COMPANY SECRETARY

**DATE: 7th August, 2012**





## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Twenty First Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS

[Rs. in Lacs]

Particulars	2011-2012	2010-2011
Revenue Receipts	23931	20056
Other Income	113	251
Total Revenue Receipts including other income	24044	20307
Operating Profit before Finance Cost, Depreciation & Tax	2085	1811
Loss on sale of Investments	(194)	–
Less: Finance Cost	179	178
Depreciation	270	233
<b>Profit before tax</b>	<b>1442</b>	<b>1400</b>
Less: – Current Tax	393	410
– Deferred Tax	65	34
<b>Profit after tax</b>	<b>984</b>	<b>956</b>
Balance brought forward from previous year	397	1420
Profit available for appropriations	1381	2376
<b>APPROPRIATIONS</b>		
Interim Dividend on Equity Shares	–	159
Proposed Dividend on Equity Shares	212	80
Total Dividend on Equity Shares	212	239
Tax on Dividend	35	40
General Reserve	634	1700
Balance Carried to Balance Sheet	500	397

### OPERATIONS

The global economy has witnessed lower economic growth, barely a year after recession. FY 2011-12 was a challenging year. Despite these constraints and the challenging environment, your company performed reasonably well.

Your Company has scaled new heights in overall performance and has set new benchmarks in terms of turnover (including export benefit). During the year, the Company has achieved a turnover of Rs. 23931 lacs as against Rs. 20056 lacs in the previous year, registering an increase of 19.32% over the previous year.

Your Company has also improved its performance in Exports and achieved direct export turnover of Rs. 5580 lacs as against Rs. 4939 lacs in previous year, registering an increase of 12.98%. Your Company Exports to over 20 countries around the globe.

Your Company posted yet another year of high performance, with impressive top line growth and consistent earnings, reflecting the effective corporate strategy of creating multiple drivers of growth.

### DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval by the members, a dividend of Rs. 2/- per share for the year 2011-12. The dividend on the Equity Shares, if approved by the members, would involve a cash outflow of Rs. 246.63 Lacs, including dividend tax for the year 2011-12.

### MARKETING

Through consistent efforts in maintaining and improving the international quality standards, your Company has found satisfactory demand for its products. This has helped in facing price competition in both domestic and international markets and also achieved increased sales. With sustained efforts, we expect further improvements in our performance in the current year. Your Company will continue to seek new markets while consolidating its hold over the existing customers.

### RESEARCH AND DEVELOPMENT

In an increasingly competitive business environment, your Company recognizes the importance of Research & Development (R&D) to maintain its leadership position. Your Company has, over the years, invested significantly in its Research & Development (R&D) facility, as a key source of sustainable competitive advantage.

The R & D division of your Company, located at its plant, constantly endeavors to innovate and change the product mix/process, to create higher value items at lower costs and to widen its range of new generation masterbatches. Its R&D efforts aim at ensuring cost optimization and environment protection. It strives to leverage modern advances in science and technology and blend the same with classical concepts of product development.

The R&D division of your company is equipped with state-of-the-art testing equipments. These equipments are used to test dispersion, filterability, mechanical, rheological, thermal, optical & colorist properties of incoming raw materials and outgoing finished products. Tests are carried out conforming to internationally accepted test methods.

**The R & D division of the Company has been recognized by the Department of Science and Industrial Research (DSIR), Government of India, as an In-House R&D Unit on 06.06.2012.**

### QUALITY INITIATIVES

Your Company is committed to produce and deliver zero-defect Masterbatches. It also endeavors to achieve consistent customer satisfaction by implementing and meeting the ISO 9001:2008 QMS requirements. Constant Interaction with Customers, Optimum utilization of resources and Training & Education of Employees are carried out in order to ensure that your company attains its goals.

### STAR EXPORT HOUSE STATUS AND CRISIL RATING

Sustained growth in exports has enabled the Company to maintain its Star Export House Status under the Foreign Trade Policy 2009-2014.



The Company's Credit Rating is A/Stable/A1 assigned by CRISIL for its working capital borrowings which signifies strong degree of safety regarding timely payment.

## **DIRECTORS**

During the year Smt. Kusum Poddar resigned from Directorship w.e.f. 21.07.11 and Shri V.K. Fogla has vacated the office of director w.e.f. 27.08.11. The Board places on record its appreciation for their valuable contribution to the Company.

Further, Smt. Mahima P. Agarwal and Shri Kishore Rungta have been appointed Additional Director of the Company w.e.f. 25.07.11 and confirmed Directors w.e.f. 27.08.11.

Shri M. K. Sonthalia, retires by rotation at the ensuing Annual General Meeting pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company.

## **CORPORATE GOVERNANCE**

Your Company has been actively practicing the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The report on Corporate Governance (in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges), the Auditors' certificate on compliance by the Company and the Management Discussion & Analysis, have all been included in the Annual Report.

## **COMPLIANCE WITH THE CODE OF CONDUCT**

The Company had put in place a Code of Conduct for its Board Members and Senior Management Personnel from 23rd January 2006 and has reaffirmed the same on 7th February 2012. It is also available on the website of the Company. Declarations on compliance with the Code of Conduct have been received from all concerned. A certificate annexed to this effect forms a part of this Report.

## **DEPOSITS**

The company has neither accepted any deposits during the year under review, nor does it have any fixed deposits outstanding at the year end.

## **EMPLOYEES**

The information required under Section 217(2A) of the Companies Act, 1956 read along with Companies (Particulars of Employees) Rules, 1975, is given in the statement annexed hereto forming a part of the Report.

## **AUDITORS**

M/s K. N. Gutgutia & Co, Chartered Accountants, the present Statutory Auditors of the Company, hold office till the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

## **ENVIRONMENT, SAFETY, ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company is continuously on the look-out for new ways to preserve the environment and to manage resources responsibly. Your company adopts clean technologies and processes that combine both economic progress and environment sustainability. The company has taken a number of green initiatives including waste optimization, water conservation and compliance with applicable laws and regulations.

Your Company has Safety Committees, which regularly monitor compliance with the Company's Health & Safety policy. Additional steps have been taken to install equipments, such as additional fire extinguishers of different classes, fume extraction system, de-dusting stations etc. Your company attaches utmost importance to safety. The only acceptable standard of safety performance for your company is "zero accidents". Safety education and training is imparted to everyone on a regular basis.

Several initiatives were continued as part of energy saving measures. The drive for energy conservation is always a key priority and your Company continuously strives to achieve this through process improvements and through the enhancement of equipment capabilities.

Particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 217(1)(e) of the Companies Act 1956, are enclosed as a part of this report.

## **GO GREEN INITIATIVE**

Recently, the Ministry of Corporate Affairs, Government of India, through its Circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send the Annual Reports and other official documents to their shareholders electronically as part of its green initiatives, provided that the email addresses of the shareholders are obtained by the Company from the shareholders. This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a greener environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

As a first step, your Company is Printing Annual Report using recycled paper. Keeping the above in view, your Company also proposes to send documents such as the Notice of the Annual General Meeting and Annual Reports henceforth to the shareholders by electronic means, to the e-mail address provided by them and/or made available to the Company by the Depositories. In absence of any communication from the shareholders, the email id in the records of depositories shall be considered as the registered email id of the respective shareholder.

All the shareholders who hold their shares in physical form and whose e-mail address are not available with the Company, may, if they wish to receive the Annual Report in electronic form, please send their email id to njain@poddarpigments.com.



The Company solicits active cooperation of shareholders in helping the Company implement the e-governance initiatives of the Government.

#### **RISK AND INTERNAL ADEQUACY**

Your Company has a low debt-equity ratio and is well placed to take care of its borrowings. Foreign Exchange transactions are largely covered to the extent of exposure otherwise not covered by natural hedging. Your Company is progressively moving towards a "net foreign-exchange earner" status.

The Company's internal control systems are adequate considering the size of the Company and are routinely tested and certified by our statutory as well as internal auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and have 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

as of 31st March, 2012 and of the profit of the Company for the period ended on that date;

- (iii) that the directors have taken proper and sufficient care to ensure 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) That the directors have prepared the Annual Accounts on a 'going concern' basis.

#### **ACKNOWLEDGEMENT**

The Management is grateful to the various Government and Semi-Government Authorities, Bankers, Investors, Marketing Dealers, Vendors and Customers for their valued support and co-operation.

The Directors also wish to place on record their appreciation for the dedication and excellent contribution of the employees in realizing the objectives of the Company.

**For and on behalf of the Board of Directors**

**PLACE : JAIPUR                      R. K. Sureka                      S. S. Poddar**  
**DATE : 7th August, 2012    DIRECTOR & CEO    MANAGING DIRECTOR**

### **CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**

I, R.K.Sureka, Director & CEO of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 23rd January, 2006 and again reaffirmed on 7th February, 2012. The Board Members and Senior Management have affirmed compliance with the said Code of Conduct.

**For PODDAR PIGMENTS LIMITED**

**Date : 7th August, 2012**

**R. K. SUREKA**  
**DIRECTOR & CEO**



## ANNEXURE TO THE DIRECTORS' REPORT

### I ENERGY CONSERVATION

The Company continues to accord high priority to the conservation of energy on an ongoing basis.

#### Particulars with respect to conservation of energy:

(A) Power & Fuel consumption	Current Year ended on 31.03.2012	Previous Year ended on 31.03.2011
<b>Electricity</b>		
(a) Purchased:		
Units (Nos.)	6883635	6237495
Total Amount (Rs.)	35948710	28881355
Rate/Unit(Rs.)	5.22	4.63
(b) Own generation:		
Through Diesel		
Units (Nos.)	287364	309248
Units per Ltr of Diesel	3.19	3.31
Cost/ Unit (Rs.)	11.83	10.24

#### (B) Consumption per unit of Production

The company manufactures various products and the consumption per unit of production is dependent on the product mix, which varies each year. It is therefore, not feasible to furnish the information with respect to per unit consumption of production.

### II RESEARCH AND DEVELOPMENT ( R&D )

We are pleased to inform that the company has been accorded recognition as **an In-House R&D** Unit by the Department of Science and Industrial Research, Ministry of Science and Technology (Govt. of India) vide their letter dated 06.06.2012 upto 31.03.2015.

1. Specific areas in which R&D was carried out by the Company.
  - i Development of various color and additive masterbatches for different end users as per the requirements of the fiber & plastic industries.
  - ii Development of various functional masterbatches such as Flame Retardants, Antimicrobials, Bio-degradable and other functional properties to meet the end use requirements of the industry.
  - iii Development of Masterbatches to improve performance and reduce costs to meet the customers changing requirements.
  - iv Development for product quality improvement, process optimization, safe environment and pollution control.
2. Benefits derived as a result of the above R&D.
  - i Development of new products have generated additional business.
  - ii Development of a new range of application masterbatches currently not manufactured in the country, thus saving foreign exchange.
  - iii Offering process flexibility and cost effective solutions.

#### 3. Future plan of action

iv Better productivity, optimized cost, improved quality and reduction in environmental pollution by offering alternatives for dyed yarns & textiles.

- i To continue efforts towards the development of a new range of end-use specific functional, customer and environment friendly masterbatch solutions conforming to the quality and standard norms of the industry.
- ii To offer one-stop service to customers right from masterbatch development to final product to market in color, additive and functional areas.
- iii Continuous updating of technology, R & D and monitoring facilities reckoning with latest development in the field of masterbatches, compounding and other such related areas.

#### 4. Expenditure on R&D

(a) Capital	Rs. 201.53 lacs
(b) Recurring	Rs. 206.43 lacs
(c) Total	Rs. 407.96 lacs
(d) Total R&D expenditure as a percentage of revenue receipts	1.705%

### III TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1 Efforts, in brief, made towards technology absorption, adaptation and innovation.
  - (a) Improvement and bench marking existing products to match international standards.
  - (b) Adoption of state-of-the-art technology practices to meet the stringent industry requirements & quality norms.
  - (c) Indigenization of products hitherto being imported in the industry.
  - (d) New mixing & improved masterbatch preparation techniques to help improve environment, productivity & quality.
  - (e) Continuous efforts to update, optimize, review and adopt the latest technologies and process improvement techniques.
2. Benefits derived as a result of the above efforts,
  - (a) Achievement of superior quality & cost effective production resulting in improved realization of finished goods.
  - (b) Introduction of new functional products.
  - (c) Leadership position in the market.
  - (d) Technology upgradation.



3. Technology imported during last five years.	NIL
(i) Technology Imported for manufacture	N.A
(ii) Year of Import	N.A.
(iii) Has technology been fully absorbed	N.A.

#### IV FOREIGN EXCHANGE EARNED AND OUTGO

	[Rs. In Lacs]	
	2011-12	2010-11
1. Foreign Exchange Earned from Export of Goods (on FOB)	5462.52	4837.58
2. Foreign Exchange Outgo		
– Import of Raw Material & Stores	9358.02	8124.69
– Import of Capital Goods	184.58	477.31
– Traveling Expenses	59.24	86.91
– Technical Consultancy	27.52	9.46
– Commission	124.52	18.47
– Interest	62.90	15.70
– Others	1.09	0.35

#### V INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ ALONGWITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

A Employed throughout the Financial Year and in receipt of remuneration aggregating not less than Rs. 60 lacs per annum.

Name	Designation	Remuneration	Qualification	Age (Years)	Experience (Years)	Date of joining	Previous Employment
Shri S. S. Poddar	Managing Director	6661597/-	B.E. (Civil)	63	40	1.7.1994	Whole Time Director in Rajasthan Petro Synthetics Ltd.

B Employed for the part of the year under review and in receipt of remuneration aggregating not less than Rs. 60 lacs per annum. None.

**For and on behalf of the Board of Directors**

**PLACE: JAIPUR**  
**DATE : 7th August, 2012**

**R. K. Sureka**  
**DIRECTOR & CEO**

**S. S. Poddar**  
**MANAGING DIRECTOR**



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial and Operational Performance

Your company delivered better financial performance with improvements on key parameters and registered an overall positive growth in the domestic and export sales.

Your company has achieved a turnover of Rs. 23931 Lacs in the year ended 31.03.12 as against Rs. 20056 Lacs in the previous year - a 19.32% increase.

The plant operated smoothly and on schedule during the year.

Achievement of ISO 9001:2008 standards in its operation reflects your company's continuous commitment towards quality and customer satisfaction.

### Segment-wise/ Product-wise Performance

Since direct export operations contribute more than 10% of the company's total revenue, this geographical segment has been considered a primary segment.

Domestic sales contributed Rs. 18098 Lacs this Year, as against Rs. 14911 Lacs in the previous year, showing an increase of 21.37%.

Export sales (Excluding Export Benefits) contributed Rs. 5580 Lacs as against Rs. 4939 Lacs in the previous year, showing an increase of 12.98%.

### Industry Structure and Developments

Your Company is an ISO 9001:2008 QMS certified company manufacturing Color & Additive Masterbatches for dope dyeing of man-made fibres, various plastic applications and Engg. Plastics & Compounds.

The per capita consumption of plastics in India is also increasing rapidly. It is currently at 7.4 Kgs, but is still below global consumption of 28.9 Kgs. China and Asia have a per capita consumption of 24.2 Kgs and 21.6 kgs respectively. The per capita consumption in India is expected to increase substantially during 2012-13.

The Indian plastics industry is growing at close to 15% p.a. and internal plastics consumption has also leaped significantly. Agriculture, Packaging, Automobiles, Electronics, Telecom, Healthcare, Infrastructure, Transportation and Consumer Durables are the major drivers of growth in plastic consumption.

As per the recent Fitch Ratings report, the outlook for Indian textile industry for FY 2012-13 is expected to be stable for synthetic textiles and negative to stable for cotton textiles, depending on the segment of the value chain. The study estimates that cotton textiles will face challenges of slower demand pick-up and loss of margins before an anticipated recovery from the fall in cotton prices.

Synthetic textiles will benefit from the substitution of higher priced cotton products and a greater demand for blended textiles. As per Technopak estimates, the Indian textile industry, over the long term, has a potential to grow to \$ 220 billion by 2020 from its current size of around \$ 80 billion, at a CAGR of around 10-11%. Such ambitious targets will be led by a significant incremental fibre demand, and polyester is likely to account for the majority share, given the limitations and restrictions associated with natural and other fibres.

As per government estimates, cotton and man-made fibre consumption in India is in the ratio of 59:41 as against the 40:60 ratio globally. The lower per capita fibre consumption in India of around 5 kgs as against global average of 11 kgs indicates a huge potential for growth.

As the consumption of masterbatches is linked to the consumption of polymers and synthetic dope dyed fibers, the domestic market is expected to grow at the rate of 15% per annum for the next few years.

### Business Outlook

The Indian polymer industry has shown a growth of more than 15% per annum. The approximate polymer consumption in India has been around 7.5 MMTPA and is expected to reach around 15.0 MMTPA by 2015.

Indian petrochemicals industry has seen a growth of about 14-15% per annum over 2005-2010, as per BMI, and a double-digit growth is likely to stay over the medium term. Polymer output is set to accelerate over the next five years as capacity is expanded in India. By 2015, combined olefins capacity is forecast to cross 16 mln tpa, while polyolefins capacity is set to rise above 13 mln tpa. While PVC capacity is set to stagnate, PE capacities will grow by 80%.

India is poised to be the third largest consumer of plastics by 2013.

Your company has made in-roads into some of the world's largest masterbatch markets. The growth from export sales is expected to be around 15% per annum for the next few years.

Due to the increase in polymer consumption, the domestic demand of masterbatches is also expected to grow by around 15% per annum in the next few years.



The company's emphasis and thrust on the continuous development of new and innovative products will enable it to stay ahead of the competition. With the growing demand of masterbatches it can be optimistically stated that in the coming years, your company is heading towards excellent growth and better all-round performance.

### **Opportunities and Threats**

#### **Key opportunity:**

In India, your Company is a pioneer in the manufacture of masterbatches for the synthetic fiber industry, based on Polyesters, Nylons and Polypropylenes, for speciality and general purpose applications such as automotives, carpets, home-furnishings, apparels, non-woven fabrics, technical fibers, etc. It is expected that the demand for the Company's product will grow manifold with the increased requirements of polyester fiber industry, wherein your Company is a major player.

#### **Key threats:**

Recession in the user industry may affect demand for the products. Product changes, high fluctuation in the prices of raw materials, competition from domestic and global players and relaxation in import tariff may increase the pressure on margins. Fluctuations in foreign currencies also play a major role in the profitability of the Company.

With continuous improvements and upgrades in technology, new product development and cost effective measures, your company is confident that it will successfully meet these challenges.

### **Risks and concerns**

The major risks which prevail in the industry are the high fluctuation in the prices of raw materials, technology obsolescence, competition from global players and further aberration in the customs duties in the coming years under general WTO obligations. These can create pressures on the margins and thereby affect the performance of your Company. Furthermore, low economic growth can affect sales and margins. Your company is taking due care against the prevailing risks in the industry by adopting new technology, by introducing innovative Masterbatches through its regular R&D, by reduction in material cost, by re-engineering business and manufacturing processes and much more. Foreseeable risks to the Company's assets are adequately covered by comprehensive insurance policies.

### **Internal Control Systems and their adequacy**

Your Company has internal control procedures commensurate with the Company's size and nature of business. These controls ensure that all the assets are safeguarded and protected against loss from unauthorized use and disposition and that transactions are authorized, recorded and reported diligently. There are well established policies and procedures in place across your company. The objective of these procedures is to ensure efficient use and protection of your Company's resources, accuracy in financial reporting and due compliance of statutes and Company procedures.

The Internal Audit reports, the progress in implementation of recommendations contained in such reports and the adequacy of internal control systems are reviewed by the Audit Committee of the Board in its periodical meetings.

### **Human Resources**

The talent base of your company during the year 2011-12 was approximately 375. The Board of Directors expresses its appreciation for the sincere efforts made by the employees of your Company at all levels during the year and their co-operation in maintaining cordial relations.

Your directors believe and affirm the importance of developing human resources, which is the most valuable asset and the key element in bringing all round improvements and achieving growth. The focus is on maintaining a high level of motivation and leadership development.

The overall relations during the year under review were peaceful. Contribution and co-operation from all level of employees was excellent and the same has been appreciated & supported well by the management through its continuous & systematic training programmes.

The human resource philosophy and strategy of your Company has been designed to attract and retain the best talent on offer. In practice it creates and nurtures workplace challenges that keep employees engaged, motivated and innovative. This talent has, through strong alignment with your Company's vision, successfully built and sustained.

### **Cautionary Statement**

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The important factors that could make a difference include economic conditions, domestic and international markets and changes in the Government regulations and laws.

**For and on behalf of Management Team**

**PLACE : JAIPUR  
DATE : 7<sup>th</sup> August, 2012**

**S. S. Poddar  
MANAGING DIRECTOR**



## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

The Board of Directors of the Company has consistently endeavored to maintain high standard of good Corporate Governance over the years. Given below is the report on Corporate Governance:

### 1 Company's Philosophy on Code of Governance

Your Company's activities are carried out in accordance with good corporate practices and the company is constantly striving to better them and adopt best practices that would ensure efficient conduct of the affairs of the company to achieve its goals and maximize value for all its stakeholders.

We believe that Corporate Governance is a voluntary and self discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs. The Company is prompt in discharging its statutory obligations and duties. The Board has adequate representation of Professionals, Qualified, Non-Executive and Independent Directors.

### 2 Board of Directors

#### 2.1 Composition of the Board:

The composition of Board, with reference to number of Executive, Non-Executive and Independent Directors, meets the requirement of Code of Corporate Governance.

The present strength of Board is six (6) Directors. The Board comprises of two (2) executive and Four (4) non-executive Directors representing the optimum combination of professionalism, knowledge and business experience.

In the Year 2011-12, four Board meetings were held on 28.05.2011, 25.07.2011, 15.10.2011 and 07.02.2012.

Details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other directorship and committee membership are given below:

Sl. No	Name of the Director	Category of Directorship @	No. of Board meeting attended out of 4 held	Attendance at last AGM held on 27.08.2011	No. of other Directorship as on 31.03.2012	No. of other committees in which Chairman/Member as on 31.03.2012	
						Member	Chairman
(i)	SH. S. S. PODDAR, MANAGING DIRECTOR	\$	4	YES	4	-	-
(ii)	SH. R.K. SUREKA, DIRECTOR & CEO	#	3	YES	2	-	-
(iii)	SMT. KUSUM PODDAR (Resigned w.e.f. 21.07.11)	*	-	NO	-	-	-
(iv)	SH. N. GOPALASWAMY	&	1	NO	8	-	-
(v)	SH. M.K. SONTALIA	&	1	NO	7	-	-
(vi)	SH. V .K. FOGLA (Ceased to be Director w.e.f. 27.08.11)	&	-	NO	-	-	-
(vii)	SMT. MAHIMA P. AGARWAL (Appointed w.e.f. 25.07.11)	**	1	NO	-	-	-
(viii)	SHRI KISHORE RUNGTA (Appointed w.e.f. 25.07.11)	&	-	YES	5	-	-

@ Category of Directors:

\$ Executive Promoter Director

# Executive Director

\* Non Executive Promoter Director and wife of Sh. S. S. Poddar, Managing Director

\*\* Non Executive Director and daughter of Sh. S. S. Poddar, Managing Director

& Non Executive Independent Director





## 2.2 Composition of Remuneration Committee:

The remuneration committee consists of Shri Kishore Rungta, Shri N. Gopaldaswamy and Shri M. K. Sonthalia. Shri V. K. Fogla ceased to be member w.e.f. 27.08.11.

## 2.3 Remuneration to Executive Directors:

The remuneration of Executive Directors are being determined by the "Remuneration Committee" subject to the approval of the Company in General Meeting and such other authority as may be necessary. The details of remuneration paid to Executive Directors during the year ended 31.03.12 are as follows:

Particulars	Sh. S.S. Poddar, Managing Director	Sh.R.K.Sureka, Director & CEO
Salary and Allowances	3700000	1800000
Contribution to Provident Fund	324000	216000
Other perquisites value as per Income Tax Rules	900000	825000
Commission on Profit to the Managing Director	1737597	–
<b>Total (Rs.)</b>	<b>6661597</b>	<b>2841000</b>

## 2.4 Terms of Contract:

Name of Director	Date of appointment	Expiry of contract	Severance fees	Notice Period
Shri S. S. Poddar	01.10.2010	30.09.2013	–	–
Shri R. K. Sureka	01.10.2009	30.09.2012	–	–

## 2.5 Remuneration to Non-Executive Directors :

No remuneration except sitting fee of Rs. 7500/- was paid to the Non-Executive Directors for meeting attended by them during the year ended 31.03.12.

## 2.6 Shareholding of the Non-Executive Directors in the Company as on 31.03.12:

None of the Non-Executive Directors, other than Smt. Mahima P. Agarwal holding 555000 Shares, hold any share in the Company.

## 2.7 Information placed before the Board of Directors :

The Company has been placing before the Board information required under Annexure 1 to Clause 49 of the Listing Agreement.

## 3 Audit Committee:

During the year ended 31.03.12, meetings of the Audit Committee were held on 14.05.11, 20.07.11, 10.10.11 and 06.02.12. The details of the attendance of the members at Audit Committee and constituents of the Committee are as follows :-

Name of Members	Designation	No. of Meetings Attended
Sh. V.K. Fogla (Appointed upto 25.07.11)	Chairman – Non Executive & Independent Director	–
Sh. Kishore Rungta (Appointed from 25.07.11)	Chairman – Non Executive & Independent Director	–
Sh. M.K. Sonthalia	Member – Non Executive & Independent Director	4
Sh. N.Gopaldaswamy	Member – Non Executive & Independent Director	4

The Heads of Finance Function and Internal Audit Departments are permanent invitees to the Meeting. The Statutory Auditors are also invited to attend the meetings.

Minutes of each Audit Committee Meeting are placed before and discussed in the subsequent Board Meeting.



The terms of reference of the Committee are in line with the requirements of the code. 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) Discussion with Internal Auditors on any significant findings and follow-up thereon.
- e) Reviewing the Company's financial and risk management policies.
- f) Reviewing the Quarterly and Annual Financial Statements before submission to the Board.
- g) Recommending the appointment and removal of Statutory Auditors, audit fee and payment for any other services.

#### 4 Share Transfer cum Investors' Grievances Committee:

The 'Share Transfer-cum-Investors' Grievance Committee' comprises of two Executive Director namely, Sh. S. S. Poddar, Sh. R. K. Sureka and three Non-Executive Directors namely Sh. Kishore Rungta, Sh. N. Gopaldaswamy, Smt. Mahima P. Agarwal and Shri Kishore Rungta is the Chairperson of the committee. Smt. Kusum Poddar ceased to be member w.e.f. 21.07.2011 and Sh. V. K. Fogla ceased to be member w.e.f. 27.08.2011.

The Committee, in addition to considering share transfer matters, also oversees redressal of shareholders' and investors' complaints / grievances and recommends measures to improve the level of investor services, besides discharging such other related functions which may be referred to it by the Board from time to time. Your company is making all attempts to ensure that correspondences are expeditiously attended to the full satisfaction of the Shareholder.

##### Details of Pending Complaints :-

Complaint Received from	No. of Complaints Received	No. of Complaints pending
SEBI	7	NIL
Stock Exchange	–	NIL
Investors	53	NIL
Govt. Authorities	NIL	NIL

No Share is pending for transfer for more than 30 days.

##### Compliance Officer:

Sh. Navin Jain, Company Secretary and Sh. Dharmendra Kumar, Manager (Legal & Secretarial)

#### 5 CEO & Sr. GM (Legal & Comm.) Certification:

Necessary certificate, pursuant to clause 49 of the listing agreement has been obtained.

#### 6 General Body Meetings:

##### Annual General Meetings

Venue and time for last three Annual General Meetings:

Financial Year	Venue	Date	Time	Details of Special Resolution Passed
2008-2009	Regd. Office at RIICO Industrial Area, Sitapura, JAIPUR	04.08.2009	11.00 A.M.	For Revision of remuneration and Re-appointment of Director & CEO
2009-2010	Do	21.08.2010	11.00 A.M.	For Revision of remuneration and Re-appointment of Managing Director
2010-2011	Do	27.08.2011	11.00 A.M.	–

No Special Resolution was passed at the last AGM. No Resolution was passed through Postal Ballot during the year and no Postal Ballot is proposed at the ensuing AGM.



## 7 Disclosures:

### a) Disclosure regarding materially significant related party transactions :

Materially significant related-party transactions have been given in Note No. 36 to the Financial Statement of Notes on Accounts. Adequate care was taken to ensure that the potential conflict of interest did not harm the interest of the company at large.

### b) Disclosure regarding certain non-compliance :

There was no instance 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.

## 8. Means of Communication:

Half Yearly reports are not sent to shareholders. The Company sends out the Annual Report regularly.

The quarterly results of the Company are published in a leading English National Newspaper namely, The Business Standard (all editions) and in Hindi Local Newspaper namely, Daily News (Jaipur edition). The Results are also sent to Stock Exchanges as per requirement of Listing Agreement.

The Company has its own Website i.e. [www.poddarpigments.com](http://www.poddarpigments.com). The Quarterly Financial Results of the Company are available on the Website of The Stock Exchange, Mumbai [www.bseindia.com](http://www.bseindia.com) and also on the website of SEBI [www.sebi.gov.in](http://www.sebi.gov.in).

No presentation was made to the Institutional Investors or to the analysts during the year ended 31.03.12.

Management Discussions and Analysis Report form a part of this Annual Report.

## 9. General Shareholders Information:

### 9.1 AGM : Date, Time and Venue

25th September, 2012 at 11.00 A. M. at Regd. Office, E-10, 11, F-14 to 16, RIICO Industrial Area, Sitapura, Jaipur-302 022

### 9.2 Financial Calendar (Tentative)

Financial Year: 1st April, 2012 to 31st March, 2013  
Results for the quarter ending:

June 30, 2012 – Second week of August, 2012  
September 30, 2012 – Second week of November, 2012  
December 31, 2012 – Second week of February, 2013  
March 31, 2013 – Fourth week of May, 2013

### 9.3 Date of Book Closure

19.09.2012 to 25.09.2012

### 9.4 Dividend Payment Date

The Dividend if declared, shall be paid/ credited on or after 10.10.2012.

### 9.5 Listing on Stock Exchanges and their Code

Name of Stock Exchange	Code
Jaipur Stock Exchange Limited	367
The Stock Exchange, Mumbai	524570

The listing fee for the F.Y. 2012-13 has already been paid to both the Stock Exchanges.

### 9.6 Market Price Data : High, Low during each month in last Financial Year

Period	High (Rs.)	Low (Rs.)
April, 2011	46.65	40.70
May, 2011	49.00	41.25
June, 2011	47.50	43.00
July, 2011	48.95	42.00
August, 2011	44.70	34.10
September, 2011	43.00	35.90
October, 2011	46.00	35.70
November, 2011	42.75	32.80
December, 2011	38.45	30.10
January, 2012	40.95	31.05
February, 2012	43.80	29.00
March, 2012	39.15	33.00



9.7 Performance in comparison to Broad based indices such as BSE, Sensex, CRISIL Index etc.

Not linked to Sensex/Index

9.8 Registrar and Transfer Agents

M/S Link Intime India Private Ltd.  
C-13 Pannalal Silk Mills Compound,  
LBS Marg, Bhandup West,  
Mumbai-400 078  
Phone No. : 022- 25946970  
Fax No. : 022- 25946969  
Email : rnt.helpdesk@linkintime.co.in

9.9 Shares Transfer System

Share Transfer request(s) received in physical form are registered within 30 days from the date of receipt if the transfer documents are in order. The Share Transfer and Share holders'/ Investors' Grievance Committee considers & approves such transfer request(s).

All request for dematerialisation of shares, which are found to be in order, are generally processed within twenty one days.

9.10 Reconciliation of Share Capital Audit

As directed by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital audit is being carried out at the specified period, by the practicing Company Secretary. The findings of the Reconciliation of Share Capital audit was entirely satisfactory.

9.11 Distribution of Shareholding as on 31.03.12:

No of equity shares held	No of shareholders	% of Shareholders	No of Shares	% of Shareholding
1-500	7893	91.21	1330204	12.54
501-1000	379	4.38	318448	3.00
1001-2000	141	1.63	218625	2.06
2001-3000	85	0.98	216673	2.04
3001-4000	26	0.30	92682	0.87
4001-5000	53	0.61	252315	2.38
5001-10000	32	0.37	234066	2.21
10001 & above	45	0.52	7946987	74.90
<b>Grand Total</b>	<b>8654</b>	<b>100.00</b>	<b>10610000</b>	<b>100.00</b>

Shareholding Pattern:

Particulars	No of shareholders	% of Shareholders	No of Shares	% of Shareholding
Domestic Companies (Promoters)	3	0.04	4121620	38.85
Resident Individuals (Promoters)	5	0.06	2030000	19.13
Resident Individuals	8470	97.87	3171581	29.90
Domestic Companies	136	1.57	1174143	11.06
Non Resident Indians	21	0.24	10668	0.10
Mutual Funds/ FIs	4	0.05	57500	0.54
Others	15	0.17	44488	0.42
<b>Total</b>	<b>8654</b>	<b>100.00</b>	<b>10610000</b>	<b>100.00</b>



### 9.12 Nomination Facility

Shareholders holding physical shares may, if they so desire, send their nominations in prescribed Form 2B of the Companies (Central Governments) General Rules and Forms, Rules, 1956 to the Registrars & Transfer Agents of the Company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

### 9.13 Unclaimed Dividend

The dividends for the following year, which remain unclaimed for seven years will be transferred to Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. Shareholders who have not claimed dividends are, therefore, requested to do so before they are statutorily transferred to the Investor Education and Protection Fund. Shareholders who have not encashed their dividend warrants relating to the dividends are requested to immediately approach M/s. Link Intime India Pvt. Ltd., Mumbai for the issue of duplicate warrants / demand drafts in lieu of the dividend warrants.

Year	Type of dividend	Date of declaration	Amount outstanding as on 31st March, 2012	Due for transfer on
2010-11	Interim	10.11.2010	Rs. 11,53,497/-	16.12.2017
2010-11	Final	27.08.2011	Rs. 6,21,326/-	03.09.2018

### 9.14 Dematerialisation of Shares & liquidity

The Company's equity shares are included in the list of Companies whose scripts have been mandated by SEBI for settlement only in dematerialized Form by all investors. The Company has signed agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") to offer depository services to its shareholders and 88.75% of the total number of equity shares of the Company have been dematerialized as on 31.03.12.

### 9.15 Outstanding GDR/ADR/Warrants or any Convertible Instruments, Conversion date and likely impact on equity.

NIL

### 9.16 Brief Resume of Director being re-appointed

Shri. M. K. Sonthalia, Non Executive Independent Director is due for retirement by rotation at ensuing AGM and is eligible for re-appointment. Brief particulars of Directorship in other Companies are as follow:

1. Sterling Newspapers Private Ltd
2. Siddharth Media Holdings Private Ltd
3. Express Publications (Madurai) Ltd.
4. Express Publications (Chennai) Ltd.
5. Dinamani Publications Ltd
6. Kannada Prabha Publications Ltd.
7. Express News Service Private Ltd

### 9.17 Plant Location and Address for Correspondence

E-10,11, F-14 to 16,  
RIICO Industrial Area,  
Sitapura, Jaipur - 302 022.  
Telephone : (0141) 2770202, 2770203  
Fax No. : (0141) 2771922  
Email : jaipur@poddarpigments.com  
njain@poddarpigments.com

**For and on behalf of the Board of Directors**

PLACE: JAIPUR

DATE : 7th August, 2012

**R. K. Sureka**  
DIRECTOR & CEO

**S. S. Poddar**  
MANAGING DIRECTOR



## **AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENTS WITH STOCK EXCHANGES**

### **TO THE MEMBERS OF PODDAR PIGMENTS LIMITED**

We have examined the Compliance of conditions of Corporate Governance by **Poddar Pigments Limited** for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India on Corporate Governance and was limited to procedure and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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 the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS**

**(B.R. GOYAL)  
PARTNER**

**Place : Jaipur  
Dated : 7th August, 2012**

**Membership No. 12172  
ICAI'S FRN NO. 304153E**



## AUDITORS' REPORT TO THE MEMBERS OF PODDAR PIGMENTS LIMITED

1. We have audited the attached Balance Sheet of **PODDAR PIGMENTS LIMITED** as at 31st March 2012, the related statement of Profit and Loss for the year ended on that date annexed thereto, and the cash flow statement of the Company for the year ended on that date, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with 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.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments mentioned in the Annexure referred to in above paragraph we report that:
  - 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 the books of the Company.
  - c) The Balance Sheet, statement of Profit and Loss and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
  - d) In our opinion, the statement of Profit & Loss, Balance Sheet and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.
  - e) According to the information and explanation given to us and on the basis of written representations received from the Directors of the Company as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012, 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 financial statement read with the notes and Significant Accounting Policies there on, 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 31st March 2012.
    - (ii) In the case of the statement of Profit and Loss, of the Profit of the Company for the year ended on that date;  
And  
(iii) In the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

**FOR K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS  
ICAI'S FRN NO. 304153E**

**(B.R. GOYAL)  
PARTNER  
M. No. 12172**

**Place : JAIPUR (Camp)  
Dated : 7th August, 2012**



## ANNEXURE TO THE AUDITORS' REPORT

Ref: **PODDAR PIGMENTS LIMITED**

Referred to in paragraph 3 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 per the information and explanation given to us physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company.
- (c) During the year the Company has not disposed off any substantial / major part of fixed assets.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, 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) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the book of accounts.
- iii) The company had not taken / granted any loan from / to any Company covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly, paragraph 4(iii) of the order is not applicable.
- 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 purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls systems.
- v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there was no transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs.
- vi) In our opinion and according to the information and explanations given to us the company has not accepted any deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits from the public.
- vii) In our opinion, as explained to us the company has an internal audit system commensurate with the size of the company and the nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a details examination of the record with a view of determine whether they are accurate or complete.
- ix) (a) According to the information's and explanations given to us and records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, Income Tax, Sales-Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.





- (b) According to the records of the Company, the dues of Sales Tax, Income-Tax, Customs, Wealth Tax, Service Tax, Excise Duty, Cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under: -

Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax Act & The Rajasthan Entry Tax-Goods Act	Sales Tax on sale of fixed assets, on discount allowed & Entry tax on HDPE bags	839868	2003-04, 2007-08 and 2008-09	Deputy Commissioner (Appeals)
Income Tax Act	Disallowance of expenses	780059	A.Y. 2008-09 & A.Y. 2009-10	Commissioner of Income Tax (Appeals)

- x) There are no accumulated losses of the Company as on 31st March, 2012. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or banks.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit / nidhi / mutual benefit fund / society.
- 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. However whenever shares, as investments, are purchased or sold, records for the same are properly maintained.
- xv) According to the information and explanations given to us, Company has not given any guarantees for loans taken by others from bank or financial institutions.
- xvi) According to the information and explanations given to us, no term loans has been raised by the Company during the year.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) During the year covered by our audit report the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS  
ICAI'S FRN NO. 304153E**

**(B.R. GOYAL)  
PARTNER  
M. No. 12172**

**Place : JAIPUR (Camp)  
Dated : 7th August, 2012**



## BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDER'S FUND</b>			
(a) Share Capital	2	106,100,000	106,100,000
(b) Reserves & Surplus	3	502,436,972	428,659,297
		<u>608,536,972</u>	<u>534,759,297</u>
<b>2 NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	4	45,529,813	73,455,749
(b) Deferred tax liabilities (Net)	5	36,950,293	30,432,449
(c) Other Long term liabilities	6	5,789,349	5,259,029
<b>3 CURRENT LIABILITIES</b>			
(a) Short-term borrowings	7	98,975,198	136,478,329
(b) Trade payables	8	95,958,505	152,163,340
(c) Other Current liabilities	9	111,602,568	63,977,612
(d) Short-term Provisions	10	198,377,649	139,226,223
<b>TOTAL</b>		<u>1,201,720,347</u>	<u>1,135,752,028</u>
<b>ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
<b>(a) FIXED ASSETS</b>			
(i) Tangible assets	11	317,461,489	308,772,847
(ii) Capital work-in-progress		–	470,910
(b) Non-current Investments	12	39,760,327	66,392,517
(c) Long-Term loan and advances	13	6,742,167	8,270,918
(d) Other non current assets	14	9,248,394	6,970,887
<b>2 CURRENT ASSETS</b>			
(a) Current Investments	15	1,000,000	400,000
(b) Inventories	16	300,409,464	295,812,134
(c) Trade Receivables	17	288,466,391	255,211,960
(d) Cash & Bank Balance	18	24,928,662	12,494,154
(e) Short-Term loan and advances	19	213,703,453	180,955,701
<b>TOTAL</b>		<u>1,201,720,347</u>	<u>1,135,752,028</u>
Summary of significant accounting policy	1		

The accompanying notes (Note no. 1 to 40) are integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For K.N. GUTGUTIA & COMPANY  
ICAI'S FRN 304153E  
CHARTERED ACCOUNTANTS

NAVIN JAIN  
COMPANY SECRETARY

R.K. SUREKA  
DIRECTOR & CEO

B.R. GOYAL  
PARTNER  
Membership No. 12172

PLACE : JAIPUR (CAMP)  
DATED : 7th AUGUST, 2012

B.K. BOHRA  
SR.GM (LEGAL & COMM.)

S.S. PODDAR  
MANAGING DIRECTOR



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>Income</b>		(Rs.)	(Rs.)
Revenue from operations (gross)	20	2,393,137,757	2,005,554,619
Less: Excise Duty		173,806,837	140,752,507
Revenue from operations (net)		2,219,330,920	1,864,802,112
Other Income	21	11,297,583	25,141,097
<b>Total revenue</b>		<b>2,230,628,503</b>	<b>1,889,943,209</b>
<b>Expenses</b>			
Cost of materials consumed	22	1,773,053,275	1,464,554,930
Purchase of stock-in-trade		—	—
Other Manufacturing expenses	23	75,790,044	57,093,795
Change in inventories of finished goods & work-in progress	24	(44,093,456)	(5,836,602)
Employee Benefits expenses	25	89,209,344	81,650,834
Finance Cost	26	17,929,692	17,827,652
Depreciation	11	26,993,444	23,272,098
Other Expenses	27	128,086,988	111,396,263
<b>Total</b>		<b>2,066,969,331</b>	<b>1,749,958,970</b>
<b>Profit before exceptional items and tax</b>		<b>163,659,172</b>	<b>139,984,239</b>
Exceptional Items	28	19,401,075	—
<b>Profit before Tax</b>		<b>144,258,097</b>	<b>139,984,239</b>
<b>Tax Expenses</b>			
Current tax (Refer note no. 33)		39,300,000	41,000,000
Deferred Tax		6,517,844	3,442,702
<b>Profit for the year</b>		<b>98,440,253</b>	<b>95,541,537</b>
<b>Basic &amp; Diluted Earnings Per Share</b>		<b>9.28</b>	<b>9.00</b>
Summary of significant accounting policy	1		

The accompanying notes (Note no. 1 to 40) are integral part of the financial statements.

As per our report of even date

For K.N. GUTGUTIA & COMPANY  
ICAI'S FRN 304153E  
CHARTERED ACCOUNTANTS

B.R. GOYAL  
PARTNER  
Membership No. 12172

PLACE : JAIPUR (CAMP)  
DATED : 7th AUGUST, 2012

For and on behalf of the Board of Directors

NAVIN JAIN  
COMPANY SECRETARY

R.K. SUREKA  
DIRECTOR & CEO

B.K. BOHRA  
SR.GM (LEGAL & COMM.)

S.S. PODDAR  
MANAGING DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(Amount in Rs.)

DESCRIPTION	2011-12 (Rs.)	2010-11 (Rs.)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit Before Tax	144,258,097	139,984,239
<b>Adjustments for :</b>		
- Depreciation	26,993,444	23,272,098
- Finance cost	17,929,692	14,797,069
- Excess Provision written back	(1,056,870)	(2,102,886)
- Loss on Sale of Investments	19,401,075	-
- Loss on sale of Fixed Assets - Net	279,963	(270,634)
- Unrealized (Gain)/Loss on Exchange - Net	(1,929,618)	(5,834,316)
- Interest Income (on loans)	(2,727,285)	(443,858)
- Income from current investments (non trade) Dividend	(367,753)	(250,000)
<b>Operating Profit Before Working Capital Changes</b>	<b>202,780,745</b>	<b>169,151,712</b>
<b>Adjustments for-</b>		
- Trade and Other Receivables	(22,960,620)	(60,613,765)
- Inventories	(4,597,330)	(98,168,982)
- Increase / Decrease in trade and other payable	53,700,759	45,055,819
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>228,923,554</b>	<b>55,424,784</b>
Less : Direct tax paid	41,784,298	35,107,562
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>187,139,256</b>	<b>20,317,222</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
- Purchases / Additions in Fixed Assets (including CWIP) (including exchange fluctuation difference capitalised Rs. 8093368/-) (previous year decapitalised Rs. 247140/-)	(36,009,697)	(133,611,577)
- Sale of Fixed Assets	1,539,004	2,487,320
- (Purchase) / Sale of Investments (Net)	26,032,190	(4,178,145)
- Interest Received (on Loans)	2,727,285	443,858
- Dividend Received	367,753	250,000
- Profit/(Loss) on Sale of Investments	(19,401,075)	-
- Movement in other cash balance	(567,506)	(1,207,317)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(25,312,046)</b>	<b>(135,815,861)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
- Proceeds from / Repayment of Long Term Borrowings	(27,925,936)	52,349,815
- Proceeds from / Repayment of Short Term Borrowings	(79,442,002)	97,089,449
- Dividend & Dividend tax	(24,662,578)	(18,558,435)
- Interest Paid	(17,929,692)	(14,797,069)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(149,960,208)</b>	<b>116,083,760</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>11,867,002</b>	<b>585,121</b>
<b>CASH AND CASH EQUIVALENTS :</b>		
- At the Beginning of the year	11,286,837	10,701,716
- At the End of the Year	23,153,839	11,286,837
	11,867,002	585,121
<b>NOTES :</b>		
<b>(i) CASH AND CASH EQUIVALENTS COMPRISES :</b>		
- Cash in Hand	-	-
<b>Balance with Scheduled Banks</b>		
- On Current Accounts	23,153,839	11,286,837
<b>Total</b>	<b>23,153,839</b>	<b>11,286,837</b>

- (i) The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- (ii) Previous year figures have been regrouped / rearranged to make them comparable, wherever considered necessary.

In terms of our report of even date attached.

For and on behalf of the Board of Directors

For K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS

B.R. GOYAL  
PARTNER  
Membership No. 12172  
ICAI'S FRN 304153E

PLACE : JAIPUR (CAMP)  
DATED : 7th AUGUST, 2012

NAVIN JAIN  
COMPANY SECRETARY

B.K. BOHRA  
Sr. GM (LEGAL & COMM.)

R.K. SUREKA  
DIRECTOR & CEO

S.S. PODDAR  
MANAGING DIRECTOR



## Notes to the Financial Statement for the year ended 31st March, 2012

### Note No. 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Corporate Information

Poddar Pigments Limited (the Company) is a public limited company domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and Jaipur Stock Exchange Limited. The Company is a manufacturer of Color & Additive Master batches for dope dyeing of man-made fibers, various plastic applications.

#### A Basis of preparation and presentation of financial statements

The financial statements are prepared on Historical Cost basis and on the principles of going concern. The accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles. All income and expenditure are being accounted for on accrual basis. The financial statements are presented in Indian rupees.

During the year ended March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, the revised Schedule VI has a significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current noncurrent classification of assets and liabilities.

#### B Use of Estimates

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which the same is determined.

#### C Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and Cenvat benefit availed on capital goods. All expenses relating to acquisition or installation of fixed assets and pre-operative expenses till the date of commencement of commercial production are capitalized.

Foreign fluctuation exchange loss/(gain) on long term borrowing in foreign currency is capitalized pursuant to para 46 & 46A of Accounting Standard 11 (AS-11) – "The Effects of Changes in Foreign Exchange Rates" notified by the Ministry of Corporate Affairs on 29th December 2011.

#### D Depreciation

Depreciation on fixed assets is provided on straight-line method (on shift basis) in accordance with the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on Capitalized Exchange Fluctuation is charged over the remaining useful life of the assets.

No amortization of lease hold land is done in view of long tenure of lease & which is generally renewed after the lease period.

#### E Valuation of Inventories

Inventories are valued as under :-

Raw Materials	–	At Cost - net of cenvat credit (on weighted average basis). Custom duty on stocks lying in bonded warehouse at the year end is provided and considered for valuation of stocks..
Stores & Spares	–	At Cost - net of cenvat credit (on weighted average basis)
Stock in Process	–	At Cost (cost includes prime cost, appropriate portion of overheads etc.)
Finished Goods	–	At lower of cost (cost includes prime cost, appropriate portion of overheads etc.) or net realisable value. Excise duty on goods lying at plant at the year end is provided and considered for valuation of stocks.
Waste	–	At estimated realisable value



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### **F Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as Non Current investments. Current investments are carried at cost or fair value, whichever is lower. Non Current investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

### **G Income Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

#### **Current Tax**

Current tax expense is based on the provisions of Income Tax Act, 1961 and judicial interpretations thereof as at the Balance Sheet date and takes into consideration various deductions and exemptions to which the Company is entitled to as well as the reliance placed by the Company on the legal advices received by it.

#### **Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the current year and reversal of timing differences for earlier years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### **H Foreign Currency Conversions/Transactions**

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payments or realisations as the case may be. Current assets and liabilities denominated in foreign currency as on Balance Sheet date are converted at the exchange rates prevailing on that date and Exchange differences arising out of such conversion are recognised in the Statement of Profit and Loss. Exchange differences on forward contracts are recognized in the Statement of Profit and Loss over the length of the contract. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expense as the case may be in the Profit and Loss Account.

### **I Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### **J Employee Benefits**

Contribution to provident fund schemes and Employee State Insurance Scheme made to appropriate authorities which are defined contribution schemes, are charged to profit & loss account on accrual basis. Gratuity and leave encashment which are defined benefit schemes, are funded with as per specified Fund Scheme administered by LIC or provided for on accrual basis based upon the actuarial valuation determined by LIC.

### **K Revenue Recognition**

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably. Sales are net of sales tax and sale returns but inclusive of excise duty.

Company continues to account for export benefits on accrual basis on utilisation of advance licences.

Dividend income is recognized when the right to receive the income is established. Income from interest on deposits and loans is recognized on time proportionate method.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### **L Borrowing Cost**

Borrowing Cost attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expenses in the year in which they are incurred

### **M Segment Reporting**

The accounting policies adopted for segment reporting are in line with accounting policies of the Company. The Revenues & results have been identified to segments on the basis of their relationship to operating activities of the segments and internal management information systems and the same is reviewed from time to time to realign the same to conform to the Business Units of the Company. The Revenues & results, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "Common Revenues/Results", as the case may be.

### **N Earning Per Share**

Basic Earning Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

### **O Impairment of Assets**

The Company, in accordance with the Accounting Standard (AS) 28 "Impairment of Assets" issued by The Institute of Chartered Accountants of India, has adopted the practice of assessing at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, then the company provides for the loss for impairment of Assets after estimating the recoverable amount of the assets.

### **P Research and Development**

Research and Development expenditure is booked to the respective heads of the accounts and charged to revenue in the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.

### **Q Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Lease payment in respect of such leases are recognized as an expenses in the Profit & Loss account on a straight line basis over the lease term or extended term.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Note No. 2 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,25,00,000 (Previous year 1,25,00,000) Equity Shares of Rs.10/- each	<b>125,000,000</b>	125,000,000
	<b>125,000,000</b>	125,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,06,10,000 (Previous year 1,06,10,000) Equity Shares of Rs.10/- each fully paid up	<b>106,100,000</b>	106,100,000
	<b>106,100,000</b>	106,100,000

### Foot notes:

- 2.1. During the current year and in the previous year, there have been no movements in the number of equity share outstanding.
- 2.2. The Company has only one class of equity shares, having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amount, in proportion to their shareholding.
- 2.3. The details of shareholders holding more than 5% as at 31st March 2012 & 31st March, 2011 is set out below :

Names of the shareholders	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding	Number of shares held	% holding
Pluto Trade Links Ltd	2,054,300	19.36	2,054,300	19.36
G.K.S. Holdings Ltd	1,088,820	10.26	1,088,920	10.26
Trustline Capital Finance Ltd	978,500	9.22	978,500	9.22
Kusum Poddar	835,000	7.87	835,000	7.87
Rochna Poddar	590,000	5.56	590,000	5.56
Mahima Poddar	555,000	5.23	530,000	4.99

- 2.4. The company has bought back 1590000 equity shares during the financial year 2009-10.





## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 3 : RESERVES AND SURPLUS

	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>Capital Reserve</b>		
Opening balance	1,500,000	1,500,000
Add: Addition during the year	–	–
Closing Balance	<u>1,500,000</u>	<u>1,500,000</u>
<b>Capital Redemption reserve</b>		
Opening balance	15,900,000	15,900,000
Add Addition during the year	–	–
Closing Balance	<u>15,900,000</u>	<u>15,900,000</u>
<b>General reserve</b>		
Opening balance	371,590,000	201,590,000
Add amount transferred from surplus	63,420,000	170,000,000
Closing Balance	<u>435,010,000</u>	<u>371,590,000</u>
<b>Surplus</b>		
Opening balance	39,669,297	141,965,336
Add:- Profit for the year	98,440,253	95,541,537
Amount available for appropriations	<u>138,109,550</u>	<u>237,506,873</u>
Less: Appropriations		
– Interim Dividend	–	(15,915,129)
– Proposed Final Dividend	(21,220,000)	(7,957,500)
– Tax on Dividend	(3,442,578)	(3,964,947)
– Transferred to General Reserve	<u>(63,420,000)</u>	<u>(170,000,000)</u>
Net surplus in the Statement of Profit and Loss	<u>50,026,972</u>	<u>39,669,297</u>
<b>Total Reserve &amp; Surplus</b>	<u>502,436,972</u>	<u>428,659,297</u>

#### Foot Note:

3.1 - The Company has declared dividend on the equity shares @ Rs. 2/- per share (Previous year Rs. 2.25 Per share), totalling to Rs. 2,46,62,415 (Previous year Rs. 2,78,37,576) including dividend tax. The dividend so declared is subject to approval of the members of the company at the Annual General Meeting.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No 4 : LONG-TERM BORROWINGS

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Secured</b>		
From Bank		
Foreign Currency Term Loan	7,219,810	39,130,000
<b>Unsecured</b>		
Deferred Sales tax (Interest Free)	38,310,003	34,325,749
<b>Total</b>	<u>45,529,813</u>	<u>73,455,749</u>

#### Nature of security

4.1. Term loan is secured by (i) first charge basis on assets created out of Term Loan (ii) Hypothecation on Second pari-passu charge basis on entire current assets (present and future) (iii) Extension on bank's share of second pari passu charge on fixed assets of the company (excluding assets created by Term Loan which are primary security for term loan and Chennai property).

#### Terms of repayment

4.2. Foreign currency term loan equivalent to Rs. 6,98,83,700 is repayable on quarterly installment in USD equivalent of Rs. 1 Crore commencing from July, 2011 and ending in April, 2013.

4.3. Deferred Sales Tax is Repayable in 24 equal monthly installment commencing from April 2012.

### Note No. 5 : DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Deferred Tax Liabilities on account of Accelerated Depreciation on		
– Fixed Assets	23,228,487	23,074,841
– Research & Development Equipments	13,721,806	7,357,608
Closing Balance	<u>36,950,293</u>	<u>30,432,449</u>

### Note No. 6 : OTHER LONG-TERM LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Security deposits (Unsecured, Considered good)	5,011,810	4,481,490
Employees benefits payable	777,539	777,539
	<u>5,789,349</u>	<u>5,259,029</u>

### Note No. 7 : SHORT-TERM BORROWINGS

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Loan repayable on demand from Bank:</b>		
Cash Credit (Secured)	89,948,411	131,471,170
Buyers credit in Foreign Currency (unsecured)	9,026,787	5,007,159
	<u>98,975,198</u>	<u>136,478,329</u>

#### 7.1. Nature of security

Working capital loan is secured by (i) Hypothecation on first pari passu charge on entire current assets present and future including stocks, Receivables (ii) Second pari passu charge on fixed assets present and future.

#### Terms of repayment

7.2. Working capital loans from bank are repayable on demand.

7.3. Buyers credit in foreign currency are repayable, as per the terms of agreement, within 12 months.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 8 : TRADE PAYABLES

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Acceptances	54,283,759	119,961,007
Trade Payables	41,674,746	32,202,333
	<u>95,958,505</u>	<u>152,163,340</u>

### Note No. 9 : OTHER CURRENT LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Current maturities of long-term debt (Refer Note No. 4)		
– Secured	40,000,000	30,000,000
– Un Secured	31,938,871	–
Interest accrued and due on borrowings	270,167	294,079
Un paid Dividends (Refer foot note no. 9.1)	1,774,823	1,207,317
Trade Advances	4,501,077	714,698
Accrued Salaries & Benefits Payable	2,060,406	1,865,078
Statutory dues	1,880,960	1,830,050
Other Payables	29,176,264	28,066,390
	<u>111,602,568</u>	<u>63,977,612</u>

**Foot note: 9.1** There are no outstanding dues to be deposited into the investor Education and Protection Fund as the stipulated period is not over.

### Note No. 10 : SHORT TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Income Tax & Wealth Tax	167,913,453	128,623,681
Dividend & dividend distribution tax	24,662,415	9,279,141
Excise Duty on Stocks	5,801,781	1,323,401
	<u>198,377,649</u>	<u>139,226,223</u>

## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)



### Note No. 11 : FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Balance as at 1st April, 2011	Additions	Disposals/ Deletions	Balance as at 31st March, 2012	Balance as at 1st April, 2011	For the year	Deductions	Balance as at 31st March, 2012	Balance as at 31st March, 2011
<b>Tangible Assets</b>									
Land (Leasehold)	4,423,995	-	-	4,423,995	-	-	-	4,423,995	4,423,995
Buildings	135,700,642	2,305,582	-	138,006,224	16,165,624	3,032,140	-	118,808,460	119,535,018
Plant & Machineries	455,089,347	32,317,323	-	487,406,670	292,953,813	21,607,571	-	172,845,286	162,135,534
Furniture & Fixtures	13,120,462	285,848	-	13,406,310	4,184,991	736,912	-	8,484,407	8,935,471
Vehicles	9,368,863	1,721,018	2,690,707	8,399,174	1,960,381	811,533	1,004,696	6,631,956	7,408,482
Office Equipments	14,120,833	871,282	243,761	14,748,354	7,786,486	805,288	110,805	6,267,385	6,334,347
Total- 31st March, 2012	631,824,142	37,501,053	2,934,468	666,390,727	323,051,295	26,993,444	1,115,501	317,461,489	308,772,847
Previous year total	505,277,081	133,333,172	6,786,111	631,824,142	304,348,622	23,272,098	4,569,425	308,772,847	

**Note 11.1.** Plant & Machinery of Rs. 80,93,368/- (previous year Rs. 2,47,140/-) has been capitalized on account of foreign exchange variation during the year following the notification of MCA dated 31.03.2009 (as amended vide notification no. F. No.17/133/2008-CL.V dated 29.12.2011) relating to AS-11 on "The effect of changes in foreign exchange rates."

**Note 11.2.** Plant & Machinery includes Rs. 10,18,51,391/- being R & D Equipments out of which Rs. 2,01,52,318/- was purchased during the year.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 12 : NON-CURRENT INVESTMENTS

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Non-Trade Investment (at cost)</b>		
<b>Investment in equity instruments (Quoted)</b>		
Nil. (Previous year 312247 Nos.) Equity Shares of Rs. 2/- each of Dalmia Bharat Sugar & Industries Ltd.	–	23,501,672
231753 Nos. (Previous year 250000 Nos.) Equity Shares of Rs. 2/- each of Dalmia Bharat Enterprises Ltd.	<u>39,760,327</u>	<u>42,890,845</u>
	<u>39,760,327</u>	<u>66,392,517</u>
Aggregate market value of Quoted investment	<u>33,356,209</u>	<u>53,837,602</u>
Aggregate amount of Quoted investment (at cost)	<u>39,760,327</u>	<u>66,392,517</u>

**Note No. 12.1.** In addition to above, the company is holding 1,83,100 equity shares in the capital of Rajasthan Petro Synthetics Limited, the value of which was written off in the financial year 2005-06 in view of no intrinsic value of the investee company.

### Note No. 13 : LONG-TERM LOANS & ADVANCES

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Unsecured Considered good:</b>		
Capital Advances	559,237	1,579,683
Security deposits	5,169,889	5,137,799
Advance to suppliers	55,641	72,653
Advance to employees	481,113	531,007
Others	<u>476,287</u>	<u>949,776</u>
	<u>6,742,167</u>	<u>8,270,918</u>

### Note No. 14 : OTHER NON-CURRENT ASSETS

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Unsecured considered good</b>		
Insurance claims receivables (Refer Note No.32)	<u>9,248,394</u>	<u>6,970,887</u>
	<u>9,248,394</u>	<u>6,970,887</u>

### Note No. 15 : CURRENT INVESTMENTS

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Non Trade Investment (Valued at cost or NAV whichever is lower)</b>		
<b>Investments in Mutual Fund (Unquoted)</b>		
2389.373 Units (Previous year 943.255 Units) Mutual Funds of HDFC Prudence Fund Growth	500,000	200,000
1887.952 Units (Previous year 707.225 Units) Mutual Funds of HDFC Equity Fund Growth	<u>500,000</u>	<u>200,000</u>
	<u>1,000,000</u>	<u>400,000</u>
Aggregate NAV of Unquoted investment	<u>1,008,671</u>	<u>402,104</u>
Aggregate amount of Unquoted investment (at cost)	<u>1,000,000</u>	<u>400,000</u>



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 16 : INVENTORIES

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Raw Materials	200,011,199	242,989,946
Stock-in-Process	21,329,231	15,805,573
Finished Goods	52,741,758	14,171,960
Consumable Stores	26,327,276	22,844,655
	<u>300,409,464</u>	<u>295,812,134</u>

For mode of valuation refer note no 1 (E) of significant accounting policies.

#### Additional disclosures regarding inventories :

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Note No. 16.1 : Details of Raw Materials</b>		
– Polymer resins	48,431,288	71,768,960
– Pigments	137,935,191	160,186,145
– Waxes	4,575,061	4,128,529
– Others	9,069,659	6,906,312
	<u>200,011,199</u>	<u>242,989,946</u>
<b>Note No. 16.2 : Details of Work-in-progress</b>		
– Semi finished master batches	20,258,366	14,384,750
– Others	1,070,865	1,420,823
	<u>21,329,231</u>	<u>15,805,573</u>
<b>Note No. 16.3 : Details of finished goods</b>		
– Speciality Masterbatches	51,785,258	13,110,978
– Others	956,500	1,060,982
	<u>52,741,758</u>	<u>14,171,960</u>

### Note No. 17 : TRADE RECEIVABLES

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>Outstanding for a period exceeding six months from the date when they are due for payment</b>		
– Secured considered good	232,369	113,404
– Unsecured considered good	1,282,980	2,425,603
<b>Other receivable</b>		
– Secured considered good	87,323,528	76,573,468
– Unsecured considered good	199,627,514	176,099,485
	<u>288,466,391</u>	<u>255,211,960</u>



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 18 : CASH AND BANK BALANCES

	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>Cash and cash equivalents</b>		
<b>Balance with bank</b>		
– Current Accounts	23,153,839	11,286,837
<b>Other bank balances</b>		
– Unpaid Dividend Accounts	1,774,823	1,207,317
<b>Total</b>	<u>24,928,662</u>	<u>12,494,154</u>

### Note No. 19 : SHORT-TERM LOANS & ADVANCES

	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
<b>(Unsecured-Considered good)</b>		
Advances recoverable in cash or kind or for value to be received	26,712,191	12,230,390
Security deposits	2,320,000	–
Balances with Government Authorities	15,470,426	41,308,773
Income Tax refundable	717,643	717,643
Advance payment of Income Tax / Wealth Tax (including TDS)	168,483,193	126,698,895
	<u>213,703,453</u>	<u>180,955,701</u>

### Note No. 20 : REVENUE FROM OPERATIONS

	For the year ended 31st March, 2012 (Rs.)	For the year ended 31st March, 2011 (Rs.)
<b>Revenue from Operations</b>		
Sale of products	2,366,813,504	1,984,362,801
<b>Others Operating revenue</b>		
Export Benefits	25,852,141	20,819,547
Others	472,112	372,271
	<u>26,324,253</u>	<u>21,191,818</u>
<b>Revenue from Operations (Gross)</b>	<u>2,393,137,757</u>	<u>2,005,554,619</u>
Less - Excise duty	173,806,837	140,752,507
<b>Revenue from operations (net)</b>	<u>2,219,330,920</u>	<u>1,864,802,112</u>

#### Note No. 20.1 : Details of sale of products: (Gross)

Speciality Masterbatches	2,361,248,326	1,982,802,885
Others	5,565,178	1,559,916
	<u>2,366,813,504</u>	<u>1,984,362,801</u>



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 21 : OTHER INCOME

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Interest Income on short term loan & others	27,27,285	1,850,685
Income from Non Trade Investment - Dividend	367,753	250,000
Foreign exchange fluctuation gain	4,247,276	18,040,786
Profit on sale of fixed assets (net)	–	270,634
Liabilities / provisions no longer required written back	1,056,870	2,102,886
Insurance Claims	654,032	229,327
Other non-operating income (including Scrap Sales)	2,244,367	2,396,779
	<u>11,297,583</u>	<u>25,141,097</u>

### Note No. 22 : COST OF MATERIAL CONSUMED

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
<b>Raw Material consumed</b>	<u>1,773,053,275</u>	<u>1,464,554,930</u>

#### Note No. 22.1 : Details of Raw material consumed :

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Polymer resins	615,251,757	493,281,670
Pigments	1,071,840,991	891,171,293
Waxes	63,547,968	64,522,816
Others	22,412,559	15,579,151
	<u>1,773,053,275</u>	<u>1,464,554,930</u>

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Amount in Rs.	%	Amount in Rs.	%
<b>Note No. 22.2 : Detail of Imported &amp; indigenous Raw Material consumed :</b>				
Imported	1,026,252,253	57.88%	870,818,204	59.46%
Indigenous	746,801,022	42.12%	593,736,726	40.54%
<b>Total</b>	<u>1,773,053,275</u>	<u>100.00%</u>	<u>1,464,554,930</u>	<u>100.00%</u>





## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 23 : OTHER MANUFACTURING EXPENSES

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Power and fuel	39,643,352	32,316,960
Water Charges	45,385	22,768
Consumption of stores and spare	12,918,712	7,741,331
Packing material consumed	13,196,416	11,598,175
Repairs and maintenance - Machinery	2,012,638	1,837,938
Repairs and maintenance - Buildings	3,150,647	3,631,551
Excise duty*	4,478,380	(204,028)
Carriage inward on others	344,514	149,100
	<u>75,790,044</u>	<u>57,093,795</u>

\* Excise duty under manufacturing expenses denotes provision on stock differential.

### Note No. 23.1 : Details of Imported, Indigenous store & spares Consumed :

Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Amount in Rs.	%	Amount in Rs.	%
Imported Consumables	4,743,564	36.72%	2,446,152	31.60%
Indigenous Consumables	8,175,148	63.28%	5,295,179	68.40%
	<u>12,918,712</u>	<u>100.00%</u>	<u>7,741,331</u>	<u>100.00%</u>

### Note No. 24 : CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
<b>Inventories at the beginning of the year:</b>		
Finished goods	14,171,960	13,113,699
Work-in-progress	15,805,573	11,027,232
<b>Inventories at the end of the year:</b>		
Finished goods	52,741,758	14,171,960
Work-in-progress	21,329,231	15,805,573
<b>Net Increase/ Decrease in stock</b>	<u>(44,093,456)</u>	<u>(5,836,602)</u>

### Note No. 25 : EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Salaries, wages, bonus etc. (including contract labour)	80,075,255	73,402,063
Contribution to provident and other funds	5,098,055	4,898,973
Staff welfare expenses	4,036,034	3,349,798
	<u>89,209,344</u>	<u>81,650,834</u>

**Note No. 25.1.** Includes Directors Remuneration Rs. 77,65,000/- (Previous Year Rs. 77,48,800/-)

**Note No. 25.2.** Includes Commission to Directors Rs. 17,37,597/- (Previous Year Rs. 14,89,304/-)

**Note No. 25.3.** Excludes Rs 1,06,85,331 debited to R & D expenses (Previous Year Rs. 46,55,677/-)



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 26 : FINANCE COST

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Interest		
to Banks	10,843,432	11,663,700
to Others	3,517,977	3,133,369
Bank Charges on borrowings	3,568,283	3,030,583
	<u>17,929,692</u>	<u>17,827,652</u>

### Note No. 27 : OTHER EXPENSES

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Rent (including lease rentals)	1,619,500	1,255,500
Rates and taxes	648,544	779,016
Insurance	4,057,407	3,413,108
Advertisement & publicity	239,685	422,832
Travelling & conveyance	17,498,209	19,305,305
Printing & stationary	1,148,740	1,222,565
Communication expenses	2,565,051	2,376,561
Repair & maintenance others	1,302,898	1,493,915
Vehicle running & maintenance	1,340,445	1,341,152
<b>Payments to auditors</b>		
– As Audit fees	135,000	135,000
– for Tax Audit fees	30,000	30,000
– for certification	5,000	–
– for out of pocket expenses	22,064	34,091
Legal & Professional consultancy charges	12,170,260	9,191,168
Donations	1,000,000	1,135,000
Sales Promotion Expenses	1,463,860	822,158
Discount & Commission on sales	20,050,029	17,476,104
Freight and forwarding	23,106,990	21,149,985
Bank Charges	3,407,082	3,213,525
R & D Expenses (refer note 27.1)	20,642,576	12,678,558
Loss on sale of Fixed Assets (Net)	279,963	–
Miscellaneous expenses	15,353,685	13,920,720
	<u>128,086,988</u>	<u>111,396,263</u>
<b>Note No. 27.1 : Research &amp; Development Expenses :</b>		
– Material consumed for R&D	4,803,175	5,740,205
– Salary, Wages, Bonus etc	10,685,331	4,655,677
– Professional fee	1,704,000	1,800,000
– Others	3,450,070	482,676
	<u>20,642,576</u>	<u>12,678,558</u>



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 28 : EXCEPTIONAL ITEMS

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(Rs.)	(Rs.)
Loss on Sale of Long Term Non Trade Investments	19,401,075	—
	<u>19,401,075</u>	<u>—</u>

### Note No. 29 : COMMITMENTS

#### (A) Capital commitment

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 4427060/- (2010-11 Rs. 3153062/-), and advance given Rs. 559237/- (previous year 1579683/-)

#### (B) Other Commitment - NIL

### Note No. 30 : CONTINGENT LIABILITIES TO THE EXTENT NOT PROVIDED FOR IN RESPECT OF:

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>(A) Claim against company acknowledged as Debts:-</b>		
(i) Income Tax matter in appeals.	780,059	153,830
(ii) Sales Tax demands not admitted by the company and for which appeals have been filed with appropriate authorities.	926,880	828,817
(iii) Service Tax demand not admitted by the company and for which appeals have been filed with appropriate authorities.	—	24,490
(iv) Showcause notices in respect of Excise duty matters pending with adjudicating authority for necessary order.	—	3,017,941
<b>(B) Guarantees:-</b>		
(i) Bank Guarantees	190,099	NIL
(ii) Letter of Credit against purchase of raw material	84,760,391	57,021,853
(iii) Bonds Executed with Customs & Excise Authorities	3,000,000	3,000,000
<b>(C) Other Contingent Liabilities:-</b>		
(i) Bill discounting with banks (since realised Rs. 4084090/- [2010-11 Rs.11056103])	4,084,090	32,719,896

**Note No. 31 :** Details of Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, and which have furnished the information regarding filing of necessary memorandum with appointed authority is as under:-

- Amount outstanding at the year end - Rs. NIL (Previous Year Rs. 4571710/-).
- Interest payable on delayed payments - Rs. NIL (Previous Year Rs. NIL ).

**Note No. 32 :** The Insurance claim filed with Insurance Company / IOC on account of damages / loss Caused due to fire in IOC Depot adjacent to our Sitapura Factory at Jaipur in Oct, 2009 is under process of settlement, part of which was already settled and received during the year.

**Note No. 33 :** Income tax Provision has been made taking into account the weighted deduction in respect of capital expenditure incurred for in- house R & D division to which the company is entitled under sec 35 (2AB) of the income tax act 1961, though formal approval in form 3CM is pending (in- house R & D facility has been approved) which is expected shortly. The amount of tax benefit so considered is Rs. 65 lakhs.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 34 : EARNINGS PER SHARE CALCULATION

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
Net Profit after Tax adjustments for prior years - used as numerator in calculating Basic and Diluted Earnings per share (Rs.)	98440253	95541537
Weighted average number of Equity Shares Outstanding (Nos.)	10610000	10610000
Earnings per share (Basic and Diluted) (Rs.)	9.28	9.00

### Note No. 35 : SEGMENT REPORTING

#### A. Geographical Segment (Primary Segment)

Since the Export operations contribute more than 10 % of the company's total revenue, the Geographical Segment has been considered as primary segment and for that disclosure has been divided into sales within India (sales to customers located within India) and sales outside India (sales to customers located out side India) as per accounting standard 17. The relevant information is as under:-

	As at 31st March, 2012			As at 31st March, 2011		
	Within India	Out side India	Total	Within India	Out side India	Total
<b>(I) Segment Revenue</b>						
Sales (including export benefits)	18,097.78	5,833.60	23,931.38	14,911.26	5,144.29	20,055.55
Other Income (unallocable) (net of interest income)			43.23			52.50
Total Revenue	18,097.78	5,833.60	23,974.61	14,911.26	5,144.29	20,108.05
<b>(II) Segment Results</b>						
Profit before Interest, Tax & Unallocable Exp.	1,600.79	343.59	1,944.38	1,481.48	231.08	1,712.56
Less: Interest (net) (unallocable)			116.33			129.46
Other Unallocable Expenses (Net of unallocable income)			385.47			183.26
Profit before tax			1,442.58			1,399.84
Provision for taxation (net)			458.18			444.43
Add: Tax adjustment of prior year			-			-
Profit after tax			984.40			955.41

#### (III) Capital Employed

Assets used in the Company's business are not capable of being specifically identified with any of the segments and it is not practicable to provide segmental disclosures in relation to total assets and liabilities with any reasonable degree of accuracy.

#### B. Business Segment (Secondary Segment)

The company is in the business of manufacture of Masterbatches and Engineering Plastic Compounds. Since the operations of Engineering Plastic Compounds contributes less than 10% of the company's total revenue/profits, the operations of Masterbatches is treated as one reportable business segment.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 36 : RELATED PARTY DISCLOSURES

A. Names of the Related parties "Holding Significant Influence" and "Key Management Personnel" under the Accounting Standard (AS-18) are as under:-

i. **Parties holding significant influence**

M/s.Trustline Capital Finance Ltd., Pluto Trade links Ltd. and G.K.S. Holdings Ltd.

ii. **Key Management Personnel**

Shri S.S. Poddar Managing Director

Shri R.K.Sureka Director & CEO

iii **Relatives of the Key Management Personnel**

Smt. Kusum Poddar – Ex-Director of the company and wife of Managing Director.

Smt. Sushma Sureka – Wife of Director & CEO

Smt. Mahima P. Agarwal – Director of the Company and daughter of Managing Director.

B. The following transactions were carried out with the related parties during the year :-

	As at 31st March, 2012	As at 31st March, 2011
	(Rs.)	(Rs.)
<b>(i) Related Parties / Parties Holding Significant Influence</b>		
a) Rent Paid (net of recovery of Rs. 270000/- Previous year Rs. 270000/-) to Smt. Sushma Sureka	810,000	810,000
b) Rent Paid (net of recovery of Rs. Nil Previous year Rs. Nil) to M/s G K S Holdings Limited	210,000	360,000

**(ii) Key Management Personnel  
(To Managing Director & Director & CEO)**

There is no transaction other than managerial remuneration paid as per terms of appointment duly approved by the shareholders. Following are the details of such managerial remuneration:

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Sh. S.S. Poddar, Managing Director	Sh. R.K. Sureka, Director & CEO	Sh. S.S. Poddar, Managing Director	Sh. R.K. Sureka, Director & CEO
Salaries & Allowances	3,700,000	1,800,000	3,700,000	1,800,000
Contribution to Provident Fund	324,000	216,000	324,000	216,000
Others - perquisites value	900,000	825,000	883,800	825,000
Commission on Profit to the Managing Director	1,737,597	-	1,489,304	-
<b>Total (Rs.)</b>	<b>6,661,597</b>	<b>2,841,000</b>	6,397,104	2,841,000

The above does not include Gratuity Provision as the same is on overall company basis.



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 37 : EMPLOYEE BENEFITS

The Company has calculated the various benefits provided to employees as under:-

A) Defined Contribution Plans

Provident Fund

During the year the Company has recognised the following amounts in the Profit and Loss Account:

	<b>As at 31st March, 2012</b>	As at 31st March, 2011
	<b>(Rs. in Lacs)</b>	(Rs. in Lacs)
Employers Contribution to Provident Fund	<b>31.15</b>	28.38
B) State Plans		
a) Employee State Insurance		
b) Employee's Pension Scheme 1995		
Employers Contribution to Employee State Insurance	<b>7.49</b>	6.84
Employers Contribution to Pension Scheme	<b>11.29</b>	11.76
C) Defined Benefit Plans		
a) Gratuity		
b) Leave Encashment		

The discount rate assumed is 8% which is determined by reference to market yield at the Balance Sheet date on government bonds. The estimates of future salary increase considered in actuarial valuation, taking account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. Reconciliation of opening and closing balances of the present value of the defined benefit obligation :

	<b>As at 31st March, 2012</b>		As at 31st March, 2011	
	<b>(Rs. in Lacs)</b>		(Rs. in Lacs)	
	<b>Gratuity</b>	<b>Leave Encashment</b>	Gratuity	Leave Encashment
Present Value of obligation as at period closing 31st March, 2011	<b>123.95</b>	<b>47.07</b>	86.26	34.88
Current service cost	<b>12.00</b>	<b>3.63</b>	8.11	2.78
Interest cost	<b>9.42</b>	<b>3.64</b>	6.41	2.66
Actuarial (gain)/loss	<b>4.87</b>	<b>(0.92)</b>	23.70	7.08
Benefit paid	<b>1.65</b>	<b>1.56</b>	0.53	0.33
Present value of obligation as at period ended 31st March, 2012	<b>148.59</b>	<b>51.86</b>	123.95	47.07

#### Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

	<b>Gratuity</b>	<b>Leave Encashment</b>	Gratuity	Leave Encashment
Present value of obligation as at period ended 31st March, 2012	<b>148.59</b>	<b>51.86</b>	123.95	47.07
Fair value of plan assets at period end	<b>160.23</b>	<b>56.00</b>	132.70	47.04
Funded status excess of Actual over estimated.				
Assets/(Liabilities) recognized in the Balance Sheet	<b>(11.64)</b>	<b>(4.14)</b>	(8.75)	0.03



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Cost recognized for the period (included under Salaries, Wages, Allowances, Bonus and Gratuity)

(Rs. in Lacs)

	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	12.00	3.63	8.11	2.78
Interest cost	9.42	3.64	6.41	2.66
Expected return on plan assets	(11.64)	(4.14)	(8.02)	(2.79)
Actuarial (gain)/loss	4.87	(0.92)	23.70	7.08
Net cost recognised for the period	14.65	2.21	30.20	9.73

### Note No. 38 : FINANCIAL AND DERIVATIVE INSTRUMENTS

- (a) The year / period end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below :

	Currency	As at 31st March, 2012		As at 31st March, 2011	
		F/C	(Rs.)	F/C	(Rs.)
(i) Amount receivable in foreign currency on account of the following:					
Export of Goods	USD	2,186,111	111,207,498	1,772,543	79,047,157
	EURO	529,683	35,981,532	1,049,468	66,523,137
(ii) Amount payable in foreign currency on account of the following :					
Import of goods	USD	967,260	49,214,189	2,613,943	116,646,351
	EURO	276,959	14,091,659	183,460	11,635,033

- (b) Derivative instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy, approved by the board of directors, which provides principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

	As at 31st March, 2012			As at 31st March, 2011		
Currency	No. of contracts	F/ C	Amount	No. of contracts	F/ C	Amount
USD	–	–	–	1	270,000	12,107,475
EURO	1	119,930	8,155,240	3	362,500	22,955,627



## Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

### Note No. 39 : Additional information pursuant to Part II of Schedule VI to The Companies Act, 1956.

	As at 31st March, 2012	As at 31st March, 2011
	(Rs. in lacs)	(Rs. in lacs)
<b>A Imports (CIF Value)</b>		
Raw Materials	9,266.32	8,028.09
Stores & Spares	91.70	96.60
Capital Goods	184.58	477.31
<b>B Expenditure in Foreign Currency</b>		
Travelling Expenses	59.24	86.91
Technical Consultancy	27.52	9.46
Commission (on remittance basis)	124.52	18.47
Interest on Buyers credit & Foreign currency Term Loan	62.90	15.70
Others	1.09	0.35
<b>C Earnings in Foreign Currency</b>		
From Export of Goods (on FOB)	5,462.52	4,837.58

**Note No. 40 :** Previous year figures have been regrouped/rearranged wherever considered necessary to conform to this year in view of the Revised schedule VI and paises have been rounded off to the nearest rupee.

As per our report of even date

For and on behalf of the Board of Directors

For K.N. GUTGUTIA & COMPANY  
CHARTERED ACCOUNTANTS

NAVIN JAIN  
COMPANY SECRETARY

R.K. SUREKA  
DIRECTOR & CEO

B.R. GOYAL  
PARTNER  
Membership No. 12172  
ICAI'S FRN 304153E

PLACE : JAIPUR (CAMP)  
DATED : 7th AUGUST, 2012

B.K. BOHRA  
Sr. GM (LEGAL & COMM.)

S.S. PODDAR  
MANAGING DIRECTOR



**FORM OF PROXY**

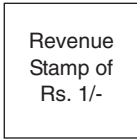
**PODDAR PIGMENTS LIMITED**

**Registered Office : E-10,11 & F-14 To 16, RIICO Industrial Area, Sitapura, Jaipur-302 022 (Rajasthan)**

Regd. Folio No. ....D.P. Id No. .... Client Id No.....

I/We ..... of ..... in the District of ..... being a member of the above named Company, hereby appoint ..... of .....in the District of ..... or failing him.....of .....in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on Tuesday, the 25th September, 2012 or at any adjournment thereof.

Signature.....



Signed this.....day of .....2012

*Note:* The proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

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**PODDAR PIGMENTS LIMITED**

**ATTENDANCE SLIP**

**TWENTY FIRST ANNUAL GENERAL MEETING- 25<sup>TH</sup> SEPTEMBER, 2012**

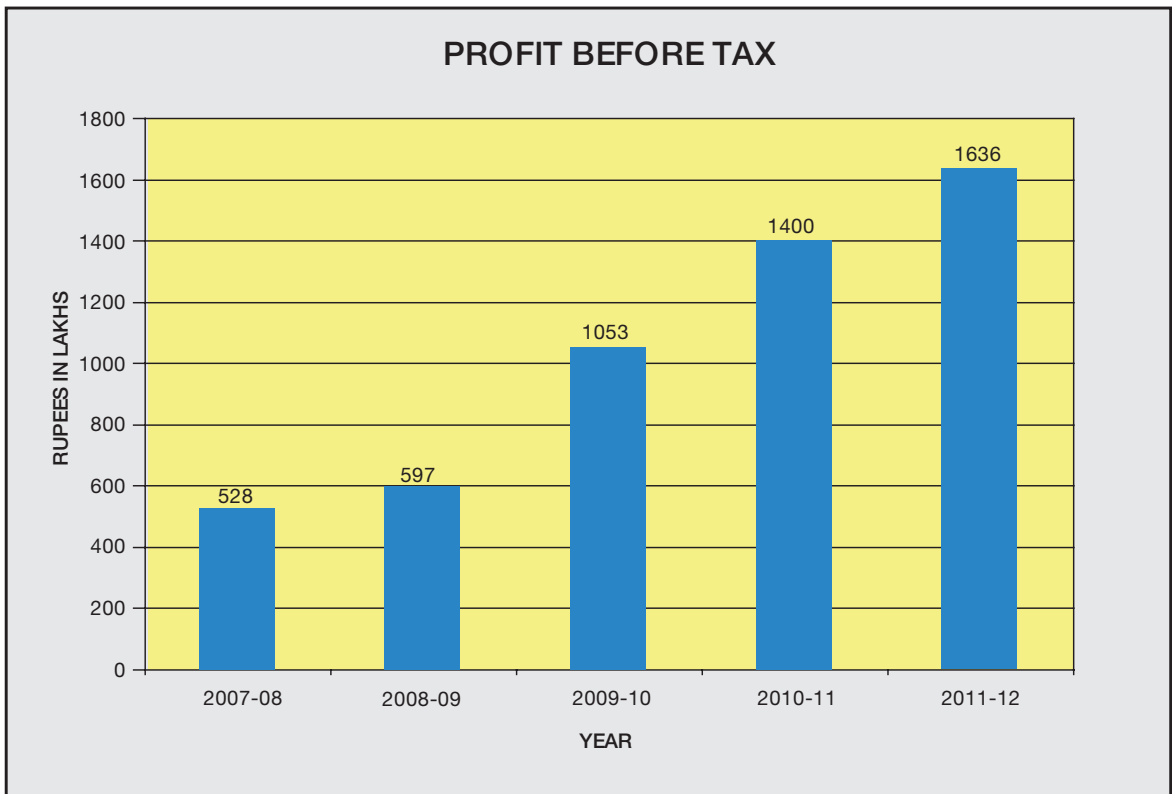
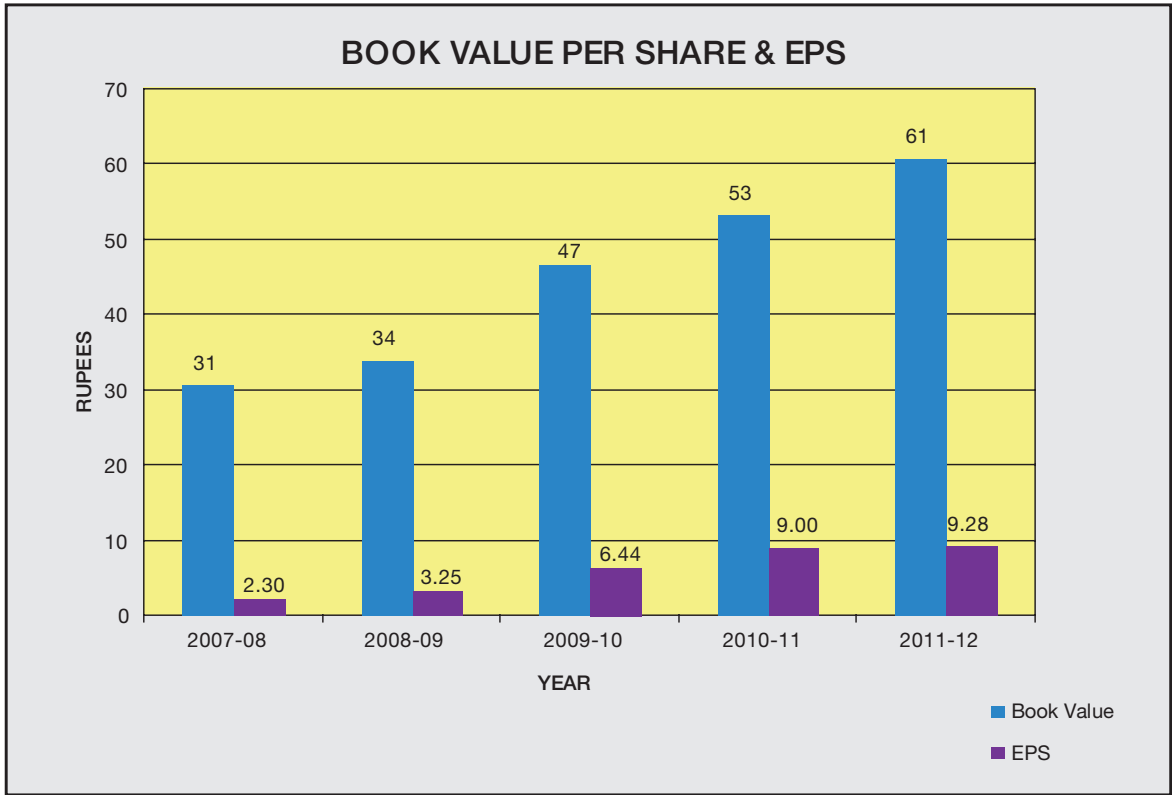
Regd. Folio No. ....D.P. Id No. .... Client Id No.....

I Certify that I am registered shareholder/proxy for the registered shareholder(s) of the Company .

I hereby record my presence at the Twenty First Annual General Meeting of the Company at the Regd. Office E-10,11 & F-14 To 16, RIICO Industrial Area, Sitapura, Jaipur-302 022 (Rajasthan) on Tuesday, the 25th September, 2012 at 11.00 A.M.

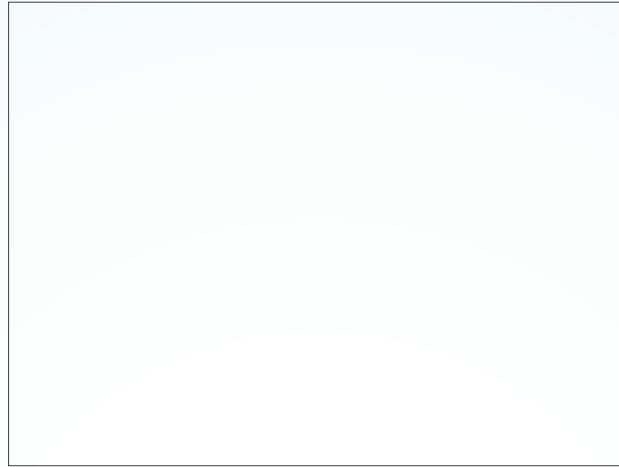
Member/ Proxy- Name in Block Letters:

Member/ Proxy- Signature:



\* Excludes exceptional item

## BOOK POST



If undelivered, please return to Regd. Office & Works :

### **PODDAR PIGMENTS LTD.**

E-10-11 & F-14 to 16, RIICO Industrial Area,  
Sitapura, Jaipur - 302 022.  
Rajasthan, India.



**AN ISO 9001: 2008 COMPANY**

#### **Corporate Office :**

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Andheri (W), Mumbai - 400 053.

Tel : (91) 22 - 26740582, 26735471 - Telefax : (91) 22 - 26732905

E-mail : [headoffice@poddarpigments.com](mailto:headoffice@poddarpigments.com)

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##### **NEW DELHI**

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Okhla Industrial Area, Phase-I, New Delhi - 110 020.

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