

24TH ANNUAL REPORT 2010-2011



Corporate information

Board of Directors

Mr. Vinod Kaushik	- Whole-time Director
Mr. Nitin Sethi	- Non Executive & Independent Director
Mr. Ajay Singh Sethi	- Non Executive & Independent Director
Mr. B. K. Kalia	- Non Executive & Independent Director

Company Secretary

Ms. Priyanka Chauhan

Auditors

M/s S. K. Badjatya & Co.,
Chartered Accountants.

Bankers

Bank of India
Axis Bank Ltd.,
Central Bank of India
State Bank of India

Registered Office

207, Vardhaman Complex Premises Co. op. Society Ltd.,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400083
Tel. No. +91 22 6136 9800
Email: dyestuff@bom3.vsnl.net.in
www.chromatic.in

Registrar & Share Transfer Agent

M/s Bigshare Services Private Limited
E/2&3 Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai – 400 072
Tele No: +91 22 4043 0200
Fax no:+91 22 2847 5207
Email: investor@bigshareonline.com
Website: www.bigshareonline.com



NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of Chromatic India Limited will be held on Thursday, September 29, 2011 at 11.00 a.m. at 207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083, to transact the following business: -

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Nitin Sethi, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. B. K. Kalia, who was appointed as an Additional Director of the Company and who holds office up to the date of the Annual General Meeting, pursuant to the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation in terms of the provisions of the Articles of Association of the Company.”

By Order of the Board of Directors

Priyanka Chauhan
Company Secretary

Registered Office:

207, Vardhaman Complex Premises
Co. op. Society Ltd., L.B.S. Marg,
Vikhroli (West), Mumbai – 400083

Date: August 12, 2011

Notes:-

1. **A Member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a Member of the Company.**
2. The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable.
3. The Register of Members and Share Transfer Books will remain closed from 28th September, 2011 to 29th September, 2011 (both days inclusive) for the purposes of Annual General Meeting.
4. The relative Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors are also annexed.
5. Members / proxies should bring duly-filled Attendance Slips sent along with this Notice to attend the meeting.
6. Members whose shareholding is in the electronic mode are requested to communicate change of address notifications and updations of bank account details to their respective depository participants.

24TH ANNUAL REPORT 2010-2011



EXPLANATORY STATEMENT as required by Section 173(2) of the Companies Act, 1956

Item No. 4

The Board of Directors of the Company ("The Board") at its meeting held October 4, 2010 had, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Articles of Association of the Company, appointed Mr. B. K. Kalia, as Additional Director of the Company. The additional director holds office of Director up to the date of ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. B. K. Kalia, for the office of Director under provisions of Section 257 of the Act. Mr. B. K. Kalia shall be liable to retire by rotation.

Further details about Mr. B. K. Kalia are mentioned in the statement on **Details of Directors seeking Appointment /Re-appointment at the Annual General Meeting, which forms part of this notice.**

None of the Directors of the Company other than Mr. B. K. Kalia are interested or concerned in the resolution relating to their respective appointment.

The Board accordingly recommends the ordinary resolutions set out at item Nos. 4 of the accompanying Notice for the approval of the Members.

By Order of the Board of Directors

Priyanka Chauhan
(Company Secretary)

Registered Office:

207, Vardhaman Complex Premises
Co. op. Society Ltd., L.B.S. Marg,
Vikhroli (West), Mumbai – 400083

Details of Directors seeking Appointment /Re-appointment at the Annual General Meeting

Particulars / Name of the Director	Mr. Nitin Sethi	Mr. B. K. Kalia
Date of Birth	June 29, 1966	April 16, 1938
Nationality	Indian	Indian
Date of Appointment on Board	February 6, 2008	October 04, 2010
Qualifications	B.Sc, MBA	Member of the Institute of Chartered Shipbrokers
Expertise in specific functional area	Wide experience in Marketing & Administration.	Wide experience in Shipping Industry and Administration
Directorships held in other Public Companies (Excluding foreign companies and Section 25 Companies)	1. Resurgere Mines & Minerals India Ltd. 2. Resurgere Sponge Iron Ltd. 3. Resurgere Ferro Alloys Ltd 4. Resurgere Industries Ltd 5. Advin Marketing Consultant Pvt. Ltd.	NIL
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)	Membership – 4	NIL
Number of Shares held in the Company	NIL	64000 Equity Shares of Rs. 10/- each



DIRECTORS REPORT

To
The Members,

We are pleased to present the 24th Annual Report and the audited accounts of the Company for the financial year ended 31st March, 2011.

Operational Results

The summary of the financial performance of the Company for the financial year ended 31st March, 2011 compared to the previous year ended 31st March 2010 is summarized below:

	(In Rupees)	
Particulars	2010-2011	2009-2010
Net Sales and Other Income	1,104,112,194	166,533,978
Profit/ (Loss) Before Tax	11,747,107	1,331,152
Add / (Less): Deferred Tax Adjustments	(292,403)	262,407
Less: Current Income Tax	(2,300,000)	-
Less: Fringe Benefit Tax	-	-
Less: Wealth Tax	-	-
Profit/(Loss) after Tax	9,154,704	1,593,559
Less: Prior Year short provision for Tax	-	-
Balance Brought Forward	(5,275,174)	(5,299,771)
Amount Available for Appropriation	3,838,665	(3,706,212)
Appropriations		
Interim Dividend on Equity Shares	-	1,341,050
Tax on Dividend	-	227,912
Surplus / Deficit Carried Forward	3,838,665	(5,275,174)

Review of Performance and Management discussion and Analysis

Your directors are pleased to report total income of Rs. 110.41 crores for the year ended 2010-11 as against Rs. 16.65 crores for the year ended 2009-10, an increase of 563.12%. The profit before tax is Rs. 117.47 lacs for the year ended 2010-11 compare to Rs. 13.31 lacs for the year ended 2009-10. The Net profit after tax is Rs. 91.54 lacs for the financial year ending 2010-2011 compared to Rs. 15.93 lacs for the financial year 2009-2010.

During the current year, the global export market particularly Dyes and Chemicals sectors is on the path of revival and is expected to grow. The chemical industry is one of the oldest industries in India. It contributes significantly towards industrial and economic growth of the country.

The Indian dyestuff and chemicals industries were not an exception. However, cost and quality competitiveness were conducive for maintaining the growth in revenue.

In terms of the Clause 49 of the Listing Agreement of the Stock Exchange, the detailed review of the operations, performance and future outlook of the Company and its business is given herewith.

Forward-looking Statement:

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'will', 'projects' 'anticipate', 'believe', 'estimate', 'intend', 'expected', 'and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. The important factor that would make a difference to the company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labor



negotiations, tax laws and other statutes, economic developments within India and the countries within which the Company conducts business and incidental factors. The Company takes no obligations to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events. The Following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

Economic Overview

India has outperformed developed nations and emerged as one of the most successful performers globally. It has earned its spot as one of the most attractive investment destinations across the globe, with a vigorous 8.6% GDP growth in 2010-11. The six core industries recorded a cumulative growth rate of 5.9% during April-March 2010-11 as against 5.5% in the previous year. However, there have been concerns about high rates of inflation and increase in expenses of essential commodities like food and oil. Indian policy makers have cleared the path to ensure sustainable long-term growth.

Massive investment plans in key infrastructural sectors by the Government, combined with rise in private consumption shall enable the country to maintain its growth momentum.

Internal Control System

The Company's present Internal Control Systems are commensurate with its size. However, looking at the growth in the size of the Company and its operations it is strengthening these systems further. The Company places great emphasis on the maintenance of effective internal controls, both from the point of view of compliance with statutory requirements as well as supporting the smooth and efficient running of the business.

The Management is taking further initiatives in terms of adding more capacities, which would have significant benefit in the coming years.

Dividend

To conserve the financial resources, no dividend has been recommended for the year under review and no amount are proposed to be transferred to reserves.

Share Capital

During the year under review, the authorized share capital has been increased from Rs. 250,000,000 to Rs. 1,250,000,000 divided into 125,000,000 equity shares of Rs.10/- each vide resolutions passed at 20th September 2010, at the previous annual general meeting.

a) Conversion of warrants

During the year under review, with the authority of the members of the Company by way of Postal Ballot, of which the result were declared on 10th March, 2010, the Board of Directors, at their meeting held on June 15, 2010, based on the request received from warrant holders converted 1500000 warrants into equal number of Equity Shares of Rs. 10/- each. The above shares were listed on the Indian Stock Exchanges.

b) Allotment of Equity Shares on Preferential Basis

During the Year under review, under authority of special resolution passed by the members of the Company at the Annual General Meeting held on 20th September, 2010, the Company has issued 22,500,000 Equity shares of Rs. 10/- each on Preferential Basis.

The Board of Directors, at their meeting held on 7th October, 2010 allotted 22,500,000 equity shares of Rs. 10/- each at a price of Rs. 39/- including premium of Rs. 29/- per equity share. The above shares were listed on the Indian Stock Exchanges.

c) Global depository receipts (GDRs)

On 22nd October 2010, under authority of special resolution passed by the members of the Company by way of postal ballot, of which the result was declared on 10th March 2010, the Company allotted 37,800,000 equity shares of Rs. 10/- each at a premium of Rs. 32/- per equity share underlying 42,00,000 Global Depository Receipts (GDRs). Each GDR represents nine equity shares raising a total US\$ 35.78 million. With effect from 27th October 2010, the Company's Global Depository Receipts (GDRs) are listed with Luxembourg Stock Exchange.



CHROMATIC INDIA LTD.

Subsidiary Company

As on 31st March 2011, your Company has two wholly owned subsidiaries, namely,

1. Arcoiris SA
2. Chromatic International FZE

The Company has formed a wholly-owned subsidiary, "Chromatic International FZE" in UAE on 21st October, 2010.

In terms of Section 212 of the Companies Act, 1956, the Directors' Report, Balance Sheet, Profit and Loss Account of its Subsidiary companies are attached to this Annual Report along with necessary statement under the said section. There was no material change in the nature of the business of the subsidiaries.

The statement pursuant to Section 212 of the Companies Act, 1956 containing the prescribed details of subsidiaries is attached to this report.

Listing / Delisting of Equity Shares

The equity shares of your company are listed on Bombay Stock Exchange Limited (BSE) and the Luxembourg Stock Exchange, Luxembourg. The annual listing fees for the year 2010-11 have been paid to all these Stock Exchanges. Company, during the year under review, with the authority of the members of the Company at the Annual General Meeting held on 20th September, 2010, had, submitted application for voluntarily delisting of Company's equity shares from the Ahmedabad Stock Exchange.

The Ahmedabad Stock Exchange has granted delisting permission vide their letter dated 7th June, 2011 and the shares are delisted with effect from 8th June, 2011 from the Ahmedabad Stock Exchange.

Human Resource Development

Company encourages a culture that develops and empowers people, promotes team building and nurtures new ideas. The Company's recruitment practice ensures that suitable candidates with merit are recruited and provided with the right opportunities to grow within the organization. The percentage of employees turnover is almost nil in the Company.

Depository System

Yours Company's equity shares are available for dematerialization through National Securities Depository Limited and Central Depository Services (India) Limited. As of 31st March 2011, 99.43% of the Equity shares were held in demat form. Relevant ISIN No. is INE662C01015

Buy-Back of Shares

During the financial year under review, Company has not announced any Buy-back of its Shares.

Corporate Governance Report

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance has been annexed as part of the Annual Report along with practicing Company Secretary certificate for the compliance.

Directors

Mr. B. K. Kalia was appointed as Additional Director of the Company, under Section 260 of the Companies Act, 1956, in the Board of Directors meeting held on 4th October, 2010. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. B. K. Kalia holds office up to the conclusion of the forthcoming Annual General Meeting (AGM) of the Company and is eligible for appointment as Director. The Company has received notice from a member of the Company pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director. Mr. B. K. Kalia shall be liable to retire by rotation. The Board recommends his appointment as Director.

Mr. Nitin Sethi, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

Mr. Vipin Sharma, who was the Director of the Company had resigned with effect from September 29, 2010. The Board places on record their gratitude and appreciations for the contribution by the director during the tenure as Director of the Company.

24TH ANNUAL REPORT 2010-2011



Directors Responsibility Statement

Pursuant to Section 217(2AA) of the companies Act, 1956, your Directors state that-

- (I) In the preparation of Annual Accounts for the year ended 2010-11, the applicable Accounting Standard have been followed along with proper explanation relating to material departure and there are no material departures from the same;
- (II) The Directors have selected such accounting policies and applied them consistently and made judgments 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 at 31st March, 2011, and profit of the company for the year ended on that date;
- (III) The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provision of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the Annual Accounts on a going concern basis.

Auditors

M/s. S. K. Badjatya & Co., Chartered Accountants, retires at the conclusion of the forthcoming AGM and is eligible for re-appointment. Members are requested to consider their reappointment as Statutory Auditors of the Company from the conclusion of this AGM until the conclusion of next AGM of the Company, at a remuneration to be decided by the Board of Directors of the Company in consultation with the Auditors.

The Company received confirmation from M/s S. K. Badjatya & Co., to the effect that their appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956. The Board recommends their re-appointment.

Cost Auditors

The Board has appointed M/s Kishore A. Bhatia, Cost Accountants, Mumbai as Cost Auditors under section 233B of the Companies Act, 1956 for the financial year 2011-12.

Auditor's Report

All observation made by the Auditors in their reports are self explanatory by way of Notes on Accounts and does not require any further clarification.

Fixed Deposits

The Company had neither invited nor accepted any public deposits, during the year, under Section 58A of the Companies Act, 1956 and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

Foreign Exchange Earnings and Outgo

During the year under review, Company has made following transactions in Foreign Currency.

(Rs. In Lakh)

Particular	2010-11	2009-10
Expenditure in Foreign Currency	147.27	159.94
Earning in Foreign Currency	1800.88	1607.57

**Unclaimed / Unpaid Dividend**

The following table given information relating to outstanding dividend accounts and the dates by which they need to be transferred:

Financial Year	Date of Declaration	Date of payment	Date on which dividend will become part of IEPF
2004-05	September 03, 2005	September 30, 2005	September 02, 2012
2005-06	August 06, 2006	November 10, 2006	August 05, 2013
2006-07	August 29, 2007	September 29, 2007	August 28, 2014
2009-10	January 29, 2010	February 12, 2010	January 28, 2017

After seven years if the amount remains unclaimed then it will be credited to the Investor Education and Protection Fund established by the Central Government pursuant to section 205C of the Companies Act, 1956.

Conversation of Energy, Technology Absorption & Foreign Earnings and Outgo:

Information in accordance with the provision of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in respect of the Board of Directors) Rules 1988, regarding conversation of energy and technology absorption are as per Annexure-A and forms part of this report

Environment and Social Concern

Your Company continues its efforts for the betterment of the environment and conservation of scarce natural resources.

Particulars of Employees

There are no employees drawing remuneration beyond prescribed amount requiring disclosure under section 217(2A) of the Companies Act, 1956.

Acknowledgement

Yours Directors place on record their appreciation of co-operation and support extended by the Bankers, Government agencies and other institution and look forward to their continued support. Your Directors wish to place on record their deep sense of appreciation for the committed services of Executives, Staff and Workers of the Company.

By order of the Board of Directors
For Chromatic India Limited

Sd/-
Mr. B. K. Kalia
Director

Sd/-
Vinod Kaushik
(Whole time Director)

Place : Mumbai

Dated: 12th August, 2011



Annexure 'A' to Director's Report

Particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. Conservation of Energy :

(a) Energy conservation measures taken :

No fresh measures to conserve the energy taken up during the year. As a result no additional Investment incurred on this account and measures taken in the earlier years is continuing.

(b) Total energy conservation & energy consumption per unit of production (as per form - A annexed hereto)

B. Technology Absorption :

Efforts made on technology absorption are as per Form - B annexed hereto.

C. Foreign exchange earnings and outgo : Rs. (Lakhs)

Foreign exchange earned	:	1800.88
Foreign exchange used	:	147.27

Form - A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption :	2010-11	2009-10
1. Electricity :		
Unit	693910	561888
Total Amt. (Rs.)	3520360	2799820
Rate per Unit (Rs.)	5.07	4.98
2. Furnace Oil :		
Quantity (Ltrs)	275406	311835
Total Amt. (Rs.)	8090216	8276098
Average Rate (Rs.)	29.37	26.53
3. Light Diesel Oil :		
Quantity (Ltrs)	-	3987
Total Amt. (Rs.)	-	141483
Average Rate (Rs.)	-	35.48
4. Briquettes / Firewoods :		
Quantity (Kgs)	921352	505310
Total Amt. (Rs.)	3836319	1547986
Average Rate (Rs.)	4.16	3.06
B. Consumption per unit of production :		
Production Unit (In Kg.)	1132143.00	840539.50
Electricity Unit	0.613	0.668
Furnace Oil (Ltrs)	0.243	0.370
Light Diesel Oil (Ltrs)	-	0.004
Briquettes/Firewoods(Kgs.)	0.813	0.601

Reason for variation in the consumption of Power & Fuel from previous year :

The consumption of electricity per unit of production has decrease due to increase in volume of production. Consumption of Furnace Oil decreased due to more use of Bio Briquettes & Firewood as compare to previous year. Consumption of Light Diesel Oil becomes NIL due to use of Furnance Oil, Boi Briquettes / Firewood.

Form - B

(See Rule - 2)

(Form for disclosure of particulars with respect to absorption.)

Research and Development (R&D)

1. Research and development in the area of new value added products is continuing.
2. As a result of last year R & D efforts the new products are already running in the market.



Corporate Governance report For the Year 2010-2011

1. Company’s Philosophy on Corporate Governance

The Company’s philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior. As a global organization the Corporate Governance practices followed by the Company and its subsidiaries are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making. This report is in compliance of Clause 49 of the Listing Agreement entered into with Stock Exchanges. The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Board of Directors

- (a) As on 31st March, 2011, the Company has four Directors on Board of Directors of the Company. Out of the four Directors, three (i.e. 3/4) are Non Executive and Independent Directors. The Composition of the Board is in conformity with Clause 49 of the listing agreements entered with the Stock Exchanges.
- (b) None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the Companies in which he is a Director. Necessary disclosure regarding Committee position in other public companies as on March 31, 2011 has been made by the Directors.
- (c) The names and Category of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships in private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of Director	Category	Number of Board Meetings during the year 2010-2011		Attendance at the last AGM held on 20.09.2010	Number of Directorships in other public Companies	Number of Committee position held in other public Companies	
		Held	Attended			Chairman	Members
Mr. Vinod Kaushik (Whole Time Director)	Non Independent Executive	10	10	Yes	-	-	-
Mr. Nitin Sethi	Independent, Non-Executive	10	9	Yes	4	-	4
Mr. Ajay Singh Sethi #	Independent, Non-Executive	9	9	Yes	1	1	1
Mr. B.K. Kalia \$	Independent, Non-Executive	6	6	N. A.	-	-	-
Mr. Vipin Sharma*	Independent, Non-Executive	4	4	Yes	-	-	-

appointed on 29th May, 2010. \$ appointed on 4th October, 2010 * resigned on 29th September, 2010.

- (d) 10 Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:
 May 29, 2010, June 15, 2010, August 13, 2010, August 24, 2010, October 4, 2010, October 7, 2010, October 21, 2010, October 22, 2010, January 29, 2011 and March 11, 2011.
- (e) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.



3. Audit Committee

- (i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee is headed by Mr. Nitin Sethi and comprises the following members:

All the members of the Audit Committee are Non-Executive & Independent Directors except Mr. Vinod Kaushik, who is the Whole-time Director of the Company.

- (ii) The terms of reference of the Audit Committee are broadly as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.



12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

- (iii) The Audit Committee meetings are usually held at the Registered Office of the Company and are normally attended by the representatives of the Statutory Auditors and representatives of the Internal Auditors. The Company Secretary acts as the Secretary of the Audit Committee. The Chairman of the audit committee briefs the Board members about significant discussions at Audit Committee meetings. The committee relies on the expertise and knowledge of the management, the internal auditors and the independent statutory auditors in carrying out its oversight responsibilities.
- (iv) The Composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	Number of Meetings during the Year 2010 – 11	
		Held	Attended
Mr. Nitin Sethi - Chairman	Independent, Non Executive	5	4
Mr. Vinod Kaushik	Whole Time Director	5	5
Mr. B. K. Kalia*	Independent, Non Executive	2	2
Mr. Ajay Singh Sethi\$	Independent, Non Executive	4	4
Mr. Vipin Sharma@	Independent, Non Executive	3	3

* appointed on 4th October, 2010, \$ appointed on 29th May, 2010, @ resigned w.e.f. 29th September, 2010

The Committee comprises directors, all of whom are financially literate and have relevant finance and/or audit exposure. The quorum of the committee is two members or one third of its members, whichever is higher.

- (v) Five Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

29th May 2010, 13th August 2010, 24th August 2010, 21st October 2010, 29th January 2011.

The necessary quorum was present for all the meetings.

- (vi) The previous Annual General Meeting of the Company was held on September 20, 2010 and was attended by Mr. Nitin Sethi, Chairman of the Audit Committee of the company.

4. Remuneration Committee

- (i) The Company has constituted a Remuneration Committee of Directors. The Broad terms of reference of the Remuneration Committee are as under:

- a) Approval of the remuneration, service agreement, commission/incentive remuneration payable to the Managing Director, Whole-time Director (s).
- b) Approval of the commission payable to the Non-Executive Directors of the Company.

Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

24TH ANNUAL REPORT 2010-2011



- (ii) As on 31st March 2011, the Composition of the Remuneration Committee and the details of the meetings attended by the members of the Remuneration Committee are given below:

Name	Category	Number of Meetings during the Year 2010 – 11	
		Held	Attended
Mr. Nitin Sethi - Chairman	Independent, Non Executive	2	2
Mr. B. K. Kalia*	Independent, Non Executive	1	1
Mr. Ajay Singh Sethi	Independent, Non Executive	2	2
Mr. Vipin Sharma@	Independent, Non Executive	1	1
Mr. Vinod Kaushik	Whole Time Director	2	2

* appointed on 4th October, 2010. @resigned w.e.f. 29th September, 2010

- (iii) Two Remuneration Committee Meetings on 27th July, 2010, 7th October, 2010 were held during the year.

- (vi) Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and variable pay. The individual performance pay is determined by business performance.

The Company pays remuneration by way of salary, benefits, perquisites, amenities and allowances to its Whole-time Director as per the service agreements entered into by the Company with him.

During the year, the Company has paid Sitting Fees per meeting to its Non-Executive Directors for attending Board and its committee meetings. The Company pays a sitting fee of Rs. 500/- per Board and Committee meeting, they attend, of the Board to Directors other than the Managing Director. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

- (v) Details of the Remuneration for the year ended 31st March 2011:

- a) Non-Executive Directors:

Names	Sitting Fees (in Rs.)
Mr. Nitin Sethi	9000
Mr. Ajay Singh Sethi	9000
Mr. B. K. Kalia	5500
Mr. Vipin Sharma	5000

- b) Whole-time Director:

(Rs. in lakh)

Name of Director and period of appointment	Salary	Other Perquisites (LTA & Medical Allowance + PF employer contribution)	Total
Mr. Vinod Kaushik (appointed w.e.f. 1.4.2009 for 5 years)	5.40	1.10	6.50

The above figures do not include provisions for gratuity, for the Whole-time Director.

The Company does not have any Employee Stock Option Scheme.

Details of Shares of the Company held by the Directors as on 31st March 2011 are as follows:

Name of Directors	Number of shares of Rs. 10/- each
Mr. B. K. Kalia	64000



5. Investors / Shareholders Grievance Committee

- (i) The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipts of dividend/notices/annual reports, etc. Company Secretary Ms. Priyanka Chauhan is the Compliance Officer of the company.
- (ii) The details of the meetings attended by its members are given below:

Name	Category	Number of Meetings during the Year 2010 - 11	
		Held	Attended
Mr. Nitin Sethi - Chairman	Independent, Non Executive	4	3
Mr. B. K. Kalia*	Independent, Non Executive	2	2
Mr. Ajay Singh Sethi\$	Independent, Non Executive	3	3
Mr. Vipin Sharma@	Independent, Non Executive	2	2
Mr. Vinod Kaushik	Whole Time Director	4	4

* appointed on 4th October, 2010, \$ appointed on 29th May, 2010, @ resigned w.e.f. 29th September, 2010

- (iii) Four meetings of the Committee were held during the year 2010-11 which are as follows:
29th May 2010, 13th August, 2010, 21st October, 2010 and 29th January 2011.

6. General Body Meetings

- (i) Annual General Meetings

The details of the Annual General Meetings held in the last three years are as follows:

Year	Day, Date & Time	Venue	Whether Special Resolution Passed
AGM 2009-10	Monday, September 20, 2010 – 11.00 AM	207, Vardhaman Complex Premises Co.op Soc. Ltd., Fitwell Compound, L.B.S. Marg, Vikhroli (West), Mumbai - 400083	Yes -Revision of remuneration of Mr. Vinod Kumar Kaushik, Whole Time Director. - Allotment of Shares on Preferential Basis -Delisting of Equity Shares from Ahmedabad Stock Exchange -Increasing limit for FIIS -Increasing limit under Section 372A
AGM 2008-09	Tuesday, September 29, 2009 - 11.00 AM	207, Vardhaman Complex Premises Co.op Soc. Ltd., Fitwell Compound, L.B.S. Marg, Vikhroli (West), Mumbai - 400083	NIL
AGM 2007-08	Tuesday, September 30, 2008 - 11.00 AM	Shri Sai Leela, A1/1, Rajawadi Housing Society, Ghatkopar East, Mumbai – 77	NIL

- (ii) Extra Ordinary General Meetings

In addition to the Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. No such meeting was held during the year under review.

- (iii) Postal Ballot

During the year under review, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (passing of Resolution by Postal Ballot) Rules, 2001, no resolution was passed through postal ballot.



7. Disclosures

(a) Materially significant related party transactions that may have potential conflict with the interests of company at large.

During the year 2010-11, there were no materially significant transactions with related parties i.e., directors, management, subsidiaries, or relatives conflicting with the Company's Interest at large. Attention of Members is drawn to the disclosures of transactions with related parties set out in the Notes on Accounts forming part of the Annual Report.

(b) Details of non-compliance by the company, penalties, imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Company has complied with all the requirements of regulatory authorities. No penalties were imposed on the Company by Stock Exchanges, SEBI or any other statutory authority on any matter related to capital market during the last three years.

(c) Code for prevention of Insider – Trading practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for prevention of insider trading, for its Management and staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

(d) Share Capital Audit Report:

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Share Capital Audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. Pursuant to clause 47 (c) of the listing agreement with the stock exchanges, certificates, on a half yearly basis, have been issued by the company secretary in practice for due compliance of share transfer formalities by the company.

8. Means of Communications

The quarterly, half-yearly and annual results of the Company are regularly submitted to the stock exchanges in accordance with the listing agreement and are generally published in Free Press Journal and Nav Shakti. The results are also displayed on the Company's website at www.chromatic.in.

9. General Shareholders Information

(i) Annual General Meeting

Date : 29th September, 2011

Time : 11.00am

Venue : 207, Vardhaman Complex Premises Co. Op. Society Ltd., L. B. S. Marg, Vikhroli (West), Mumbai - 400083

As required under Clause 49 (IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM.

(ii) Financial Calendar

Financial Calendar : 1st April to 31st March

Annual General Meeting in : 29th September, 2011

Dividend Payment : No final dividend has been recommended.



(iii) Date of Book Closure / Record Date

Date of Book Closure / Record Date	As mentioned in the Notice of Annual General Meeting to be held on September 29, 2011.
------------------------------------	--

(iv) Listing on Stock Exchange

Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai – 400001	Luxembourg Stock Exchange BP 165, L-2011, Luxembourg, Siege Social, 11, avenue de la Porte - Neuve
---	--

The equity shares of the company have been voluntary delisted from Ahmadabad Stock Exchange w.e.f. 08.06.2011.

(v) Stock codes / Symbol

Bombay Stock Exchange Limited	530191
Luxembourg Stock Exchange	CHROMATIC INDIALTD

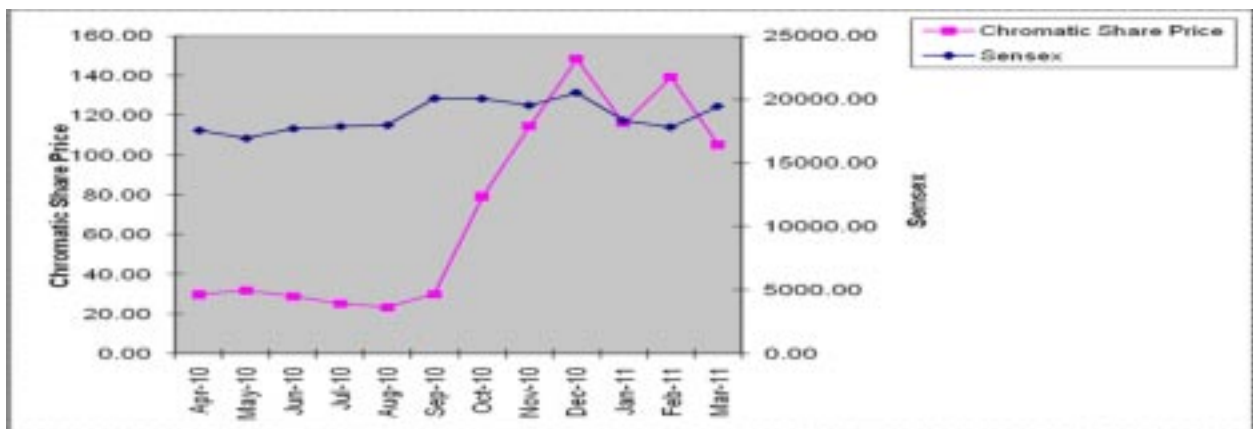
Listing fees as applicable have been paid for the financial year 2011-12.

(vi) Market Price Data

High, Low (based on the closing prices) and number of shares traded during each month in the financial year 2010-2011 on the Bombay Stock Exchange Limited:

Month	Bombay Stock Exchange Limited		
	High Price (Rupees)	Low Price (Rupees)	Total No. of Shares Traded
April - 10	31.00	23.15	101407
May - 10	46.95	30.00	93215
June - 10	35.05	29.00	16117
July - 10	32.25	24.00	31796
August - 10	26.20	21.90	299230
September - 10	31.15	20.30	440309
October - 10	79.20	28.55	245685
November - 10	153.00	83.15	405237
December - 10	148.95	94.35	133030
January - 11	150.00	113.00	480547
February - 11	144.70	110.50	728243
March - 11	154.00	103.50	1677758

(vii) Performance of the share price of the Company in comparison to the BSE sensex:



**(viii) Registrar and Transfer Agents:**

M/s Bigshare Services Private Limited
 E/2 & 3 Ansa Industrial Estate, Sakivihar Road,
 Sakinaka, Andheri (E), Mumbai – 400 072
 Phone no. +91 22 4043 0200
 Fax no: +91 22 2847 5207
 Email: investor@bigshareonline.com
 Website: www.bigshareonline.com

(ix) Share Transfer System:

99.43% of the shares of the Company are in electric form as on March 31, 2011. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Registrar and Transfer Agent of the Company at the above given address. All valid requests for dematerialization of shares are processed and confirmation given to the depositories within 21 days.

Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt if the documents are complete in all respects.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, on half yearly basis, certificates have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Further, Share Capital Audit is done on a quarterly basis for reconciliation of the share capital of the Company.

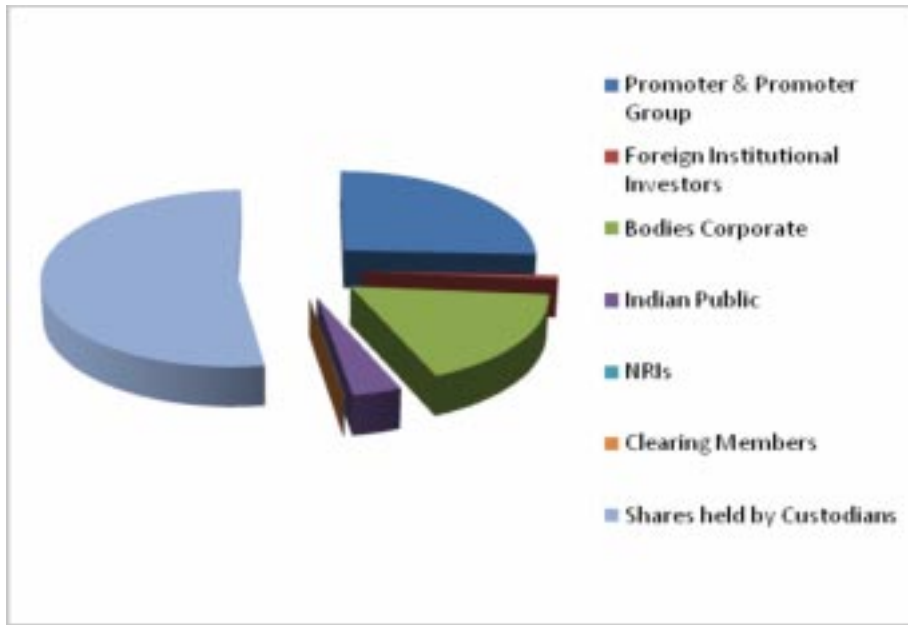
(x) Shareholding as on March 31, 2011:

a) Distribution of equity shareholding as on March 31, 2011:

Number of Shares	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Upto – 500	711	62.4232	168,561	0.2373
501 – 1000	192	16.8569	138,610	0.1951
1001-2000	101	8.8674	136,795	0.1925
2001-3000	25	2.1949	61,967	0.0872
3001-4000	20	1.7559	72,107	0.1015
4001-5000	14	1.2291	63,994	0.0901
5001-10000	27	2.3705	208,012	0.2928
10001 and above	49	4.3020	70,196,054	98.8035
Total	1,139	100.00	71,046,100	100.00

b) Categories of Equity Shareholders as on March 31, 2011:

Category	Shareholders(Nos)	No of Shares	Percentage
Promoter & Promoter Group	1	18,262,541	25.71
Foreign Institutional Investors	1	500,004	0.70
Public Shareholding			
Bodies Corporate	69	12,276,589	17.28
Indian Public	1015	2,660,633	3.74
NRIs	46	41,398	0.06
Clearing Members	6	4,939	0.01
Shares held by Custodians and against which GDR have been issued	1	37,299,996	52.50
Grand Total	1139	71,046,100	100.00



(xi) Dematerialization of Shares and liquidity:

The Company's shares are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity Shares of the Company representing 99.43% of the Company's share capitals are dematerialized as on March 31, 2011.

The Company's Shares are regularly traded on the Bombay Stock Exchange Limited, in electronic form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE662C01015

(xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on March 31, 2011, the outstanding GDRs of the Company are 4144444 and represented equity shares are 37299996 held by Custodians as per the Shareholding Pattern of 31st March, 2011.

(xiii) Address for correspondence:

Chromatic India Limited
 207, Vardhaman Complex Premises Co-op Soc Ltd,
 L. B. S. Marg, Vikhroli (W),
 Mumbai – 400083
 Phone No.: 022 61369800
 Fax No.: 022 25793973
 Email Id: dyestuff@bom3.vsnl.net.in
 Website: www.chromatic.in

(xiv) Details of Investor complaints received and resolved during the year 2010-11 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	11	11	0

(xv) CIN No. of the Company is L99999MH1987PLC044447



(xvi) Outstanding dividend

The following table given information relating to outstanding dividend accounts and the dates by which they need to be transferred:

Financial Year	Date of Declaration	Date of payment	Date on which dividend will become part of IEPF
2004-05	September 03, 2005	September 30, 2005	September 02, 2012
2005-06	August 06, 2006	November 10, 2006	August 05, 2013
2006-07	August 29, 2007	September 29, 2007	August 28, 2014
2009-10	January 29, 2010	February 12, 2010	January 28, 2017

(xvii) Factory location

- (1) B-12/2, Lote Parshuram Industrial Area,
Taluka : Khed,
Distt. Ratnagiri
- (2) W-34, Phase – II,
MIDC, Dombivali (East), 421204
Distt. Thane

Declaration by Whole-time Director

I, Vinod Kaushik, Whole-time Director of Chromatic India Limited, hereby confirm pursuant to Clause 49 (1) (D) of the listing agreement that:

The Board of Directors of Chromatic India Limited has laid down a code of conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2011.

Mumbai, August, 12, 2011

Vinod Kaushik
Whole-time Director



CHROMATIC INDIA LTD.

Certificate on Corporate Governance

To,
The Board of Directors,
Chromatic India Limited
207, Vardhaman Complex Premises
Co. Op. Society Ltd., L. B. S. Marg,
Vikhroli (West),
Mumbai - 400083

We have examined the compliance of conditions of Corporate Governance by Chromatic India Limited, for the year ended 31st March 2011, as stipulated in revised clause 49 of the Listing Agreement with stock exchanges in India as applicable on the Company.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 Nishi Jain.,
Company Secretaries in Practice,

(Nishi Jain)
Membership No. 22386
CP No. 8429

Date: 12.08.2011

24TH ANNUAL REPORT 2010-2011



AUDITORS' REPORT

To,
The Members of Chromatic India Limited

1. We have audited the attached balance sheet of **Chromatic India Limited** ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 (Auditor's Report) order, 2003, as amended by the companies (Auditor's Report) (amendment) order, 2004, issued by the central government of India in terms of sub-section(4A) of section 227 of 'the companies act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the paragraph 3 above and subject to note nos. 6,7,8,9 & 15, we report that:
 - i) 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;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956, except for non-compliance of accounting standard 15 (Revised) on "Employee Benefits" wherein the impact on the financial statement cannot be ascertained.
 - v) On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required.
 - vii) As stated in note no. 9 of the notes on accounts, no provision has been made with regard to the realisability of the investment, interest receivable and loan, from Societa Eiducle L Con Sa (Arcoiris SA), a subsidiary company, aggregating Rs 136.97 lacs as at March 31, 2011 (Rs 122.09 lacs as at March 31, 2010), where the net worth has been completely eroded and there is no significant activities being carried out. This has resulted in overstatement of profits by Rs 136.97 lacs (Rs 376.73 lacs for the year ended March 31, 2010), loans and advances by Rs 110.74 lacs (Rs 350.50 lacs as at March 31, 2010) and investment by Rs 26.23 lacs (Rs 26.23 lacs as at March 31, 2010).
5. Based on our audit conducted as above, subject to the effects of our observations given in paragraph 4 above, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) In the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For S. K. Badjatya & Co.
Chartered Accountants
Firm Registration No. 004017C

CA. Sudhir K. Jain
Partner
Membership No. 072282

Place: Mumbai
Date: May 30, 2011



Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Chromatic India Limited on the financial statements for the year ended March 31, 2011]

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - c) There was no substantial disposal of fixed assets during the year.
- ii) a) The inventory has been physically verified by the management during the year. In our Opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- iii) a) As informed, the Company has not granted/ taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Accordingly, clauses (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence, not reported upon.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- 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 Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - b) None of the transactions made in pursuance of any contracts or arrangements exceed the value of Rupees five lakh in respect of any such party in the financial year.
- vi) The company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The Company is required to maintain the cost records as prescribed by the Central Government of India under clause (d) of sub-section (1) of section 209 of the act for the activities carried on by the company.
- ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, Employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise duty, have not been regularly deposited with the appropriate authorities and there have been slight delays in few cases.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, sales-tax, customs duty, excise duty and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

24TH ANNUAL REPORT 2010-2011



- c) According to the records of the company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	6,75,100	A. Y. 2002-03	Asst. CIT, Mumbai

- x) The Company's accumulated losses at the end of the financial year are less than fifty per Cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The term loans have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations 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 to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The management has disclosed on the end use of money raised by public issue and the same has been verified.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given 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 S. K. Badjatya & Co.
Chartered Accountants
Firm Registration No. 004017C

Sd/-
CA. Sudhir K. Jain
Partner
Membership No. 072282

Place: Mumbai
Date: May 30, 2010

CHROMATIC INDIA LTD.



BALANCE SHEET AS AT MARCH 31, 2011

PARTICULARS	Sch. No.	As at 31.03.11 (Rupees)	As at 31.03.10 (Rupees)
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	710,461,000	91,896,000
Share Application Money		-	3,672,500
Share warrants (Refer note 3)		-	135,000,000
Reserves & Surplus	2	2,009,324,725	15,341,789
		<u>2,719,785,725</u>	<u>245,910,289</u>
LOAN FUNDS			
Secured Loans	3	14,614,147	18,743,760
Unsecured Loans	4	1,000,000	-
DEFERRED TAX LIABILITY (NET)		3,944,289	3,651,886
		<u>19,558,436</u>	<u>22,395,646</u>
TOTAL		<u>2,739,344,161</u>	<u>268,305,935</u>
APPLICATIONS OF FUNDS			
FIXED ASSETS			
Gross Block	5	104,516,457	99,486,997
Less : Accumulated Depreciation		62,672,266	60,053,883
Net Block		<u>41,844,192</u>	<u>39,433,114</u>
Add : Capital W.I.P.		876,100,000	-
		<u>917,944,192</u>	<u>39,433,114</u>
INVESTMENTS	6	3,887,550	2,659,000
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	24,309,249	16,989,305
Sundry Debtors		358,011,633	27,467,581
Cash and Bank Balances		721,450,914	9,470,792
Other Current Assets		27,193,847	16,634,175
Loans and Advances		1,108,694,139	186,965,526
		<u>2,239,659,782</u>	<u>257,527,379</u>
CURRENT LIABILITIES & PROVISIONS	8	421,624,460	31,034,487
Current Liabilities		522,904	279,071
Provisions		<u>422,147,364</u>	<u>31,313,558</u>
NET CURRENT ASSETS		<u>1,817,512,419</u>	<u>226,213,821</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	9	-	-
TOTAL		<u>2,739,344,161</u>	<u>268,305,935</u>
SIGNIFICANT ACCOUNTING POLICIES	16		
NOTES TO ACCOUNTS	17		

The schedules referred to above form an integral part of the Balance Sheet.
As per our attached report of even date.

For S.K.Badjatya & Co.

Chartered Accountants

Sudhir K. Jain

(Partner)

Membership No.: 072282

Place : Mumbai

Date : 30th May, 2011.

For and on behalf of the Board

Mr.V.K.Kaushik

Wholetime Director

Mr.Bal Kishan Kalia

Director

24TH ANNUAL REPORT 2010-2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	Sch. No.	(Rupees)	2010-11 (Rupees)	(Rupees)	2009-10 (Rupees)
INCOME					
Gross Turnover		1,050,022,788		161,568,559	
Less: Excise Duty		47,318		20,255	
Net Turnover			1,049,975,470		161,548,305
Other Income	10		54,136,724		4,985,674
TOTAL			1,104,112,194		166,533,978
EXPENDITURE					
(Increase) / Decrease in Stock	11		(2,393,495)		6,443,936
Raw material consumed	12		155,994,567		121,668,489
Purchase of Trading Material for Sale			868,996,213		-
Employee's remuneration and related benefits	13		16,676,182		12,932,129
Operating & other expenses	14		48,255,914		20,247,797
Interest & Bank Charges	15		1,954,999		1,424,852
Depreciation	5		2,880,706		2,485,623
TOTAL			1,092,365,086		165,202,827
PROFIT / (LOSS) BEFORE TAX			11,747,107		1,331,152
Provision for Taxation					
Less : Current Income Tax			(2,300,000)		-
Less : Fringe Benefit Tax			-		-
Add / (Less) : Deferred Tax Assets / (Liability)			(292,403)		262,407
Less : Wealth Tax			-		-
PROFIT/(LOSS) AFTER TAX			9,154,704		1,593,559
Less : Prior year Expenses			40,865		-
Balance brought forward			(5,275,174)		(5,299,771)
AMOUNT AVAILABLE FOR APPROPRIATION			3,838,665		(3,706,212)
APPROPRIATION:					
Less : Balance transferred to General Reserve			-		-
Interim Dividend Paid			-		1,341,050
Tax on Dividend			-		227,912
			3,838,665		(5,275,174)
Earning Per Share - Basic			0.13		0.17
Earning Per Share - Diluted			0.24		0.15
[Nominal Value of shares Rs.10/- (P.Y. Rs.10/-)]					
SIGNIFICANT ACCOUNTING POLICIES	16				
NOTES TO ACCOUNTS	17				

The schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached report of even date.

For S.K.Badjatya & Co.
Chartered Accountants

Sudhir K. Jain
(Partner)
Membership No.: 072282

Place : Mumbai
Date : 30th May, 2011.

For and on behalf of the Board

Mr.V.K.Kaushik **Mr.Bal Kishan Kalia**
Wholetime Director Director



	As at 31.03.11 (Rupees)	As at 31.03.10 (Rupees)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
12,50,00,000 (2,50,00,000) Equity Shares of Rs.10/- each	1,250,000,000	250,000,000
ISSUED, SUBSCRIBED AND PAID UP		
7,10,46,100 (91,89,600) Equity Shares of Rs.10/- each.	710,461,000	91,896,000
Less: Calls in arrears (Other than from Directors)	-	-
	710,461,000	91,896,000
(Out of above 76,25,000 (10,61,000 by capitalising General Reserve) Eq. Shares of Rs.10/- each were issued as fully paid up bonus shares by capitalising Securities Premium Reserve.)		
SCHEDULE 2		
RESERVES AND SURPLUS		
GENERAL RESERVE		
Balance as per last Balance Sheet.	17,978,960	17,978,960
Add : Transfer from Profit and Loss Account.	3,838,665	(5,275,174)
	21,817,625	12,703,786
SHARE FORFEITURE A/C		
	1,695,000	1,695,000
SECURITIES PREMIUM RESERVE		
Balance as per last Balance Sheet.	943,003	60,730,503
Add : Premium credited during the year.	2,018,991,049	7,265,000
Less : Reduction	(34,121,952)	(1,412,500)
Less : Utilised for Issue of Bonus Shares.	-	(65,640,000)
	1,985,812,100	943,003
	2,009,324,725	15,341,789
SCHEDULE 3		
SECURED LOANS		
Loans and Advances from Banks :		
Foreign Bill Discounting / Purchases from Bank of India.	1,786,800	8,587,086
Export Packing Credit from Bank of India	12,050,000	10,000,000
Vehicle Loan From Tata Capital Ltd. / ICICI Bank Ltd.	777,347	156,674
	14,614,147	18,743,760
Note :		
1. Foreign Bills Discounting/Purchase are secured by pledge over shipping documents and personal guarantee of Directors of the company.		
2. Export Packing Credit facility is secured by first charge over company all moveable/immoveable fixed assets & hypothcation of stocks & by pledge of shipping documents & personal guarantees from Directors' of the company.		
3. Car Loans from ICICI Bank Ltd./Tata Capital Ltd are secured against Cars.		
SCHEDULE 4		
UNSECURED LOANS		
Unsecured Loan from Cheetah Multitrade Pvt. Ltd..	1,000,000	-
	1,000,000	-

SCHEDULE 5

FIXED ASSETS (At Cost)

PARTICULARS	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	ASAT	ADDITIONS	DELETIONS	ASAT	UP TO	FOR THE	DEP.	UP TO	ASAT	ASAT
	01.04.10			31.03.11	31.03.10	YEAR	DELETION	31.03.11	31.03.11	31.03.10
LAND - LEASE HOLD	11,702,920	-	-	11,702,920	75,461	156,718	-	232,179	11,470,740	11,627,459
BLDG. & RESI.FLAT	30,356,189	-	-	30,356,189	12,403,148	850,963	-	13,254,111	17,102,078	17,953,042
PLANT & MACHINERY	45,236,968	4,603,730	-	49,840,698	38,262,536	1,354,706	-	39,617,242	10,223,456	6,974,433
OFFICE & OTHERS EQUIP.	5,603,065	195,898	-	5,798,963	4,852,590	138,458	-	4,991,048	807,915	750,474
FURNITURE & FIXTURE	2,580,677	-	-	2,580,677	2,580,675	-	-	2,580,675	2	2
VEHICLES	4,007,179	1,016,829	786,998	4,237,010	1,879,474	379,861	262,325	1,997,010	2,239,999	2,127,704
TOTAL	99,486,996	5,816,457	786,998	104,516,457	60,053,884	2,880,706	262,325	62,672,266	41,844,192	39,433,114
CAPITAL W.I.P.	0	876,100,000	0	876,100,000	0	-	0	-	876,100,000	-
PREVIOUS YEAR	86,926,515	12,560,482	-	99,486,997	57,568,260	2,485,623	-	60,053,883	39,433,114	29,358,255





	As at 31.03.11 (Rupees)	As at 31.03.10 (Rupees)
SCHEDULE 6		
INVESTMENT		
LONG TERM (At Cost)		
Other than Trade		
Quoted		
BANK OF INDIA	36,000	36,000
800 (800) Eq.Shares of Rs.10/- each at a premium of Rs.35/- each. (Market value of Rs.478.10 each)		
Unquoted (Subsidiary Company)		
SOCIETA EIDUCLE L CON SA-ARCOIRIS SA	2,623,000	2,623,000
100 (100) Eq.Shares of 1,000 CHF each.		
CHROMATIC INTERNATIONAL FZE (INVESTMENT IN SHARES)	1,228,550	-
1(0) Eq.Shares of 1,00,000 AED each.		
	3,887,550	2,659,000
SCHEDULE 7		
ASSETS, LOANS AND ADVANCES (At lower of cost or NRV)		
CURRENT ASSETS (As certified by the Management)		
a) INVENTORIES		
Raw Materials	12,468,950	8,969,793
(Including Material In Transit Rs.16,08,038.00(P.Y.Rs.56,940.00))		
Work in Process	9,626,065	7,186,137
Finished Goods	-	46,433
Packing Materials	2,214,234	786,942
	24,309,249	16,989,305
b) SUNDRY DEBTORS (Unsecured, Considered good unless otherwise stated)		
Outstanding for a period exceeding six months	307,744	114,089
Other Debts	357,703,889	27,353,491
Doubtful Debts	382,263	382,263
	358,393,896	27,849,843
Less : Provision for Doubtful Debts	382,263	382,263
	358,011,633	27,467,581
c) CASH AND BANK BALANCES		
Cash on hand	64,452	110,796
Balance with Scheduled Bank:		
- In Current Account *	10,283,053	3,954,440
- In Margin Money Account	-	-
- In Deposit Account	711,103,408	5,405,555
	721,450,914	9,470,792

* (Includes debit balance of Cash Credit Account facility, which is secured by hypothecation of stocks of Raw Materials, Work in Process, Finished goods.)



	As at 31.03.11 (Rupees)	As at 31.03.10 (Rupees)
SCHEDULE 7 (Contd.)		
d) OTHER CURRENT ASSETS		
Export Incentive Receivable	9,188,430	8,260,475
VAT Refund Receivable	9,192,003	5,606,216
Interest receivable	8,813,414	2,767,485
	27,193,847	16,634,175
e) LOANS AND ADVANCES		
(Unsecured and Considered good)		
Advance recoverable in cash or in kind for value to be received	27,694,256	2,305,530
Unsecured Loan to Chromatic International FZE	906,779,500	-
Short Term Loan to Arcoiris SA (wholly owned Subsidiary)	8,279,000	7,204,600
Inter Corporate Deposits (Repayable within 1 year)	154,288,712	140,571,069
Sundry Deposits	1,109,710	1,142,533
Balance with C.Excise	1,492,188	713,151
Bill Discounting / Deposits	-	25,463,810
Advance Income tax (Net of Provisions)	9,050,773	9,564,834
	1,108,694,139	186,965,526
	2,239,659,782	257,527,379
SCHEDULE 8		
CURRENT LIABILITIES AND PROVISIONS :		
CURRENT LIABILITIES :		
Sundry Creditors - SME Creditors	-	-
Other Creditors	359,701,354	29,037,130
Unclaimed Dividend	158,864	187,114
Other Liabilities	61,764,242	1,810,244
	421,624,460	31,034,487
PROVISIONS FOR :		
Wealth Tax	8,256	8,256
Gratuity	514,648	270,815
	522,904	279,071
SCHEDULE 9		
MISCELLANEOUS EXPENDITURE :		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme Expenses	-	1,414,164
Less : Amortised during the year.	-	1,414,164
	-	-



	As at 31.03.11 (Rupees)	As at 31.03.10 (Rupees)
SCHEDULE 10		
OTHER INCOME		
Duty Drawback	1,625,965	1,316,877
DEPB /DFRC Benefit received	763,932	1,268,400
Excise duty Received	-	-
Interest on Loans and Deposits	24,314,619	1,388,841
VAT / Sales Tax Refund	-	40,589
Dividend	2,800	6,400
Exchange Difference (Net)	23,905,854	-
Sundry Balances Written Back / Not to Pay	3,367,925	960,090
Discount Received	153,453	4,047
Other Income	2,176	430
	<u>54,136,724</u>	<u>4,985,674</u>
SCHEDULE 11		
(INCREASE)/DECREASE IN STOCK		
Opening Stock:Finished Goods	46,433	-
Work in Process	7,186,137	13,676,506
	<u>7,232,570</u>	<u>13,676,506</u>
Closing Stock:Finished Goods	-	46,433
Work in Process	9,626,065	7,186,137
	<u>9,626,065</u>	<u>7,232,570</u>
	<u>(2,393,495)</u>	<u>6,443,936</u>
SCHEDULE 12		
RAW MATERIAL & PACKING MATERIAL CONSUMED		
Opening Stock	9,756,735	3,748,088
Add:Purchase of Raw Material	154,451,651	123,936,450
Packing Material	4,155,931	1,374,269
Freight Inward	2,313,435	2,366,417
	<u>170,677,751</u>	<u>131,425,224</u>
Less:Closing Stock	14,683,184	9,756,735
	<u>155,994,567</u>	<u>121,668,489</u>
Purchase of Trading Material for Sale	868,996,213	-



	As at 31.03.11 (Rupees)	As at 31.03.10 (Rupees)
SCHEDULE 13		
EMPLOYEE'S REMUNERATION & RELATED BENEFITS		
Salary, Wages and Bonus Etc.	11,417,578	11,379,636
Contribution to Provident Fund and other Funds	873,590	799,284
Employee's Welfare and other amenities	737,677	603,193
Gratuity to Ex- Executive Directors	2,550,000	-
Gratuity	1,097,337	150,016
	16,676,182	12,932,129
SCHEDULE 14		
OPERATING & OTHER EXPENSES		
Rates & Taxes	92,919	528,507
Power & Water	5,097,867	3,873,773
Stores & Spares	1,508,971	1,194,420
Repairs and Maintenance :		
- Repairs to Building	249,007	231,535
- Repairs to Machinery	2,570,874	1,325,989
- Repairs to Others	257,064	173,749
Advertisement & Sales Promotion	390,475	238,660
Freight & Forwarding Charges	3,514,714	2,556,258
Travelling Expenses	587,613	241,035
Auditor's Remuneration (Refer Note No.21)	422,497	540,046
Insurance	143,692	172,881
Telephone Charges	274,837	315,093
Car Expenses	739,625	657,884
Labour Charges	2,716,067	1,890,189
General Expenses	3,357,235	3,426,789
Excise Duty expense	20,425	-
Exchange Difference (Net)	-	1,473,915
Professional Charges	542,784	749,387
Printing & Stationery	264,612	259,208
Commission on sales	-	54,891
Balance Written Off	25,504,637	343,588
Provision for Doubtful Debts (P&L)	-	-
	48,255,914	20,247,797
SCHEDULE 15		
INTEREST AND BANK CHARGES		
Interest on Fixed Loans	-	-
Interest on Cash Credit	-	-
Interest on Others	1,233,114	1,041,632
Bank Charges	721,885	383,220
	1,954,999	1,424,852



SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

B) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

C) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

Interest

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

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

D) Accounting for Export Incentive:

Export incentive are recognised on exports on accrual basis, and based on the estimated realizable value of such entitlements.

E) Fixed Assets:

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

F) Depreciation:

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher. The Company provides pro-rata depreciation for additions / deletions made during the reporting period, except for the asset each costing Rs. 5000 or less, for which depreciation is provided at hundred percent.



G) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

H) Leased Assets:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease hold land is amortised over the Lease period.

I) Foreign Currency Transactions:

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.



CHROMATIC INDIA LTD.

J) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Investment.

K) Inventories:

Inventories are valued as follows:

Raw materials, Packing material, Work in progress, components, stores and spares

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on First in First out basis (FIFO).

Finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

L) Taxes on income:

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the



carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

M) Employee Benefits:

- i. Retirement benefits in the form of Provident Fund and Government administered Employees Insurance and Pension Plans are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company makes annual contributions to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The Company has a scheme for compensated absences for employees, the liability of which is recognized on actual basis instead of accrual basis and charged to Profit and Loss Account.

N) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

O) Earnings Per share

Basic earnings per shares is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

P) Miscellaneous Expenditure:

Expenditure on Voluntary Retirement Scheme are amortised over the period of two years.

Q) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

R) Cash and Cash equivalents:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



SCHEDULE 17

NOTES TO ACCOUNTS

1 The schedules referred to in the Balance Sheet & Profit and Loss Account form an integral part of the accounts.

Contingent liabilities not provided for:	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
Bank Guarantees (secured by fixed deposit receipts)	20,000	35,000
Disputed Income-tax demands with various authorities for various years	3,958,448	3,894,352

(For the A.Y. 1999-00, certain expenses were disallowed amounting to Rs. 90,35,149. ITAT referred back the case to CIT appeals to verify the case on factual ground. In the A.Y. 2002-03, the company had written off loss on investment in subsidiary amounting to Rs. 6,75,100/-. The loss was claimed as “business loss” in the computation of income. In assessment the loss was disallowed and Assessing Office (A.O.) has initiated penalty. The case has been presented before the A.O. for clarification on non levy of penalty. The order for the same is awaited. In the assessment of 2008-09 disallowances are made for non submission of TDS certificate amounting to Rs. 56,950 . The company has deposited the original TDS certificate to claim the credit.)

3 Share Warrants

The Company had issued 1500000 Equity Shares warrants having face value of Rs.10 each at a price of Rs. 100/- each (including premium of Rs. 90) pursuant to the shareholder approval through postal ballot, result of which was declared on 10th March, 2010. These share warrants were converted in to 15,00,000 equity shares on 15.06.2010.

4 During the year, company has issued 2,25,00,000 of Rs. 10/- each at a premium of Rs. 29/- on preferential basis. The allotment of shares was made on 07.10.2010 pursuant to the resolution passed by the shareholders in the Annual General Meeting held on 20.09.2010.

5 Pursuant to Shareholders approval through postal ballot, result of which was declared on 10th March, 2010, the company, during the year, has come out with a GDR (Global Depository Receipts) issue comprising of 42,00,000 GDRs at an offer price of USD 8.52 per GDR, representing 3,78,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 32/- per equity share. The allotment of equity shares was done on 22.10.2010.

6 Sundry debtors, sundry creditors and other receivables are taken as appearing in books of accounts which are subject to confirmation and reconciliation. Consequential impact, if any, will be considered as and when determined.

7 Bills discounting includes Rs.1,01,68,810/- given to Western India Financial Services Limited in 1996-97.The Company has initiated appropriate legal action to recover the said amount which had already matured in December, 1996. the decision of the court was received in March, 2011 vide which the court rejected the contentions of the company. In view of this, said deposit is not recoverable and the Board of Directors have decided to write off the amount vide the resolution passed in their meeting held on 11.03.2011.

8 Bills discounting, further includes deposit of Rs.1,52,95,000/- given to Pillage Finance & Investment Private Limited (PFIPL) in 1995-96 & 1996-97. had waived the interest aggregating to Rs.54,76,298/- provided thereon upto 31.03.97 on the basis that PFIPL repays the principle amount in full. However the company has not paid any amount so far. Accordingly, no interest income has been considered on outstanding balances since 1997-98. In view of its non recoverability the management has written off the amount as on 31.03.2011 in view of the resolution passed by the Board of Directors in their meeting held on 11th March 2011.

9 The Company has made investments in subsidiary Arcoiris SA with a view to have establishment abroad to penetrate into foreign market. However, net worth of Arcoiris SA is fully eroded and it doesn't have enough realisable assets to meet its liabilities. However, no provision is made for investment amounting to Rs. 26.23 lacs and advances and interest receivable of Rs. 110.74 lacs, which are doubtful of recovery. Further, accounts of Arcoris SA are not consolidated with Chromatic India Limited.

10 During the year, the company has formed a subsidiary on 21.10.2011, in the name of Chromatic International FZE with registered office in UAE and authorised capital of AED 100,000 equivalent to INR 12,28,550/- with the main object of carry on the business of trading in Paint, Varnish, Tannery and Dyeing Materials.

24TH ANNUAL REPORT 2010-2011



- 11 Loans & Advances includes non-interest bearing unsecured loan of Rs. 90,67,79,500/- given to Chromatic International FZE, the subsidiary of the company for overseas Business Development.
- 12 Following accounts still continue in the name of Blue rock dyes and chemicals Ltd., which were amalgamated with Chromatic india ltd. on 01.04.2006. The amount lying in said accounts will be transferred in the name of Chromatic India Ltd. in due course.

Sr. No.	Type of Account	Account Number	As at 31-03-11 (Rupees)
1	Current Deposit	001720100007331	81560.99 (81560.99)
2	Fixed Deposit	001745100002218	171942.80 (162401.43)
3	Investment in BOI Shares	-	18000.00 (18000.00)

Figures in bracket represent previous year figures.

- 13 No events or transactions have occurred since the date of Balance Sheet or are pending that would have a material effect on the financial statements at the date or for the period then ended, other than those reflected or fully disclosed in the books of account.

	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
14 The net amount of exchange differences debited / (credited) to profit & loss account	(23,905,854)	1,473,915

- 15 Provision for Gratuity payable to employees has been covered by the Group Gratuity Policy taken by the company with LIC of India and premium of the policy has been duly accounted for. However, no provision has been made for leave encashment as required by AS-15 (Revised 2005) employee Benefits notified by Companies (Accounting Standard) Rules 2006, has been made and the same shall be accounted for as and when paid.
- 16 Segment reporting

The Company operates in one business segment, namely manufacturing & trading of S.O.Dyes & Chemicals and geographic segments i.e. the Domestic and the Overseas. They are summarised as follows. :

Particulars	Domestic	Overseas	Total
Sales	869,934,595 (811,476)	180,088,193 (160,757,083)	1,050,022,788 (161,568,559)
Total Sales	869,934,595 (811,476)	180,088,193 (160,757,083)	1,050,022,788 (161,568,559)

Figures in bracket represent previous year figures.

The following table shows the distribution of sales in India and outside India

Name of the country	2010-11 (Rupees)	2009-10 (Rupees)
India	869,934,595	811,476
Switzerland	119,786,308	154,411,964
Hungary	-	852,250
Italy	5,552,241	5,492,869
Singapore	54,749,644	-
Total	1,050,022,788	161,568,559



Disclosure of Segment-wise Liabilities and Profitability has not been possible, as the company has only one manufacturing plant and a unified marketing and administrative set-up.

	As at 31-03-11	As at 31-03-10
Segment assets	(Rupees)	(Rupees)
Export Debtors	13,006,306	27,155,468
Total	13,006,306	27,155,468

17 Related Party Disclosures

As per the Accounting Standard 18, disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties and relationships:

	Name of the Related Party	Nature of Relationship
(a)	Cheetah Multitrade Pvt. Ltd.	Holding Company
(b)	Arcoiris SA	100% Subsidiary
(c)	Chromatic International FZE	100% Subsidiary
(d)	Mr.V.K.Kaushik (From 01/04/2009)	Key Managerial Personnel
(e)	Mr.Vipin Sharma (From 07/09/2009 Upto 29/09/2010)	Key Managerial Personnel
(f)	Mr.Nitin Sethi (From 06/02/2008)	Key Managerial Personnel
(g)	Mr.Ajay Sethi (From 29/05/2010)	Key Managerial Personnel
(h)	Mr.Bal Kishan Kalia (From 04/10/2010)	Key Managerial Personnel

(ii) Transactions during the year with related parties(excluding reimbursements)

	2010-11 (Rupees)	2009-10 (Rupees)
With Holding Company: Cheetah Multitrade Pvt. Ltd.		
Transactions during the year		
Unsecured loan taken	1,000,000	-
Closing balance as on 31st March:		
Unsecured loan taken	1,000,000	-
With Subsidiary: Arcoiris SA		
Transactions during the year		
Sales	-	-
Interest income	413,950	377,995
Closing balance as on 31st March:		
Unsecured loan given (including interest and exchange rate difference)	11,074,308	9,585,958
With Subsidiary: Chromatic International FZE		
Transactions during the year		
Investment in Share Capital of Chromatic International FZE	1,228,550	-
Advance Recoverable in Cash or Kind	122,855	-
Unsecured loan given (Interest Free)	906,779,500	-
Closing balance as on 31st March:		
Unsecured loan given (including exchange rate difference)	906,779,500	-
Advance Recoverable in Cash or Kind	122,855	-
With Key Managerial Personnel :		
Mr.V.K.Kaushik	649,800	537,600
(Refer to note no.20 to Notes to Accounts)		

24TH ANNUAL REPORT 2010-2011



18 Calculation of Earning Per Shares

i) Basic EPS	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
Net Profit / (Loss) after tax available for equity shareholders (Rupees) used as numerator	9,113,839	1,593,559
Weighted average no. of Equity Shares used as denominator	71,046,100	9,235,419
Basic Earning Per Share (In Rupees)	0.13	0.17
ii) Diluted EPS		
Net Profit / (Loss) after tax available for equity shareholders (Rupees) used as numerator	9,113,839	1,593,559
Weighted average no. of Equity Shares used as denominator	37,375,766	10,791,919
Diluted Earning Per Share (In Rupees)	0.24	0.15

19 Deferred Tax

Particulars	Opening balance as at 01-04-10	During year 2010-11	Closing balance as at 31-03-11
Deferred Tax Assets			
Ex-Gratia	52,950	2,095	55,045
Bonus	128,078	21,190	149,268
Gratuity	94,367	80,995	175,362
VRS	570,254	(187,900)	382,354
Total	845,649	(83,620)	762,029
Deferred Tax Liability			
Depreciation	4,497,535	208,783	4,706,318
Net Deferred Tax Liability Net	3,651,886	292,403	3,944,289

20	Remuneration to wholtime director: (Includes benefits which are debited to respective expenses)	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
a	Remuneration	540,000	480,000
b	Provident Fund Contribution	64,800	57,600
c	Other Perquisites (LTA & Medical Allowance)	45,000	-
		649,800	537,600

Since no commission is payable to any managerial person, computation of net profit u/s 349 of the companies Act, 1956 is not given.

21	Auditors' remuneration (Including Service Tax)	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
	For Services as Auditors, including quarterly audits and Tax audits	325,157	330,179
	For taxation matters	16,545	173,723
	For Other services	62,585	33,090
	Reimbursements of out-of-pocket expenses	18,210	3,054
	Total	422,497	540,046

CHROMATIC INDIA LTD.



22 Earnings in foreign currency	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
F.O.B. Value of Exports (on accrual basis)	180,088,193	160,757,083
23 Value of import on CIF basis	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
Raw Materials & Packing Material Purchased	14,479,432	15,740,302
Stores and Spares Purchased	48,419	154,698
24 Expenditure in foreign currency	As at 31-03-11 (Rupees)	As at 31-03-10 (Rupees)
Travelling Expenses	2,00,000	99,285
25 Particulars of unhedged foreign currency exposure as at balance sheet date		

Particulars	Currency	As at 31-03-11 (Rupees)		As at 31-03-10 (Rupees)	
Debtors	USD	151,154.80	6,749,062	546,518.94	24,535,968
	EURO	98,944.40	6,257,244	43,287.50	2,619,500

26 Disclosure as per clause 32 of the listing agreement:

Loans given to subsidiary company where no repayment schedule is prescribed.

Name of subsidiary company	As at 31-03-11 (Rupees)	Maximum balance outstanding during the year
Arcoiris S.A. (Switzerland)	82,79,000 (72,04,600)	82,79,000 (76,80,600)
Unsecured Loan to Chromatic International FZE	906,779,500	906,779,500
Advance to Chromatic International FZE	122,855	122,855

Figures in bracket represent previous year figures.

27 There is no Micro, Small and medium Enterprises, to whom the company owes more than 45 days as at 31st March, 2011 (P.Y. Nil). This information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. Further, no interest is outstanding to be paid to any such parties.

28 Additional quantitative information as required under the Companies Act, 1956

A Details of licensed and installed capacity and actual production	As at 31-03-11 in KG	As at 31-03-10 in KG
Licensed capacity	1,200,000	1,200,000
Installed capacity	1,200,000	1,200,000
Actual production	1,132,143	840,539

All Quantities are in KG

B Details of finished goods / WIP as on 31-03-11

Particulars	Opening Stock		Production	Turnover		Closing Stock	
	Quantity	Value (Rs.)	Quantity	Quantity	Value (Rs.)	Quantity	Value (Rs.)
S.O. Dyestuffs (Reactive dyes)	37,073.00	7,232,570.99	1,132,143.00	1,125,517.00	180,088,193	43,699.00	9,226,065.00
Total	37,073.00 (60,207.25)	7,232,570.99 (13,665,421.00)	1,132,143.00 (840,539.50)	1,125,517.00 (863,673.75)	180,088,193 (161,650,135)	43,699.00 (37,073.00)	9,226,065.00 (7,232,570.99)

Figures in bracket represent previous year figures.

24TH ANNUAL REPORT 2010-2011



C Raw material consumed/ sales

Particulars	For the year ended 31-03-11		For the year ended 31-03-10	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
H. Acid	114650.35	26,026,481.04	88609.21	18,625,815.85
J. Acid	10778.60	3,407,545.97	5543.89	1,641,466.62
Vinyl Sulphone	293584.09	39,943,711.94	232167.14	27,830,867.38
L.D.O.	0.00	0.00	3987.00	141,483.08
F. Oil	275406.00	8,090,216.84	311835.00	8,276,098.07
Other raw materials	-	75,797,973.05	-	64,428,681.67
		153,265,928.84		120,944,412.67

D Raw material & stores & spares imported/ indigenous:

Particulars	For the year ended 31-03-11		For the year ended 31-03-10	
	Value (Rs.)	%	Value (Rs.)	%
A) Raw Material & Packing Material				
Imported	14,479,432	9.45	15,895,000	13.14
Indigenous	138,786,497	90.55	105,049,412	86.86
	153,265,929	100.00	120,944,413	100.00
B) Stores & Spares				
Imported	48,419	3.21	-	0.00
Indigenous	1,460,552	96.79	1,194,420	100.00
	1,508,971	100.00	1,194,420	100.00

29 Previous year figures have been regrouped, rearranged, reclassified and reworked wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For S.K.Badjatya & Co.
Chartered Accountants
(Firm Regn. No. 004017C)

For and on behalf of the Board

CA. Sudhir K. Jain
Partner
Membership No.: 072282

Mr.V.K.Kaushik **Mr.Bal Kishan Kalia**
Wholetime Director *Director*



CASH FLOW STATEMENT AS ON 31.03.2011.

(Amount in Lacs)

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2011		31.03.2010	
I CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax & Extraordinary Items		117.47		13.31
Adjustment for :				
Depreciation	28.81		24.86	
Depreciation Deletion	2.62		0.00	
Interest	19.55		14.25	
Miscellaneous Expenses	0.19		0.78	
Interest earned	(243.15)		(13.89)	
VRS Expenses Amortised	-		14.14	
GDR Expenses adjusted against Securities prem a/c	(177.96)		-	
Loss of previous year adjusted	0.41	(369.53)	0.00	40.13
		(252.06)		53.44
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(252.06)		53.44
Adjustment for :				
Trade and other Receivables including Loans & Advances	(12,628.32)		(1,735.61)	
Unamortised Voluntary Retirement Scheme Expenses	-		-	
Inventories	(73.20)		4.35	
Trade Payables	3,908.34	(8,793.18)	209.17	(1,522.09)
CASH GENERATED FROM OPERATIONS		(9,045.24)		(1,468.64)
Taxes Paid	-	-	(2.28)	(2.28)
NET CASH FROM OPERATING ACTIVITIES		(9,045.24)		(1,470.92)
II CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Including Capital WIP)	(8,819.16)		(125.60)	
Sale of Fixed Assets	3.20		-	
FD Under Lien	(8.95)		(0.10)	
Interest Received	243.15	(8,581.77)	13.89	(111.82)
NET CASH USED IN INVESTING ACTIVITIES		(17,627.01)		(1,582.74)

24TH ANNUAL REPORT 2010-2011



(Amount in Lacs)

PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
III CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital / GDR Issue (Including Share Premium Amount)	24801.00	1471.48
Repayment of Finance Lease Liabilities	(31.30)	151.26
Investment in Subsidiary	(12.29)	-
Dividend Paid	-	(13.41)
Interest Paid	(19.55)	(14.25)
	24,737.87	1,595.08
NET CASH USED IN FINANCING ACTIVITIES	7,110.86	12.34
IV NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
ADD : Opening Balance as on 01.04.2010 (P.Y. As on 01.04.09)	84.26	71.92
	7195.11	84.26
Closing Balance As on 31.03.2011 (P.Y.As on 31.03.2010)	7195.11	84.26
Excludes FDR under lien 19.40lacs (P.Y. Rs.10.45 lacs)		
Notes to the cash flow statement :		
Cash and cash equivalent consist of cash on hand and balances with banks and investments in money market instruments.		
	31.03.2011	31.03.2010
Cash on hand	0.64	1.10
Balances with banks	7194.47	83.16

For S.K.Badjatya & Co.
Chartered Accountants

For and on behalf of the Board

Sudhir K. Jain
Partner
Membership No.: 072282

Mr. V.K. Kaushik **Mr. Bal Kishan Kalia**
Wholetime Director *Director*

Place : Mumbai
Date : 30th May, 2011.

CHROMATIC INDIA LTD.**Balance Sheet Abstract and Company's General Business Profile.****I Registration Details**

Registration Number	PLC044447	State Code	11
Balance Sheet Date	31-03-11		

II Capital raised during the year (Rs.)

Public Issue (GDR Issue)	378000000	Rights Issue	NIL
Bonus Issue	NIL	Private Placements (Reissue of forfeited shares, Conversion of warrants & Preferential Allotments.)	240565000

III Position of Mobilisation and Deployment of Funds (Rs.)

Total Liabilities	2739344161	Total Assets	2739344161
-------------------	------------	--------------	------------

SOURCES OF FUNDS:

Paid up capital	710461000	Reserves and Surplus	2009324725
Secured Loans	14614147	Unsecured Loans	1000000
Deferred Tax Liability	3944289		

APPLICATION OF FUNDS:

Net Fixed Assets	917944192	Investments	3887550
Net Current Assets	1817512419	Miscellaneous Expenditure (To the extent not W.Off)	NIL

IV Performance of Company (Rs.)

Turnover (Income)	1050022788	Total Expenditure	1092365086
Profit Before Tax	11747107	Profit After Tax	9113839
Earning Per Share in Rs.	0.13		

V Generic Names of Principal Products of the Company.

Item Code No. (ITC Code)	32041608	Item Code No. (ITC Code)	32041605
Product Description	Reactive Blacks	Product Description	Reactive Yellows

For and on behalf of the board

Mr. V.K.Kaushik
Wholetime Director

Bal Kishan Kalia
Director

Place : Mumbai
Date : 30th May, 2011.

24TH ANNUAL REPORT 2010-2011



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

Name of the Subsidiaries	Arcoiris SA	Chromatic International FZE
2 Financial year of the Subsidiary Company ended	: 31st December, 2010	31st March, 2011
3 Number of Shares held in Subsidiary	: 100 Shares of 1000 CHF each.	1 Equity Share of AED 100000/- each
4 Total Issued Share Capital of the	: 100000 CHF	Rs. 1216000 /-
5 Percentage of share held in the Subscribed Capital of the Subsidiary	: 100%	100%
6 The net aggregate amount so far as it concerned members of the Company and is not dealt with in the Company's accounts of Subsidiary		
(i) Profit / (Losses) of the Financial year ended	: (11,624.42) CHF	Rs. (5,45,877)
(ii) Profit / (Losses) for the previous financial years of the subsidiary since it become the Company's Subsidiary	: 31st December, 2009 : (241,236.52) CHF	-
7 The net aggregate amount so far as it concerns and is dealt with in the Company's account of Subsidiary		
(i) Profit for the Financial year ended 31st December, 2010	: NIL	-
(ii) Year of the Subsidiary since it became the Company's Subsidiary.	: 2001	2010

For and on behalf of the Board

sd/-

sd/-

Mr. V.K.Kaushik
Wholetime Director

Mr. B. K. Kalia
Director

Place : Mumbai

Date : 30th May, 2011



ARCOIRIS SA IN LIQUIDATION 6900 LUGANO

Lugano, 9th February 2011

Report of the statutory on the limited statutory examination to the general meeting of **ARCOIRIS SA IN LIQUIDATION**, Lugano

As statutory auditors, we have examined the financial statements (balance sheet, income state - ment and notes) of ARCOIRIS SA IN LIQUIDATION for the year ended 31.12.2010.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

NEWGEST SA

Auditor in Charge

Sd/-

F. Clerici

24TH ANNUAL REPORT 2010-2011



ARCOIRIS SA IN LIQ.

6900 LUGANO

	31.12.2010 CHF	31.12.2009 CHF
BALANCE SHEET		
ASSETS		
MOVEABLE ASSETS		
CASH	24.25	24.25
BANCA DEL SEMPIONE	30'648.00	30'738.00
CREDIT SUISSE 'DITTE' ACCOUNT	0.00	758.54
CREDIT SUISSE 'EURO' ACCOUNT	4'910.51	16'215.54
AIL (Municipal Utility Co.) BOND	0.00	200.00
Accrued income and deferred charges	0.00	212.70
TOTAL MOVEABLE ASSETS	35'582.76	48'149.03
FIXED ASSETS		
OFFICE EQUIPMENT	1.00	1.00
OFFICE FURNITURE	1.00	1.00
EDP SYSTEM	250.00	420.00
TOTAL FIXED ASSETS	252.00	422.00
TOTAL ASSETS	35'834.76	48'571.03
LIABILITIES		
OUTSIDE CAPITAL		
CREDIT SUISSE 'DITTE' ACCOUNT	65.15	0.00
DEBTS FOR SUPPLIES AND SERVICES	3'550.80	6'123.65
CURRENT-ACCOUNT HOLDER	182'315.85	179'832.00
Accrued liabilities and deferred income	2'763.90	3'851.90
TOTAL OUTSIDE CAPITAL	188'695.70	189'807.55
OWN CAPITAL		
SHARE CAPITAL	100'000.00	100'000.00
LOSS CARRIED OVER	-241'236.52	-232'768.32
TOTAL OWN CAPITAL	-141'236.52	-131'768.32
TOTAL LIABILITIES	47'459.18	58'539.23
PROFIT/ -Loss	-11'624.42	-9'968.20

ARCOIRIS SA in liquidazione



**ARCOIRIS SA IN LIQ.
6900 LUGANO**

	2010 CHF	2009 CHF
PROFIT AND LOSS STATEMENT		
PERSONNEL COSTS		
WAGES	0.00	318.00
AVS-AD-AF (Social insurances)	0.00	23.05
TOTAL PERSONNEL COSTS	0.00	341.05
OTHER ADMINISTRATIVE COSTS		
CHANCERY AND OFFICE EXPENSES	0	64.80
LEGAL AND ADMINISTRATIVE EXPENSES	8'914.65	8'088.70
POSTAL AND TELEPHONE EXPENSES	0	368.35
TOTAL OTHER ADMINISTRATIVE COSTS	8'914.65	8'521.85
CORPORATE RESULTS I	8'914.65	8'862.90
FINANCIAL CHARGES AND REVENUES		
INTERESTS RECEIVABLE	-34.35	-16.19
EXCHANGE DIFFERENCES	1'691.91	195.44
BANKING CHARGES	638.21	402.05
TOTAL FINANCIAL CHARGES AND REVENUES	2'295.77	581.30
CORPORATE RESULTS II	11'710.42	9'444.20
WRITE-OFFS AND TAXES		
WRITE-OFFS	170.00	264.00
TAXES	258.75	260.00
TAX ADJUSTMENTS	-14.75	0
TOTAL WRITE-OFFS AND TAXES	414.00	524.00
CORPORATE RESULTS III	11'624.42	9'968.20
PROFIT / - LOSS	11'624.42	9'968.20

ARCOIRIS SA in liquidazione

24TH ANNUAL REPORT 2010-2011



Auditors' Report

To,
The Members,
Chromatic International FZE

We have audited the attached Balance Sheet of Chromatic International FZE as at 31st March, 2011 for the period ended on that date, covering period from 21.10.2010 To 31.03.2011. 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.

1. 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.
2. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we do not annex any statement on the matters specified in the paragraphs 4 and 5 of the said Order as it is not applicable to the Company.
3. Further to our comments in the Annexure referred to above, 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 purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) On the basis of written representation received from the Directors as on 31st March, 2011 and taken approval by the Board, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Directors in terms of Clause (g) of Subsection (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act in the manner so required and give a true and fair view:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - ii. in the case of the Profit & Loss Account, of the Profit for the period ended on that date.

For **M/S B.M. Udeshi & CO.**
Chartered Accountants

Bharat M. Udeshi
Proprietor
Mem. No. : 17610

Place : Mumbai
Date : 27th May, 2011.

**CHROMATIC INDIA LTD.****CHROMATIC INTERNATIONAL FZE
BALANCE SHEET AS AT MARCH 31, 2011**

(Amounts in equivalent INR)

PARTICULARS	Sch. No.	As at 31.03.11
SOURCES OF FUNDS		
SHARE HOLDER'S FUNDS		
Share Capital	1	1,216,000
		<u>1,216,000</u>
LOAN FUNDS		
Unsecured Loans	2	894,775,360
		<u>894,775,360</u>
TOTAL		<u>895,991,360</u>
APPLICATIONS OF FUNDS		
CURRENT ASSETS, LOANS AND ADVANCES		
Advance Recoverable in Cash or Kind	3	894,505,372
Cash and Bank Balances		1,488,724
		<u>895,994,096</u>
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	4	548,613
		<u>548,613</u>
NET CURRENT ASSETS		
Profit & Loss A/c - Debit Balance		<u>545,877</u>
TOTAL		<u>895,991,360</u>
Significant Accounting Policies & Notes to Accounts	6	
Conversion Rate is 1 AED = 12.16 INR		

The schedules referred to above form an integral part of the Balance Sheet.

**For B.M. Udeshi & Co.
Chartered Accountants**

sd/-

Bharat M. Udeshi
Membership No.: 17610

Place : Mumbai

Date : 27th May, 2011.

For Chromatic International FZE

sd/-

Mr.V.K.Kaushik
(Manager)

24TH ANNUAL REPORT 2010-2011



CHROMATIC INTERNATIONAL FZE

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED FROM 21.10.2010 TO MARCH 31, 2011

(Amounts in equivalent INR)

PARTICULARS	Sch. No.	From 21.10.2010 To 31.03.2011
INCOME		
Income		-
TOTAL		-
EXPENDITURE	5	
Bank Charges		118,864
Preliminary Expenses		422,013
Audit Fees		5,000
TOTAL		545,877
PROFIT/(LOSS) BEFORE TAX		(545,877)
Provision for Taxation		
Less : Current Income Tax		-
PROFIT/(LOSS) AFTER TAX		(545,877)
Balance brought forward		-
AMOUNT AVAILABLE FOR APPROPRIATION		(545,877)
APPROPRIATION:		
Less : Balance transferred to General Reserve		-
		(545,877)
Significant Accounting Policies & Notes to Accounts	6	
Conversion Rate is 1 AED = 12.16 INR		

The schedules referred to above form an integral part of the Profit & Loss Account.

For B.M. Udeshi & Co.
Chartered Accountants

sd/- sd/-

Bharat M. Udeshi
Membership No.: 17610
Place : Mumbai
Date : 27th May, 2011.

For Chromatic International FZE

Mr.V.K.Kaushik
(Manager)

CHROMATIC INDIA LTD.



CHROMATIC INTERNATIONAL FZE

Schedules forming the part of Balance Sheet & Profit & Loss Accounts.

(Amounts in equivalent INR)

PARTICULARS	As at 31.03.11
SCHEDULE 1	
(Conversion rate is 1 AED = 12.16 INR)	
SHARE CAPITAL	
1 (One) Equity Share of AED100000/- each.	1,216,000
	1,216,000
SCHEDULE 2	
UNSECURED LOANS	
From Holding Company	894,775,360
	894,775,360
SCHEDULE 3	
CURRENT ASSETS, LOANS & ADVANCES	
Advance Recoverable in Cash or Kind	894,505,372
Abu Dhabi Commercial Bank - (AED A/c)	1,329,866
Abu Dhabi Commercial Bank - (USD A/c)	158,858
	895,994,096
SCHEDULE 4	
CURRENT LIABILITIES & PROVISIONS	
Current Liabilities	543,613
Audit Fees Payable	5,000
	548,613
SCHEDULE 5	
EXPENSES	
Bank Charges	8,828
Foreign Bank Charges	110,036
Preliminary Expenses	422,013
Audit Fees	5,000
	545,877



Schedules annexed to and forming part of the Accounts for the period ended March 31, 2011

SCHEDULE "6"

Significant Accounting Policies And Notes To The Accounts

Background

The company was incorporated on 21st October, 2010 under the implementing regulations of RAK Free Trade Zone pursuant to the Emiri decree dated 1st May 2000 of H.H.Sheikhi Saqr Bin Mohammed Bin Salem Al Qassimi, the ruler of Ras Al Khaimah and The Federal Law No.8 of 1984 concerning the Commercial Companies of UAE together with its amendments therein. The main object of the Company is to carry business of Trading in Paint, Varnish, Tannery & Dyeing Materials.

A. Significant Accounting Policies

i. Basis of Preparation of Financial Statements :

The financial statements are prepared under the historical cost convention, on a going concern concept and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The Company follows mercantile system of accounting and recognizes Income & Expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization in respect of incomes. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

ii. Fixed Assets :

Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related thereto and are net of any tax credit, if any.

Expenditure During Project Implementation Period :

All expenditure, including advances given during the project implementation period, is accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under implementation are not depreciated.

iii. Impairment of Fixed Assets:

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference

iv. Investments :

Investments that is intended to be held for more than a year from the date of acquisition are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

v. Inventories :

Inventory is valued at lower of cost or net realizable value, if any.

vi. Borrowing Costs

Interest and other borrowing costs on specific borrowing relating to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue.

vii. Retirement Benefits :

Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Profit & Loss Account for the year.

viii. Revenue Recognition :



Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customers. Sales are net of trade discounts and sales tax.

ix. Treatment of Contingent Liabilities :

Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Payments in respect of such demands, if any, are shown as advances. Contingent Liabilities are disclosed by way of notes.

x. Foreign Currency Transactions :

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Non monetary foreign currency items are carried at cost.

In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

B) Notes to Accounts

1. In the opinion of the Management, the Current Assets, Loans & Advances are approximately of the value stated and are realizable in the ordinary course of business. The provisions for all known liabilities are adequate, the balance of Loans & Advances have been shown as per books of accounts and are subject to confirmation.

2. Auditors Remuneration :

(Amount in equivalent INR)

Particulars	2010-2011 Amount
Audit Fees	5000
Total	5000

3. Segment Information:

Requirements of Accounting Standard 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India is not applicable to the Company as there is neither Primary (Business) Segment nor Secondary (Geographical Segment).

4. Related Party Disclosures:

i) For the year ended 31st March, 2011

(a) Key Management Personnel

Mr.Vinod Kumar Kaushik	Manager
------------------------	---------

(b) Associates

--	--

(c) Holding.

Chromatic India Ltd.	Company
----------------------	---------



(d)

(Amount in equivalent INR)

Nature of Transaction	In relation to (a) above (INR)	In relation to (b) above (INR)	In relation to (C) above (INR)
Loans Taken	—	—	89,47,75,360
Loans Repayment	—	—	—
Share allotted	—	—	12,16,000
Advance taken	—	—	1,21,600
Advance repayment	—	—	—

Amount Outstanding as at 31st March, 2011

Nature of Transaction	In relation to (a) above (INR)	In relation to (b) above (INR)	In relation to (C) above (INR)
Current Liabilities	—	—	1,21,600
Unsecured Loans	—	—	89,47,75,360
Share Capital	—	—	12,16,000

5. Interest free unsecured loan from holding Company i.e. Chromatic India Limited of equivalent INR 89,47,75,360/- is outstanding as at the end of the financial year.
6. The Company is a 100% subsidiary of Chromatic India Limited, which is holding 1 (One) equity share of equivalent INR 12,16,000/- in the company.
7. The company is situated at U.A.E., RAK Zone (P.O.Box 16111, Ras Al Khaimah, UAE) and the book of account is primarily maintained in foreign currency denominated in United Arab Emirates Dirham (AED). The financial statement has been converted into equivalent INR by considering derived foreign exchange conversion rate of 12.16 for each AED emanating from conversion rate of 1 USD = 3.67 AED prevailing as on closing date of 31st March, 2011.
8. This being the first year of the company, therefore comparative figures of previous years is not available.

As per my report of even date

M/S B.M. Udeshi & CO.
Chartered Accountants

Bharat M. Udeshi
Proprietor
M.No. 17610

Place : Mumbai
Date : 27th May, 2011

For Chromatic International FZE

Vinod Kumar Kaushik
(Manager)

CHROMATIC INDIA LTD.

Registered Office : 207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083.

PROXY

Reg. Folio No.

No. of Shares held

I/We

.....of.....

.....Being a Member/ Members of **CHROMATIC INDIA LTD.**

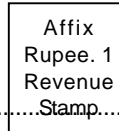
hereby appointof.....or

failing him.....of.....as

my/ our proxy to vote for me/ us on my behalf at the 24TH ANNUAL GENERAL MEETING of the Company to be held on Thursday the 29th September, 2011 and at any adjournment thereof.

Signed this day of, 2011

Signature



Note : This form duly completed and signed must be deposited at the Registered office of the Company not less than 48 hours before the Meeting.

CHROMATIC INDIA LTD.

Registered Office : 207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083.

ATTENDANCE

(To be handed over at the entrance of the Meeting Hall)

24th Annual General Meeting - 29th September, 2011

I hereby record my presence at the 24TH ANNUAL GENERAL MEETING of the company held on Thursday, September 29, 2011 at 11.00 a.m. at 207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083.

Full name of Member (IN BLOCK LETTERS).....

Reg. Folio No./ Demat ID.....

No. of shares held.....

Full name of Proxy (IN BLOCK LETTERS)
.....

.....
Member's / Proxy Signature

BOOK - POST

To

If undelivered, please return to :

CHROMATIC INDIA LTD.

207, Vardhaman Complex Premises Co. op. Society Ltd.,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400083

24TH ANNUAL REPORT
2010-2011



CHROMATIC INDIA LTD.

THIS PAGE IS INTENTIONALLY KEPT BLANK