

Annual Report 2009-10



PODDAR PIGMENTS LTD.

BOARD OF DIRECTORS

Smt. Kusum Poddar

Shri M.K. Sonthalia

Shri N. Gopaldaswamy

Shri R.K. Sureka, CEO

Shri S.S. Poddar, Managing Director

Shri V. K. Fogla

AUDITORS

M/s. K.N. Gutgutia & Company

Chartered Accountants

New Delhi

BANKERS

State Bank of India

Punjab National Bank

State Bank of Bikaner & Jaipur

REGISTERED OFFICE & WORKS

RIICO Industrial Area,

Sitapura, Jaipur - 302 022

(Rajasthan)

CORPORATE OFFICE

No. 302, Nanak Chambers, 3rd Floor

(Opp. Fun Republic) New Link Road,

Andheri (W), Mumbai-4000 53

CONTENTS	PAGES
Notice	1-4
Directors' Report	5-7
Management Discussion and Analysis	8-9
Report on Corporate Governance	10-15
Auditors' Certificate on Corporate Governance	16
Auditors' Report	17-19
Balance Sheet	20
Profit & Loss Account	21
Schedules to the Accounts	22-36
Cash Flow Statement	37-38

**NOTICE**

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Company will be held at the Registered Office of the Company at **E-10,11 & F-14 TO 16, RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR-302022 (RAJASTHAN)** on **Saturday, the 21st August, 2010 AT 11.00 A.M.** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri N. Gopalaswamy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors to hold office till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/S K.N. Gutgutia & Co., the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (The Act) and subject to statutory approvals, if any, consent be and is hereby accorded for payment of revised remuneration for remaining terms of appointment i.e. from 1st April, 2010 to 30th September, 2010 and for re-appointment of Shri S. S. Poddar, as Managing Director of the Company for a period of 3 years from 1st October, 2010 to 30th September, 2013 on the following terms and conditions:-

Remuneration, Benefits and Perquisites:

The remuneration to the Managing Director on account of Basic Salary, Special Allowance, Commission and perquisites is mentioned below:

Basic Salary Rs. 2,25,000/- Per Month

- a. Special Allowance subject to a maximum of Rs. 10,00,000/- per annum based on certain performance criteria to be laid down by the Remuneration Committee and the Board of Directors.

- b. Commission at such percentage of the Net Profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 based on certain performance criteria to be laid down by the Remuneration Committee and the Board of Directors. However, the total remuneration including the Commission and Special Allowance shall not exceed 5% of the Net Profits of the Company computed in term of the Companies Act, 1956.
- c. Perquisites- In addition to the salary, the following perquisites will be allowed:- The perquisites are classified into three categories 'A', 'B' and 'C' as below:-

CATEGORY - A

- (a) Rent Free Accommodation or House Rent Allowance upto a maximum of 60% of Basic Salary.
- (b) Expenditure incurred on gas, electricity and water shall be paid/ reimbursed by the company.
- (c) Medical Expenses incurred for self and family.
- (d) Leave Travel Concession for self & family once in a year to any destination in India or Abroad.
- (e) Fee of Clubs.
- (f) Premium for Personal Accident Insurance.
- (g) Premium for Personal Life Insurance.
- (h) Any other perquisites as per Company's Rules within the ceiling of Rs. 75,000/- per month.

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

CATEGORY - B

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

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



CATEGORY-C

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

The remuneration as specified above shall be subject to the overall limits as specified under section 198, 269, 309, 310, 311 and other applicable provisions read with Schedule XIII of the Companies Act, 1956.

In the event of the company incurring a loss or having inadequate profits in any financial year, the remuneration,

benefits and perquisites payable to Shri S. S. Poddar shall be in accordance with the provisions of section II of Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

By order of the Board

NAVIN JAIN

COMPANY SECRETARY

Registered Office:

E-10,11 & F-14 to 16
RIICO Industrial Area, Sitapura,
Jaipur- 302022

DATE: 14th July, 2010

NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies, in order to be effective, must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 16.08.2010 to 21.08.2010 (both days inclusive).
4. Details of Shri. N. Gopalaswamy, required to be provided pursuant to Clause 49 of Listing Agreement, are furnished in the Corporate Governance Report published elsewhere in the Annual Report.
5. Members are requested :-
 - a. to bring their copy of the Annual Report at the Meeting.
 - b. to notify any change in their address to M/s Link Intime (R&T) / Company.
6. In case of transfer of physical shares, the instrument of Share Transfer complete in all respect, should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to the closure of the Register of Members as stated above.
7. The copies of relevant documents can be inspected at the Registered Office of the company on any working day between 10.30 A.M. to 12.30 P.M., till the date of Nineteenth Annual General Meeting.

**ANNEXURE TO NOTICE**

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

Item No. 4

The present tenure of appointment of Shri S. S. Poddar, Managing Director is expiring on 30.09.2010 and the Remuneration Committee of the Board at its meeting held on 8th June, 2010 recommended for payment of revised remuneration for remaining terms of appointment i.e. from 1st April, 2010 to 30th September, 2010 and for re-appointment of Shri S. S. Poddar as Managing Director for a further period of 3 years from 01.10.2010 to 30.09.2013 on the terms and conditions set out in the Resolution.

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

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

I GENERAL INFORMATION

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

Particulars for the financial year ended 31.03.2010	Rs. in lacs
Sales including other Income	17070.00
Operating Profit (before interest, Depreciation and Tax)	1992.00
Profit Before Tax	1716.00

5. **Export Performance and net foreign exchange earning and collaborations:**
The earning in Foreign Exchange by Exports (on FOB) for the year ended 31.03.2010 was Rs. 3990.44 lacs.
6. **Foreign investment of collaborators, if any:**
Not Applicable

II INFORMATION ABOUT THE MANAGING DIRECTOR:**1. Background, recognition and award details:**

Shri S.S. Poddar, a graduate Engineer, aged 61 years is the Managing Director of Company since 01.07.1994. He has wide industrial experience spanning over 38 years. The company has progressed substantially under his leadership.

2. Past Remuneration:

The last remuneration of Shri S.S. Poddar approved by the Members of the company at their Annual General Meeting held on 08.09.2007 is as under:

A. Basic Salary	: Rs. 1,50,000/- P.M.
B. Perquisites	: Rs. 1,50,000/- P.M.
Total Remuneration	: Rs. 3,00,000/- P.M.

Commission @ 1 % of the Net Profits subject to adequacy of Profits as calculated under section 309 (5) of the Companies Act, 1956.

3. Job Profile and his suitability:

Shri S. S. Poddar, Managing Director of the Company is responsible for overall management of the Company. He is vested with substantial power of Management under the supervision, control and direction of the Board of Directors. He has been instrumental in deciding Company's policy planning, long term vision and is responsible to evolve strategies to combat competition and to attain targets of the Company besides Corporate Governance and ensuring co-ordination among Board.

4. Remuneration Proposed:

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 08.06.2010 and 14.07.2010 approved the terms of remuneration for re-appointment for 3 years tenure of Shri S. S. Poddar commencing from 1st October, 2010 as under:

A. Basic Salary	: Rs. 2,25,000/- P.M.
B. Special Allowance	: Subject to Maximum of Rs. 10,00,000/- per annum
C. Commission	: at such percentage of Net Profit as calculated under section 309 (5) of the Companies Act, 1956.
D. Perquisites	: Rs. 75,000/- P.M.



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

The executives' remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial person. The "Remuneration Committee" constituted by the Board in terms of the said Schedule perused remuneration of managerial persons in the industry and other companies comparable with the size of the company, industry benchmarks in general, profile and responsibilities of Shri S.S. Poddar before approving the remuneration as proposed herein before.

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

Besides the remuneration proposed, Shri S.S. Poddar does not have any pecuniary relationship with the company. Smt. Kusum Poddar, Director of the Company is a relative of Shri S.S. Poddar.

III **OTHER INFORMATION**

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

The Masterbatch Industry is a high-tech industry requiring continuous R & D, both on existing product line as well as on new product development to retain and expand market share. Increasing competition in this industry alongwith an increase in the cost of raw-materials and other inputs is creating pressure on margins. During the coming years, the Company may have inadequate profits in terms of Section 309(5) of the Companies Act, 1956.

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

With a view to improve its overall profitability and financial health, the company has taken major steps which inter-alia includes conversion of high interest rate debts into lower interest rate, major marketing re-structuring for exports, reduction in production cost through implementation of energy

saving measures, sourcing of cheaper raw materials, increase in productivity through better combinations of product mix, increase in the product range to cater to the requirements of different segments and strengthening of its R & D division on continuous basis. The direct exports of the company has increased by 28.11% in the financial year 2009-10 over the previous year. In the current financial year, the company expects further increase in turnover and profits.

The proposed remuneration of Shri S. S. Poddar has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 08.06.2010. The company has not made any default in the payment of any of its debts (including deposits) or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such a managerial person. The specified information required to be given to the shareholders alongwith the Notice is given in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

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

None of the Directors except Shri S. S. Poddar being the Managing Director and Smt. Kusum Poddar being a relative of Shri S. S. Poddar are concerned or interested in this resolution.

By order of the Board

NAVIN JAIN
COMPANY SECRETARY

Registered Office:

E-10,11 & F-14 to 16
RIICO Industrial Area, Sitapura,
Jaipur- 302022

DATE: 14th July, 2010

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS		[Rs. in Lacs]
Particulars	2009-2010	2008-2009
Sales	16 241	13 078
Other Income	829	83
Sales including other income	17 070	13 161
Operating Profit before Interest,		
Depreciation & Tax	1 992	935
Interest	61	122
Depreciation	215	216
Net Profit before tax	1 716	597
Provision for Tax		
- Current	351	216
- Deferred	(39)	(14)
- Fringe Benefit Tax	-	11
Net Profit after tax	1 404	384
Tax adjustments for Prior years	15	13
Net Profit after Tax adjustments	1 419	397
for Prior years		
Balance brought forward		
from previous year	145	188
Profit available for appropriations	1 564	585
APPROPRIATIONS		
General Reserve	144	440
Balance Carried forward		
to Balance Sheet	1 420	145

OPERATIONS

Your Company has scaled new heights in overall performance and has set new benchmarks in terms of sales, profits and network. During the year, the Company has achieved a turnover of Rs. 16241 Lacs as against Rs. 13078 lacs in the previous year, registering an increase of 24.19 % over the previous year (despite production loss due to fire at the adjoining IOC Depot and capacity constraints). The company plans to increase its production capacity by about 20% through expansion at the company's existing plant. This additional capacity will be available by third quarter of current Financial Year i.e. 2010-2011.

The Company has also improved its performance in Exports and achieved direct export turnover of Rs. 4056 lacs as against Rs. 3166 lacs in previous year, registering an increase of 28.11%. These results have been mainly achieved due to all-round value addition, re-organization of the product mix, the marketing strategy and continuous R & D efforts.

MARKETING

Sustained efforts to maintain and improve the international quality standards of your Company's products has resulted in satisfactory demand despite sluggish economic conditions. This has also helped in facing price competition in both domestic and international markets and increasing sales. With sustained efforts, we expect further improvements in our performance this current year. The Company will continue to seek new markets while consolidating its hold over the existing customers.

RESEARCH AND DEVELOPMENT

The R & D division of the Company, located at its plant, constantly endeavors to innovate and change the product mix/ process for creating higher value items at lower costs. This has enabled the company to bring down the cost of products and pass on this benefit to the customers, thereby benefiting society in general. The Company's full-fledged R&D Department makes constant efforts to widen its range of new generation masterbatches.

STAR EXPORT HOUSE STATUS AND CRISIL RATING

Sustained growth in exports, along with compliance of Quality Management System as per BS EN ISO 9001 : 2008, has enabled the Company to maintain its Star Export House Status under the Foreign Trade Policy 2009-2014.

The company has been awarded the highest recognition for Exports during last two consecutive years (2007-08 & 2008-09) by Plastics Export Promotion Council, as "Second Best Exporter of Masterbatches" in the Country.

During the year, the Company's Credit Rating has enhanced to A/Stable/P1 assigned by CRISIL for its working capital borrowings which signifies strong degree of safety regarding timely payment.

BUY-BACK OF SHARES

During the year, the company has bought-back 15,90,000 Equity Shares in an aggregate amount of Rs. 567.87 Lakhs at an average price of Rs. 35.71 per shares by utilizing free reserves of the company as approved by the Shareholders. The Paid-up Capital of the company after extinguishment of shares bought back under the scheme stands at Rs. 10.61 Crores.

DIVIDEND

With a view to conserve resources, your Directors do not recommend any dividend for the year.

DIRECTORS

Shri N. Gopalaswamy, retires by rotation at the ensuing Annual General Meeting pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, and being eligible, has offered himself for re-appointment.

CORPORATE GOVERNANCE

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



and integrity.

The report on Corporate Governance (in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges) along with the Auditors' certificate on its compliance by the Company and the Management Discussion & Analysis, which forms part of this Report, has been included in the Annual Report.

COMPLIANCE WITH THE CODE OF CONDUCT

The Company had put in place a Code of Conduct for its Board Members and Senior Management Personnel from 23rd January, 2006 and has reaffirmed the same on 18th January, 2010. The same is available on the website of the Company. Declarations of compliance with the Code of Conduct have been received from all concerned. A certificate annexed to this effect forms a part of this Report.

DEPOSITS

The company has neither accepted any deposits during the year under review nor are there any fixed deposits outstanding at the year end.

EMPLOYEES

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

AUDITORS

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

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

Your Company is continually looking for new ways to preserve the environment and manage resources responsibly. Your company adopts clean technologies and processes that combine both economic progress and environment sustainability. The company has taken a number of developmental initiatives that enhance sustainability as well as environment care. These include capacity addition in old plants within the existing land, reduction in water requirement by upgrading processes, and so on.

The only acceptable standard of safety performance for your Company is "zero accidents". Hence, to ensure safety of men and materials, a safety audit was conducted through an outside and independent agency and their suggestions are being implemented.

Particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as

required under section 217(1)(e) of the Companies Act 1956, are enclosed as a part of the report.

RISK AND INTERNAL ADEQUACY

Your Company has a low debt-equity ratio and is well placed to take care of its borrowings. Your Company is progressively moving towards a "net foreign-exchange earner" and detailed review by Audit Committee once in a quarter in which the transactions are suitably covered.

The Company's internal controls systems are adequate considering the size of the Company and are routinely tested and certified by our statutory as well as internal auditors. Moreover, the Company continuously upgrades these systems.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2008, the Directors confirm :-

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

PLACE : CHENNAI

R. K. Sureka

S. S. Poddar

DATE : 14th July, 2010

DIRECTOR & CEO

MANAGING DIRECTOR

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

I, R. K. Sureka, Director & CEO of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 23rd January, 2006 and again reaffirmed on 18th January, 2010. The Board Members and Senior Management have affirmed compliance with the said Code of Conduct.

For PODDAR PIGMENTS LIMITED

R. K. SUREKA
DIRECTOR & CEO

Date : 14th July, 2010



ANNEXURE TO THE DIRECTORS' REPORT

I. ENERGY CONSERVATION

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

Particulars with respect to conservation of energy:-

(A) Power & Fuel consumption	Current Year ended on 31.03.2010	Previous Year ended on 31.03.2009
Electricity		
(a) Purchased:-		
Units (Nos.)	53 66 880	51 76 080
Total Amount (Rs.)	2 40 64 599	2 30 08 297
Rate/Unit (Rs.)	4.48	4.44
(b) Own generation:-		
Through Diesel		
Units (Nos.)	4 70 079	82 650
Units per Ltr of Diesel	3.49	3.12
Cost/ Unit (Rs.)	8.99	9.29
(B) Consumption per unit of production		
Production of Masterbatches & Plastic Compounds. (M.T.)	9211.65	7567.81
Electricity per M.T. of production (Units)	633.65	694.88

II. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D was carried out by the Company.

Research & Development is one of the core areas for future product development strategy. R & D has been carried out:-

- In the field of functional masterbatches to meet end use specific requirements of the industry.
- To develop Tailor-made masterbatches for different end users as per the requirements of the fiber & plastic industries.
- To develop Masterbatches to improve performance and reduce cost.
- For product improvement, process optimization, environment and pollution control.

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

- Development of a new range of application masterbatches not being manufactured in country, thus saving foreign exchange.
- Offering process flexibility and cost effective solutions.
- Better productivity, optimized cost, improved quality and innovative products.
- Reduction in environmental pollution by offering alternative route for dyed yarns & textiles.

3. Future plan of action

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

4. Expenditure on R&D

(a) Capital	Rs. 57.01 Lacs
(b) Recurring	Rs. 99.66 Lacs
(c) Total	Rs. 156.67 Lacs
(d) Total R&D expenditure as a percentage of total turnover	0.965%

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1 Efforts, in brief, made towards technology absorption, adaptation and innovation.

Continuous efforts are being made in-house to benchmark & develop new products by:-

- Improving and bench marking existing products to match international standards.
- Adoption of state-of-the-art technological practices to meet stringent industry requirements & quality norms.
- Indigenizing products hitherto being imported in the industry.
- New mixing & improved master batch preparation techniques to help improve environment, productivity & quality.
- Continuous efforts to update, optimize, review and adopt the latest technologies and process improvement techniques.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

- The Company has achieved superior quality & cost effective production resulting in improved realization of finished goods.
- Introduction of new functional products.
- Leadership position in the market.
- Technology upgradation.

3. Technology imported during last five years.

- Technology Imported for manufacture
- Year of Import
- Has technology been fully absorbed.

NIL

N.A.

N.A.

N.A.

IV. FOREIGN EXCHANGE EARNED AND OUTGO

	2009-2010	2008-2009
1. Foreign Exchange Earned from Export of Goods (on FOB)	3990.44	3099.22
2. Foreign Exchange Outgo		
- Import of Raw Material & Stores	6918.00	5756.08
- Import of Capital Goods	120.06	25.72
- Traveling Expenses	68.18	20.10
- Technical Consultancy	12.12	15.85
- Commission	12.70	19.95
- Interest	24.08	46.75
- Others	1.59	-

V. INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

Employed through-out the Financial Year and in receipt of remuneration aggregating not less than Rs. 24 lacs per annum.

Sr. No.	Name	Designation	Remuneration	Qualification	Age (Years)	Experience (Years)	Date of Joining	Previous Employment
1.	Shri S. S. Poddar	Managing Director	42,34,678	B.E. (Civil)	61	36	1.7.1994	Whole Time Director in Rajasthan Petro Synthetics Ltd
2.	Shri R. K. Sureka	Director & CEO	28,41,000	B.Com. (Hons.), CA, CS	53	31	8.10.1994	Asst. Vice President (Finance) in Hindustan Dev. Corp. Ltd.

For and on behalf of the Board of Directors

PLACE : CHENNAI

R. K. Sureka

S. S. Poddar

DATE : 14th July, 2010

DIRECTOR & CEO

MANAGING DIRECTOR



MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Operational Performance

The first and second quarters of the year under review were very uncertain due to the volatility and recessionary trends in the Indian and the global economy. The markets showed improved trends during the third and fourth quarter.

Despite global recessionary trends, your company has scaled new heights in overall performance. Your company was able to sustain its business performance and has registered an overall positive growth in the domestic and export sales. Your company has achieved a turnover of Rs.16241 Lacs in 2009-10 as against Rs.13078 Lacs in the previous year, a 24.19% increase.

The plant operated smoothly and on schedule the whole year, barring a period of 20 days due to the massive fire at the adjoining IOC depot. The total production was 9211.65 MT as against 7567.81 MT in the previous year, an increase of 21.72%.

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

Segment-wise/ Product-wise Performance

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

Domestic sales contributed Rs.12016 Lacs this year, as against Rs. 9754 Lacs in the previous year, showing an increase by 23.19%.

Export sales contributed Rs. 4056 Lacs as against Rs. 3166 Lacs in the previous year, showing an increase by 28.11%.

Industry Structure and Developments

Your company is pioneer and market leader in the Indian Masterbatch industry, manufacturing various types of Masterbatches required for the plastics and synthetic dope dyed fiber industry.

The masterbatch industry can be broadly classified into three sectors: organised, medium and small. A substantial part of the market is catered to by the small sector, comprised largely of small manufacturing units spread throughout the country. These units mostly cater to their respective local markets. The medium sector is relatively small in size, though it caters to a larger market. The organised sector comprises of select players, including your Company and caters to the organised and quality conscious market. Due to the high technology and quality requirements of masterbatches, imports also play a major role. It appears that the organised sector is taking over the market share from the small and medium sector by meeting the stringent quality requirements, timely deliveries, prompt technical services and strong R&D backup.

The per capita consumption of plastics in India is also increasing rapidly. It is currently at 7.4 Kgs, but is still below global consumption of 28.9 Kgs, China and Asia also have a per capita consumption of 24.2 Kgs and 21.6 kgs respectively. The per capita consumption in India is expected to double by 2011-12.

The per capita consumption of fiber in India is also quite low at 5 kgs whereas the global demand for 2010 is at 10.4 Kgs. China, North America and Western Europe have a per capita consumption 16 Kgs, 31 Kgs and 22 kgs respectively.

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

Business Outlook

Despite the global recession, the Indian polymer industry has shown a growth of more than 15% per annum. The approximate polymer consumption in India has been around 6.2 MMTPA and is expected to reach around 12.60 MMTPA by 2011-12. With the further addition of polymer capacities in India by approx. 2.5 MMTPA of PE and 1 MMTPA of PP by 2013 from the current level of 2.0 MMTPA each, the overall consumption of polymers in India is bound to increase. India is poised to be the third largest consumer of plastics by 2013.

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

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



In order to meet the growing demand, your company has planned an expansion to enhance the capacity by approx. 1600 MT per annum. This enhanced capacity will be available from 3rd/ 4th quarter of FY 2010-11.

The company's emphasis and thrust on the continuous development of new and innovative products will enable it to stay ahead of the competition.

With the growing demand of masterbatches it can be optimistically stated that your company's coming years appear to be headed for excellent growth and better all-round performance

Opportunities and Threats

Key opportunity:

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

Key threats:

Recession in the user industry may affect demand for the products. Product changes, high fluctuations in the prices of raw materials, competition from domestic and global players and relaxation in import tariff may increase the pressure on margins.

Fluctuations in foreign currencies also play a major role in the profitability of the Company.

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

Risks and concerns

The high raw-materials cost, impact on imports due to depreciation of Rupee against US currency and further aberration in the customs duty in the coming years under general WTO obligations can create pressure on the margins and thereby affect the performance of the Company. Further, low economic growth can affect sales and margins. Your Company is taking care by introducing innovative masterbatches through its regular research & development, increasing value added products and cost reduction. Forseeable risks to the Company's assets are adequately covered by comprehensive insurance policies.

Internal Control Systems and their adequacy

Your Company has internal control procedures commensurate with the Company's size and nature of business. The objective of these procedures is to ensure efficient use and protection of your Company's resources, accuracy in financial reporting and due compliance of statutes and Company procedures.

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

Human Resources

The talent base of your company during the year 2009-10 was around 346.

The Board of Directors expresses its appreciation for the sincere efforts made by the employees of your Company at all levels during the year and their co-operation in maintaining cordial relations.

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

Cautionary Statement

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

For and on behalf of Management Team

PLACE : CHENNAI
DATE : 14th July, 2010

S. S. Poddar
MANAGING DIRECTOR

**REPORT ON CORPORATE GOVERNANCE***(Pursuant to clause 49 of the Listing Agreement)*

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

1. Company's Philosophy on Code of Governance

The Company believes in fair business and corporate practices while dealing with the Shareholders, employees, customers, creditors, lenders and others. We believe that Corporate Governance is a voluntary and self discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs. Focus of the Company has always been to ensure continuing value creation for each of its stakeholders and above all to achieve business excellence with the goal of long term sustainable development. The Company is prompt in discharging its statutory obligations and duties. The Board has adequate representation of professionals, qualified, Non-Executive and Independent Directors.

2. Board of Directors**2.1 Composition of the Board :**

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

In the Year 2009-2010, Eight Board meetings were held on 23.06.2009, 06.07.2009, 25.08.2009, 03.10.2009, 21.10.2009, 07.11.2009, 18.01.2010 and 09.02.2010.

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

Sl.No.	Name of the Director	Category of Directorship @	No. of Board meeting attended out of 8 held	Attendance at last AGM held on 04.08.2009	No. of other Directorship as on 31.03.2010	No. of other committees in which Chairman/Member as on 31.03.2010	
						Member	Chairman
(i)	Sh. S. S. Poddar, Managing Director	\$	7	NO	4	—	—
(ii)	Sh. R. K. Sureka, Director & CEO	#	6	YES	2	—	—
(iii)	Smt. Kusum Poddar	*	3	NO	1	—	—
(iv)	Sh. N. Gopalaswamy	&	—	NO	8	—	—
(v)	Sh. M. K. Sonthalia	&	2	NO	7	—	—
(vi)	Sh. V. K. Fogla	&	1	YES	13	—	—

@ Category of Directors:-

\$ Executive Promoter Director

Executive Director

* Non Executive Promoter Director

& Non Executive Independent Director

and wife of Sh. S. S. Poddar,
Managing Director

2.2 Composition of Remuneration Committee:

The remuneration committee consists of Shri N. Gopalaswamy, Shri M.K. Sonthalia and Shri V.K. Fogla.

2.3 Remuneration to Executive Directors:

The remuneration of Executive Directors are being determined by the "Remuneration Committee" subject to the approval of the Company in General Meeting and such other authority as may be necessary. The details of remuneration paid to Executive Directors during the Year 2009-10 are as follows:-



Particulars	Sh. S.S. Poddar, Managing Director	Sh.R.K.Sureka, Director & CEO
Salary and Incentive Bonus	24 00 000	18 00 000
Contribution to Provident Fund	2 16 000	2 16 000
Other perquisites	4 89 346	8 25 000
Commission on Profit to the Managing Director	1.12 93 32	-
Total (Rs.)	42 34 678	28 41 000

2.4 Terms of Contract :

Name of Director	Date of appointment	Expiry of contract	Severance fees	Notice Period
Shri S. S. Poddar	01.10.2007	30.09.2010	-	-
Shri R. K. Sureka	01.10.2009	30.09.2012	-	-

2.5 Remuneration to Non-Executive Directors :

No remuneration except sitting fee of Rs. 13500/- was paid to the Non-Executive Directors for meeting attended by them during the year 2009-2010.

2.6 Shareholding of the Non-Executive Directors in the Company as on 31.03.10 :

None of the Non-Executive Directors hold any share in the Company except Smt. Kusum Poddar hold 824060 Equity Shares.

2.7 Information placed before the Board of Directors :

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

3 Audit Committee :

During the Year 2009-2010, four meetings of the Audit Committee were held on 28.05.2009, 02.07.2009, 06.10.2009 and 08.01.2010. The details of the attendance of the members at Audit Committee and constituents of the Committee are as follows :-

Name of Members	Designation	No. of Meetings Attended
Sh. V.K. Fogla	Chairman- Non Executive & Independent Director	3
Sh. M.K. Sonthalia	Member - Non Executive & Independent Director	4
Sh. N.Gopalaswamy	Member - Non Executive & Independent Director	1

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

The terms of reference of the Committee are in line with the requirements of the code. The brief terms of reference of the Audit Committee include :

- Review of the Company's financial reporting process and financial statements.
- Review of accounting and financial policies and practices.
- Review of internal control and internal audit systems.
- Discussion with Internal Auditors on any significant findings and follow-up thereon.
- Reviewing the Company's financial and risk management policies.
- Reviewing the Quarterly and Annual Financial Statements before submission to the Board.
- Recommending the appointment and removal of Statutory Auditors, audit fee and payment for any other services.

4. Share Transfer cum Investors' Grievances Committee :

The 'Share Transfer-cum-Investors' Grievance Committee' comprises of two Executive Director namely, Shri S. S. Poddar & Shri R. K. Sureka and three Non-Executive Directors namely Shri V.K. Fogla, Shri N. Gopalaswamy and Smt. Kusum Poddar. Smt. Kusum Poddar is the Chairperson of the committee.



The Committee, in addition to considering share transfer matters, also oversees redressal of shareholders' and investors' complaints/grievances and recommends measures to improve the level of investor services, besides discharging such other related functions which may be referred to it by the Board from time to time.

Details of Pending Complaints :

Complaints Received from	Nos. of Complaints Received	Nos. of Complaints pending
SEBI	01	NIL
Stock Exchange	02	NIL
Investors	12	NIL
Govt. Authorities	NIL	NIL

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

Compliance Officer:

Sh. Navin Jain, Company Secretary

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

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

6 General Body Meetings:

A. Annual General Meetings

Venue and time for last three Annual General Meetings:

Financial Year	Venue	Date	Time	Details of Special Resolution Passed
2006-2007	Regd Office at RIICO, Industrial Area, Sitapura, JAIPUR	08.09.2007	11.00 A.M	For Re-appointment of Managing Director
2007-2008	Do	11.08.2008	11.00 A.M.	Nil
2008-2009	Do	04.08.2009	11.00 A.M.	For Revision of remuneration and Re-appointment of Director & CEO

B. Special Resolution passed through Postal Ballot

Consent of the shareholders was sought through Postal Ballot for the Buy-back of Shares. The Resolution was sent to the shareholders for their approval through postal ballot which was returnable by 17.08.2009. The Result was declared on 24.08.2009 at the Regd. Office at RIICO Industrial Area, Sitapura, JAIPUR. The details of Postal Ballot voting pattern are as given below:

Resolution No.	Particulars	No. of Ballot Papers received carrying valid votes	Vote cast in favour of the resolution	Vote cast against the resolution
1	For approving the Buy-back of Shares upto 2440000 Fully Paid up Equity Shares of the Company	72 60 783	72 58 383	2 400

Shri B. L. Patni, Practising Company Secretary was appointed as Scrutiniser to receive and scrutinise the completed postal ballot papers received from the Members and for conducting the Postal Ballot process in a fair and transparent manner.

7. Disclosures:

a) Disclosure regarding materially significant related party transactions :

Materially significant related party transactions have been given in Schedule 12- Accounting Policies and Notes



on Accounts (Point No. 12 to the Notes on Accounts). Adequate care was taken to ensure that the potential conflict of interest did not harm the interest of the company at large.

b) Disclosure regarding certain non-compliance :

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

8 Means of Communication :

Half Yearly reports are not sent to shareholders. The Company sends out the Annual Report regularly. The quarterly results of the Company are published in a leading English National Newspaper namely, The Business Line (all editions) and in Hindi Local Newspaper namely, The Dainik Bhaskar (Jaipur edition). The Results are also sent to Stock Exchanges as per requirement of Listing Agreement.

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

No presentation was made to the Institutional Investors or to the analysts during the Financial Year 2009-10.

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

9 General Shareholders Information

9.1 AGM : Date, Time and Venue

- 21st August, 2010, 11.00 A.M. at Regd. Office.

9.2 Financial Calendar (Tentative)

Financial Year:

- 1st April, 2010 to 31st March, 2011

Results for the quarter ending:

June 30, 2010

- Second week of July, 2010

September 30, 2010

- Second week of November, 2010

December 31, 2010

- Second week of February, 2011

March 31, 2011

- Fourth week of May, 2011

9.3 Date of Book Closure

- 16.08.2010 to 21.08.2010

9.4 Dividend Payment Date

No dividend has been recommended by the Board for the Financial Year 2009-2010.

9.5 Listing on Stock Exchanges and their Code

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

The listing fee for the F.Y. 2010-11 has already been paid to both the Stock Exchanges.

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

Period	High (Rs.)	Low (Rs.)
April, 2009	18.80	16.00
May, 2009	24.85	17.00
June, 2009	26.45	22.00
July, 2009	33.50	23.10
August, 2009	36.90	30.00
September, 2009	42.00	31.00
October, 2009	38.70	28.70
November, 2009	37.90	32.00
December, 2009	38.00	34.00
January, 2010	39.90	31.00
February, 2010	40.00	31.00
March, 2010	39.50	33.20



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

Not linked to Sensex/Index

9.8 Registrar and Transfer Agents

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

9.9 Shares Transfer System

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

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

9.10 Secretarial Audit

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

9.11 Distribution of Shareholding as on 31.03.10:-

No of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	8 120	92.26	13 77 715	12.98
501-1000	380	4.32	3 23 450	3.05
1001-2000	128	1.45	2 00 446	1.89
2001-3000	61	0.69	1 56 466	1.48
3001-4000	21	0.24	75 446	0.71
4001-5000	22	0.25	1 05 255	0.99
5001-10000	27	0.31	2 01 452	1.90
10001 & above	42	0.48	81 69 770	77.00
Grand Total	8 801	100.00	1 06 10 000	100.00

Shareholding Pattern :-

Particulars	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Resident Individuals	8 612	97.85	48 50 109	45.72
Domestic Companies	140	1.59	55 62 847	52.43
Non Resident Indians	23	0.26	20 593	0.19
Mutual Funds/ FIs	4	0.05	58 700	0.55
Others	22	0.25	1 17 751	1.11
Total	8 801	100.00	1 06 10 000	100.00

**9.12 Dematerialisation of Shares & liquidity**

The Company's equity shares are included in the list of Companies whose scripts have been mandated by SEBI for settlement only in dematerialized Form by all investors. The Company has signed agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") to offer depository services to its shareholders and 87.58% of the total number of equity shares of the Company have been dematerialized as on 31.03.2010.

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

Nil

9.14 Brief Resume of Director being re-appointed

Shri N. Gopalaswamy, Non Executive Independent Director is due for retirement by rotation at this AGM and is eligible for re-appointment. Shri Gopalaswamy is Director of the Company since 1998. He is senior member of the Institute of Industrial Engineers, U.S.A. and also the fellow of Institute of Engineers India. He is having about 5 decades of experience. Brief Particulars of Directorship in other Companies are as follow:-

1. Sri Kesava Mines & Minerals Ltd.
2. Shri Nataraj Ceramic & Chemical Industries Ltd.
3. Dalmia Cement (Bharat) Ltd.
4. Sri Madhava Minerals & Properties Ltd.
5. Sri Shanmugha Mines & Minerals Ltd.
6. Sri Swaminatha Mines & Minerals Ltd.
7. Sri Subramanya Mines & Minerals Ltd.
8. Integrated Enterprises (India) Ltd.

9.15 Plant Locations and Address for Correspondence

E-10,11, F-14 to 16, RIICO Industrial Area,
Sitapura, Jaipur - 302022.

Telephone : (0141) 2770202, 2770203

Fax No. : (0141) 2771922

Email : jaipur@poddarpigments.com
njain@poddarpigments.com

For and on behalf of the Board of Directors

PLACE : CHENNAI
DATE : 14th July, 2010

R. K. Sureka
DIRECTOR & CEO

S. S. Poddar
MANAGING DIRECTOR



AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENTS

TO THE MEMBERS OF PODDAR PIGMENTS LIMITED

We have examined the Compliance of conditions of Corporate Governance by Poddar Pigments Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the shareholders/investors grievance committee.

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

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

**PLACE : CHENNAI
DATE : 14th July, 2010**

**(B. R. GOYAL)
PARTNER
Membership No. 12172
ICAI'S FRN NO. 304153E**

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

1. We have audited the attached Balance Sheet of **PODDAR PIGMENTS LIMITED** as at 31st March, 2010, the related Profit and Loss Account for the year ended on that date annexed thereto, and the cash flow statement of the Company for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments mentioned in the Annexure referred to in above paragraph we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
 - d) In our opinion, the Profit & Loss Account, Balance Sheet and Cash Flow Statement comply with the mandatory Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.
 - e) According to the information and explanation given to us and on the basis of written representations received from the Directors of the Company as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010, from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes and Significant Accounting Policies there on, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010.
 - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date;

And

- (iii) In the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

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

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

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

**Place : Jaipur (Camp)
Date : 19th May, 2010**

**ANNEXURE TO THE AUDITORS' REPORT****Re: PODDAR PIGMENTS LIMITED**

Referred to in paragraph 3 of our report of even date.

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us Physical verification of fixed assets has been carried out in terms of the phased programme of verification of its fixed assets adopted by the Company.
- (c) During the year the Company has not disposed off any substantial/ major part of fixed assets.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the book of accounts.
- iii) The company had not taken / granted any loan from / to any Company covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the order is not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there was no transaction that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- vi) In our opinion and according to the information and explanations given to us the company has not accepted any deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, as explained to us the company has an internal audit system commensurate with the size of the company and the nature of its business.
- viii) The Central Government has ordered for audit of cost records of the Company required to be maintained u/s 209(1)(d) of the Companies Act, 1956. We have been informed by the management that representation has been made by the Company to the Central Government that the audit provisions and related records rules are not applicable to the products of the company. We have been informed that the matter has been referred by the Department of Company Affairs to the Technical Committee and the same is still under their consideration and no further communication has been received from the department.
- ix) (a) According to the information's and explanations given to us and records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales-tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues of sales tax, income-tax, customs, wealth tax, service tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under: -



Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax Act	Sales Tax on sale of fixed assets	59 847	2003-04	Deputy Commissioner (Appeals)
Income Tax Act	Disallowance of expenses etc	12 80 404	AY 2007-08	Deputy Commissioner (Appeals)

- x) There are no accumulated losses of the Company as on 31st March, 2010. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or banks.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit/nidhi/ mutual benefit fund/ society.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. However whenever shares, as investments, are purchased or sold, records for the same are properly maintained.
- xv) According to the information and explanations given to us, Company has not given any guarantees for loans taken by others from bank or financial institutions.
- xvi) No term loan was availed by the Company during the year under report.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) During the year covered by our audit report the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR K.N. GUTGUTIA & COMPANY
CHARTERED ACCOUNTANTS

(B.R. GOYAL)
PARTNER

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

Place : Jaipur (Camp)
Date : 19th May, 2010

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

	SCHEDULE	2009-10 (Rs.)	2008-09 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	10 61 00 000	12 20 00 000
Reserves & Surplus	2	36 09 55 336	25 99 27 340
LOANS			
Secured Loans	3	6 81 26 294	7 89 95 800
Unsecured Loans		1 13 12 106	3 05 46 820
DEFERRED TAX LIABILITY (NET)		2 69 89 747	3 08 78 460
TOTAL		57 34 83 483	52 23 48 430
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	50 52 77 081	46 75 39 400
Less : Depreciation		30 43 48 622	28 31 62 240
Net Block		20 09 28 459	18 43 77 150
CAPITAL WORK-IN-PROGRESS		1 92 505	1 44 94 640
		20 11 20 964	19 88 71 790
INVESTMENTS			
CURRENT ASSETS, LOANS AND ADVANCES	5	6 26 14 372	3 79 52 990
Inventories	6	19 76 43 152	17 11 18 280
Sundry Debtors		19 16 01 142	18 54 54 150
Cash & Bank Balances		1 07 01 716	1 71 74 160
Loans and Advances		16 11 96 054	8 89 63 160
		56 11 42 064	46 27 09 760
LESS : CURRENT LIABILITIES & PROVISIONS	7	16 11 91 095	11 92 15 710
Current Liabilities		9 02 02 822	5 79 70 400
Provisions		30 97 48 147	28 55 23 640
NET CURRENT ASSETS		30 97 48 147	28 55 23 640
TOTAL		57 34 83 483	52 23 48 430

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS 12

Schedules referred to above form an integral part of the Balance Sheet
In terms of our report of even date attached.

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

For and on behalf of the Board of Directors

B.R. GOYAL
PARTNER

Membership No. 12172
PLACE : JAIPUR (CAMP)
DATE : 19th MAY, 2010

NAVIN JAIN
COMPANY SECRETARY

B.K. BOHRA
Sr. GM (Legal & Comm.)

R.K. SUREKA
DIRECTOR & CEO

S.S. PODDAR
MANAGING DIRECTOR

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

	SCHEDULE	2009-10 (Rs.)	2008-09 (Rs.)
INCOME			
Sales	8	1 62 41 00 802	1 30 77 57 842
Less: Excise Duty		9 32 05 051	11 04 25 636
Net Sales		1 53 08 95 751	1 19 73 32 206
Other Income	9	8 29 41 050	83 30 361
TOTAL		1 61 38 36 801	1 20 56 62 567
EXPENDITURE			
Trading, Manufacturing & Other Expenses	10	1 41 45 74 093	1 11 21 45 161
Interest	11	61 00 308	1 21 79 975
Depreciation		2 15 50 152	2 16 55 528
TOTAL		1 44 22 24 553	1 14 59 80 664
Profit before Tax		17 16 12 248	5 96 81 903
Provision for Taxation			
Current Income Tax		3 51 00 000	2 16 00 000
Fringe Benefit Tax		-	11 50 000
Deferred Tax		(38 88 718)	(14 49 943)
Profit after Tax		14 04 00 966	3 83 81 846
Add : Tax adjustments for Prior years		15 14 129	13 18 521
Net Profit after tax adjustments for prior years		14 19 15 095	3 97 00 367
Balance brought forward from Previous Year		1 44 27 346	1 87 26 979
Profit available for appropriations		15 63 42 441	5 84 27 346
APPROPRIATIONS			
Transferred to General Reserve		1 43 77 105	4 40 00 000
Balance carried to Balance Sheet		14 19 65 336	1 44 27 346
		15 63 42 441	5 84 27 346
Basic and Diluted Earnings Per Share of Rs. 10/- each		12.10	3.25
(Refer note no. B-10 in Schedule 12)			
ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	12		

Schedules referred to above form an integral part of the Profit & Loss Account
In terms of our report of even date attached.

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

For and on behalf of the Board of Directors

B.R. GOYAL
PARTNER
Membership No. 12172
PLACE : JAIPUR (CAMP)
DATE : 19th MAY, 2010

NAVIN JAIN
COMPANY SECRETARY

B.K. BOHRA
Sr. GM (Legal & Comm.)

R.K. SUREKA
DIRECTOR & CEO

S.S. PODDAR
MANAGING DIRECTOR



SCHEDULE 1 : SHARE CAPITAL

	2009-10 (Rs.)	2008-09 (Rs.)
AUTHORISED		
1,25,00,000 Equity Shares of Rs.10/- each	<u>12 50 00 000</u>	<u>12 50 00 000</u>
ISSUED, SUBSCRIBED AND PAID UP		
1,06,10,000 Equity Shares of Rs.10/- each fully paid up (Previous year 1,22,00,000 Equity Share of Rs.10/- each fully paid up) (Refer Note No B- 4 (d) & 5 of Schedule 12)	<u>10 61 00 000</u>	<u>12 20 00 000</u>

SCHEDULE 2 : RESERVES & SURPLUS

	2008-09 (Rs.)	ADDITION (Rs.)	DEDUCTION (Rs.)	2009-10 (Rs.)
Capital Reserve	15 00 000	-	-	15 00 000
Capital Redemption Reserve *	-	1 59 00 000	-	1 59 00 000
General Reserve *	24 40 00 000	1 43 77 105	5 67 87 105	20 15 90 000
Surplus as per Annexed Profit & Loss Account	1 44 27 346	14 19 15 095	1 43 77 105	14 19 65 346
	<u>25 99 27 346</u>	<u>17 21 92 200</u>	<u>7 11 64 210</u>	<u>36 09 55 346</u>
2008-09	<u>22 02 26 979</u>	<u>8 37 00 367</u>	<u>4 40 00 000</u>	<u>25 99 27 346</u>

* "Refer note No B5 of Schedule 12"

SCHEDULE 3 : LOANS

	2009-10 (Rs.)	2008-09 (Rs.)
SECURED		
From Bank		
(a) Term Loan		
- Foreign Currency Loan	1 69 68 390	3 84 96 990
- Interest accrued and due	1 05 874	9 94 974
	<u>1 70 74 264</u>	<u>3 94 91 964</u>
(b) Working Capital Borrowings	<u>5 10 52 030</u>	<u>3 95 03 835</u>
	<u>6 81 26 294</u>	<u>7 89 95 800</u>
UNSECURED		
Short term - Buyers credit in Foreign Currency	<u>1 13 12 106</u>	<u>3 05 46 823</u>
	<u>1 13 12 106</u>	<u>3 05 46 823</u>

NOTES:

- Item No.(a) is secured by first charge by way of equitable mortgage on the Company's property at Sitapura Industrial Area Jaipur and first charge by way of hypothecation of all movable Fixed assets and second charge on current assets including Inventories, Book debts and Bills Receivables of the Company.
- Item No.(b) is secured by first charge by way of hypothecation of current assets including Inventories, Book debts & Bills Receivables, both present and future and further secured by second charge on property at Sitapura Industrial Area Jaipur and on rest of the movable fixed assets of the Company and is also guaranteed by a Director of the Company.
It was Further Secured by way of equitable mortgage on Chennai property, charge of which has been ceded. The formalities for modification of charge is pending for filing with R.O.C. Jaipur.
- Term Loan repayable within one year Rs.1 36 88 932/- (US \$ 3 04 876/-) (Previous Year Rs. 1 54 63 311/- (US \$ 3 04 876/-)).



SCHEDULE 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 31.03.2009	ADDITIONS	ADJUSTMENT/ DEDUCTION	AS AT 31.03.2010	AS AT 31.03.2009	FOR THE YEAR	ADJUSTMENT/ DEDUCTION	AS AT 31.03.2010	AS AT 31.03.2009
Land (Leasehold)	44 23 995	-	-	44 23 995	-	-	-	44 23 995	44 23 995
Buildings (Note 2 below)	5 71 79 574	2 88 43 959	-	8 60 23 533	1 16 85 032	17 32 136	-	1 34 17 168	4 54 94 542
Plant & Machinery	38 05 03 169	72 21 920	32 92 637	38 44 32 452	26 00 95 934	1 80 03 928	-	27 80 99 862	12 04 07 235
Office Equipments	1 09 57 383	12 67 522	94 616	1 21 30 289	65 77 235	5 50 994	25 014	71 03 215	43 80 148
Furniture & Fixtures	65 27 568	22 30 390	-	87 57 958	32 08 308	4 20 266	-	36 28 574	33 19 260
Vehicles	79 47 716	25 32 981	9 71 843	95 08 854	15 95 739	8 42 828	3 38 764	20 99 803	63 51 977
TOTAL	46 75 39 405	4 20 96 772	43 59 096	50 52 77 081	28 31 62 248	2 15 50 152	3 63 778	30 43 48 622	18 43 77 157
2008-09	44 97 49 368	1 93 85 590	15 95 553	46 75 39 405	26 26 07 615	2 16 55 528	11 00 895	28 31 62 248	18 43 77 157

NOTE :

1. Deductions from Plant & Machinery of Rs. 32 92 637/- is towards decapitalization for foreign exchange gain (Previous year Rs. 97 57 088/- capitalized being forex loss) following the notification of MCA dated 31/3/2009 relating to AS-11 on The Effects of changes in Foreign Exchange Rates.
2. Additions to Building includes purchase of Transit House for Rs 1 35 00 000/- at Mumbai during the year for which legal formality relating to transfer of Title in favour of the company is pending.

**SCHEDULE 5 : INVESTMENTS**

	2009-10	2008-09
	(Rs.)	(Rs.)
QUOTED INVESTMENTS (AT COST)		
(Other than Trade, Fully Paid-up)		
2 50 000 Nos. (Previous year 4 80 000 Nos.)	6 26 14 372	3 79 52 993
Equity Shares of Rs.2/- each of		
Dalmia Cement (Bharat) Ltd.		
AGGREGATE AMOUNT OF :		
Quoted Investments	6 26 14 372	3 79 52 993
(Market value as on 31.03.2010 Rs. 6 29 50 000/-		
(Previous Year Rs. 3 75 84 000/-)		
PURCHASES & SALES OF SECURITIES DURING		
THE YEAR 2009-10 :		
	<u>No. of Shares/Units</u>	<u>Cost (Rs.)</u>
Name of The Company		
Dalmia Cement (Bharat) Ltd.	2 50 000	6 19 81 814

**SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES**

	2009-10	2008-09
	(Rs.)	(Rs.)
CURRENT ASSETS		
INVENTORIES		
Raw Materials	16 14 01 900	12 71 46 528
Finished Goods	1 63 56 840	2 29 97 837
Stock-in-Process	77 84 091	76 05 539
Consumable Stores	1 21 00 321	1 33 68 384
	<u>19 76 43 152</u>	<u>17 11 18 288</u>
SUNDRY DEBTORS		
Considered Good		
Outstanding for a period exceeding six months		
- Secured	47 953	18 86 005
- Unsecured	36 41 343	65 22 668
Other Debts		
- Secured	5 22 00 080	4 23 22 019
- Unsecured	13 57 11 766	13 47 23 462
	<u>19 16 01 142</u>	<u>18 54 54 154</u>
CASH AND BANK BALANCES		
- Stamps in hand	-	4 530
Balance with Scheduled Banks		
- On Current Accounts	1 07 01 716	1 71 69 630
	<u>1 07 01 716</u>	<u>1 71 74 160</u>
LOANS & ADVANCES		
(Unsecured-Considered good)		
Advances recoverable in cash or in kind or for value to be received	3 49 19 373	1 50 27 896
Claims Receivable	68 06 151	13 63 441
Advance Tax (including Income Tax Deducted at Source)	8 82 07 757	5 31 27 263
Deposits with Govt. Departments & Others	64 44 662	63 19 392
Income tax refundable	8 91 425	19 88 638
Excise duty refundable	1 38 67 664	47 96 679
CENVAT Receivable	1 00 59 022	63 39 856
	<u>16 11 96 054</u>	<u>8 89 63 165</u>
	<u>56 11 42 064</u>	<u>46 27 09 767</u>

**SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS**

	2009-10	2008-09
	(Rs.)	(Rs.)
CURRENT LIABILITIES		
Sundry Creditors (refer note nos. 8 & 9 of Notes on Accounts of Schedule 12)	11 68 17 031	9 41 40 226
Advances from Customers	18 19 204	10 28 229
Deposits from Dealers	37 50 000	43 75 000
Deferred Sales tax Liability	1 13 50 493	-
Other Liabilities	2 74 54 367	1 96 72 259
	<u>16 11 91 095</u>	<u>11 92 15 714</u>
PROVISIONS		
For Taxation	8 76 00 000	5 33 70 000
For Gratuity and Leave	10 75 393	25 75 393
For Excise and Custom Duty on Stock	15 27 429	20 25 012
	<u>9 02 02 822</u>	<u>5 79 70 405</u>
	<u>25 13 93 917</u>	<u>17 71 86 119</u>

SCHEDULE 8 : SALES

	2009-10	2008-09
	(Rs.)	(Rs.)
Sales	1 60 69 11 284	1 29 08 75 660
Export Benefits	1 71 89 518	1 68 82 182
	<u>1 62 41 00 802</u>	<u>1 30 77 57 842</u>

SCHEDULE 9 : OTHER INCOME

	2009-10	2008-09
	(Rs.)	(Rs.)
Dividend - Other than trade		
- Long Term Investments	14 75 236	-
- Current Investments	-	6 86 357
Interest Received	28 91 984	25 36 708
(Including TDS Rs. 3 57 123/- Previous Year Rs. 5 14 740/-)		
Excess Provision Written back	14 31 750	12 47 963
Profit on Sale of Investments (Net) - other than trade		
- Long Term Investments	6 56 05 341	-
- Current Investments	7 63 128	-
Miscellaneous Income (refer note no. 4 (c) of Schedule 12)	1 07 73 611	38 59 333
(Including TDS Rs. 233/- Previous Year Rs. 602/-)		
	<u>8 29 41 050</u>	<u>83 30 361</u>

**SCHEDULE 10 : TRADING, MANUFACTURING & OTHER EXPENSES**

	2009-10 (Rs.)		2008-09 (Rs.)	
RAW MATERIALS CONSUMED				
Stock At Opening	12 71 46 528		11 83 02 613	
Add : Purchases	<u>1 19 28 23 560</u>		<u>90 82 19 463</u>	
	1 31 99 70 088		1 02 65 22 076	
Less : Stock At Closing	<u>16 14 01 900</u>	1 15 85 68 188	<u>12 71 46 528</u>	89 93 75 548
TRADING PURCHASE	1 15 23 960	1 15 23 960	-	-
(INCREASE) / DECREASE IN STOCK IN PROCESS				
-At Opening	76 05 539		73 75 358	
-At Closing	<u>77 84 091</u>	(1 78 552)	<u>76 05 539</u>	(2 30 181)
FINISHED GOODS				
-At Opening	2 29 97 837		2 81 59 106	
-At Closing	<u>1 63 56 840</u>	66 40 997	<u>2 29 97 837</u>	51 61 269
MANUFACTURING EXPENSES				
Stores, Spares & Packing Materials	1 87 45 697		1 69 90 619	
Carriage Inward & Others	2 07 77 836		1 58 43 286	
Power & Fuel	2 85 02 347		2 38 54 839	
Repairs & Maintenance				
- Buildings	56 63 959		10 03 106	
- Plant & Machinery	13 55 458		10 68 508	
- Others	10 72 600		37 45 326	
Excise Duty On Stock	<u>(2 23 330)</u>	7 58 94 567	<u>(19 61 881)</u>	6 05 43 803
PAYMENTS TO & PROVISIONS FOR EMPLOYEES				
Salaries, Wages & Bonus etc.	6 96 19 960		5 95 87 699	
Contribution to Provident & Other Funds	42 95 027		39 71 199	
Employees Welfare Expenses	<u>37 57 483</u>	7 76 72 470	<u>26 57 843</u>	6 62 16 741
SELLING & DISTRIBUTION EXPENSES				
Discounts and Commission	1 58 46 498		1 77 67 251	
Freight, Forwarding & Others	<u>1 71 31 174</u>	3 29 77 672	<u>1 45 34 528</u>	3 23 01 779
OTHER EXPENSES				
Auditors' Remuneration	1 81 924		1 70 785	
Insurance Expenses	32 74 746		36 63 484	
Directors' Sitting Fee	13 500		5 000	
Rent	12 73 550		4 98 000	
Rates & Taxes	8 47 922		5 75 247	
Bank Charges	57 96 633		68 45 778	
Charity and Donation	10 36 000		-	
Printing & Stationery	11 36 559		10 87 683	
Travelling and Conveyance	1 69 41 492		1 37 27 894	
Telephone & Postage	25 15 478		24 37 809	
Loss on Sale of Investments	-		4 78 070	
Loss on Sale of Fixed Assets	3 95 742		2 99 978	
Miscellaneous Expenses	<u>1 80 61 245</u>	5 14 74 791	<u>1 89 86 474</u>	4 87 76 202
		<u>1 41 45 74 093</u>		<u>1 11 21 45 161</u>

**SCHEDULE 11 : INTEREST**

	2009-10	2008-09
	(Rs.)	(Rs.)
On Term Loan	19 89 325	39 02 050
On Working Capital Borrowings	29 20 872	54 36 380
On Others	11 90 111	28 41 545
	<u>61 00 308</u>	<u>1 21 79 975</u>

SCHEDULE 12 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A. ACCOUNTING POLICIES:****1. Basis of Accounting**

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

2. Use of Estimates

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

3. Revenue Recognition

- (a) Revenue for sale of goods is recognized at the point of despatch of material to customers from plant. Sale includes excise duty, and is net of all rebates and discounts.
- (b) Company continues to account for export benefits on accrual basis on utilisation of advance licences.

4. Fixed Assets

- (a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and Cenvat benefit availed on capital goods. All expenses relating to acquisition or installation of fixed assets and pre-operative expenses till the date of commencement of commercial production are capitalised.
- (b) No amortisation of lease hold land is done, in view of long tenure of lease & which is generally renewed after the lease period.

5. Borrowing Cost

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

6. Depreciation

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

7. Investments

Long Term Investments are stated at cost and the same are recorded on trade date.

**8. Inventory**

Inventories are valued as under :-

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

9. Research and Development

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

10. Foreign Currency Transactions

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

11. Deferred Tax

Deferred Tax resulting from timing differences between book profit and taxable profit are accounted by using the current rate of tax to the extent the timing differences are expected to crystallise.

12. Retirement Benefits

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

13. Impairment of Assets

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

14. Leases

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

15. Earning Per Share

Basic Earning Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

16. Provisions, Contingent Liabilities and Contingent Assets

Provision is made as per Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"



issued by The Institute of Chartered Accountants of India, in respect of any present obligation as a result of a past event that could lead to probable outflow of resources which would be required to settle the obligation.

B. NOTES ON ACCOUNTS**1. (a) Contingent liabilities not provided for in respect of**

	2009-10 (Rs.)	2008-09 (Rs.)
(i) Letter of Credit against purchase of raw material	3 00 13 226	3 71 70 536
(ii) Bonds Executed with Customs & Excise Authorities	4 30 00 000	3 30 00 000
(iii) Showcause Notice in respect of Excise duty matters pending with adjudicating authority for necessary order.	23 09 941	26 04 859
(iv) Income Tax matter in appeals	12 80 404	7 97 607
(v) Sales Tax demands not admitted by the company and for which appeals have been filed with appropriate authorities.	66 496	4 39 487
(vi) Bill discounting with banks (since realised Rs. NIL [2008-09 Rs. 90 59 106/-])	NIL	90 59 106
(vii) Service Tax demand not admitted by the company and for which appeals have been filed with appropriate authorities.	24 490	24 490

(b) Estimated amount of contracts (Net of advances) remaining to be executed on Capital Account and not provided for Rs. 4 24 16 172/- (2008-09 Rs. 4 74 000/-)

2. Managerial Remuneration

	2009-10 (Rs.)	2008-09 (Rs.)
Salary and Allowances	42 00 000	25 98 000
Contribution to Provident Fund etc.	4 32 000	3 11 760
Commission on Net Profit to the Managing Director	11 29 332	-
Monetary value of perquisites	13 14 346	8 50 948
	<u>70 75 678</u>	<u>37 60 708</u>

Calculation of Net Profit u/s 198 of the Companies Act, 1956
(Read with section 349 & 350 of the said Act):-

Profit before Tax	17 16 12 248
Add :	
Directors Remuneration as above	70 75 678
Directors Sitting Fee	13 500
Wealth Tax	32 503
Loss on Sale of Fixed Assets	3 95 742
Loss on Sale of Investments	-
Loss on cancellation of foreign exchange contract	1 73 229
Total	<u>76 90 652</u>
Less :	
Profit on Sale of Investments	6 63 68 469
Profit on Sale of Shares	1 215
Total	<u>6 63 69 684</u>
Net Profit as per Section 349 of the Companies Act, 1956	<u>11 29 33 216</u>
Commission @ 1% of the above	<u>11 29 332</u>

3. Auditors' Remuneration

	2009-10 (Rs.)	2008-09 (Rs.)
As Auditors	1 00 000	1 00 000
For Tax Audit	25 000	25 000
For Other Services	25 000	-
Travelling & Other Expenses	31 924	45 785
	<u>1 81 924</u>	<u>1 70 785</u>

4. (a) **Trading, Manufacturing & Other** expenses includes Rs. 99 65 648/- (2008-09 Rs. 1 01 67 599/-) in respect of **Research & Development** activities undertaken during the year.

(b) **Miscellaneous Expenses** includes:

- Rs. NIL (2008-09 Rs. 9 20 278/-) towards bad debts written off.
 - Rs. NIL (2008-09 Rs. 39 56 175/-) debited (Net) towards Foreign Exchange fluctuation.
- (c) Miscellaneous Income includes Rs. 83 74 170/- (2008-09 Rs. NIL) credited (Net) on account of Foreign Exchange fluctuation.
- (d) Share Capital includes Rs. 25 00 000/- being amount on account of allotment of shares (for consideration other than Cash) upon amalgamation.
- (e) Capital expenditure of Rs. 57 00 623/- (2008-09 Rs. 21 53 159/-) on Research & Development has been made during the year.
5. During the year, the Company has bought back 15 90 000 equity shares of Rs. 10 each at an average price of Rs. 35.71 per share from the open market through Stock Exchange operations and Buy back was completed on 9th February, 2010. The Company has incurred Rs. 13.67 lacs during the year in respect of the said Buy Back of Shares.

Accordingly:

- The aggregate face value of these shares of Rs. 159 Lacs (@ Rs. 10/- per share) has been reduced from the Paid up Equity Share Capital of the Company.
 - The balance price of Rs. 25.71 per share paid on these shares aggregating of Rs. 408.87 lacs has been adjusted from the General Reserve Account.
 - Rs. 159 lakhs has been transferred to Capital Redemption Reserve Account from General Reserve, as required under the provision of law.
6. There was a fire in IOC depot adjacent to our Sitapura factory at Jaipur in Oct, 2009 which caused damage to building and certain quantity of WIP / Finished Goods lying at shop floor in the factory. Necessary claims has been filed by the Company with the Insurance Company / IOC / RIICO which is under process of settlement. Amounts of various expenses & Raw material consumption excludes the amounts which has been claimed from the Insurance Company / IOC / RIICO for the loss suffered by the company as a result of the said fire.
7. Provision for deferred tax liability (net) has reduced by Rs. 38 88 718/- (2008-09 reduced by Rs. 14 49 943/-) during the year and is based on Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, in respect of timing differences between book profit and taxable profit.

DETAILS OF DEFERRED TAX LIABILITIES

	2009-10	2008-09
	(Rs.)	(Rs.)
<i>Deferred Tax Liabilities</i>		
- Depreciation	1 90 34 129	2 32 19 391
- Research & Development	79 55 618	76 59 074
Closing Balance	2 69 89 747	3 08 78 465

8. Sundry Creditors include acceptances of Rs. 9 63 35 988/- (2008-09 Rs. 7 54 55 176/-)
9. Details of Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, and which have furnished the information regarding filing of necessary memorandum with appointed authority is as under:-
- Amount outstanding at the year end - Rs. 2 14 247/- (2008-09 Rs. 21 15 893/-)
 - Interest payable on delayed payments - Rs. NIL (2008-09 Rs. NIL)

	2009-10	2008-09
10. Earnings per share calculation		
Net Profit after Tax adjustments for prior years - used as numerator in calculating Basic and Diluted Earnings per share (Rs.)	14 19 15 095	3 97 00 367
Weighted average number of Equity Shares Outstanding (Nos.)	1 17 33 040	1 22 00 000
Earnings per share (Basic and Diluted) (Rs.)	12.10	3.25



11. Segment Reporting

A. Geographical Segment (Primary Segment)

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

	2009-10			2008-09		
	Within India	Out-side India	Total	Within India	Out-side India	Total
(I) Segment Revenue						
Sales (including export benefits)	12016.13	4224.88	16241.01	9754.02	3323.56	13077.58
Other Income (unallocable) (net of interest income)			716.74			57.93
Total Revenue	12016.13	4224.88	16957.75	9754.02	3323.56	13135.51
(II) Segment Results						
Profit before Interest, Tax & Unallocable Exp.	886.83	338.04	1224.87	577.48	221.68	799.16
Less: Interest (net) (unallocable)			32.08			96.43
Other Unallocable Expenses (Net of unallocable income)			(523.33)			105.92
Profit before tax			1716.12			596.81
Provision for taxation (net)			312.11			213.00
Add: Tax adjustment of prior year			15.14			13.19
Profit after tax			1419.15			397.00

(III) Capital Employed

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

B. Business Segment (Secondary Segment)

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

12. Related Party Disclosures :

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

i. Parties holding significant influence

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

ii. Key Management Personnel

Shri S.S. Poddar - Managing Director

Shri R.K.Sureka - Director & CEO

iii. Relatives of the Key Management Personnel

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

Smt. Sushma Sureka - Wife of Director & CEO



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

	2009-10	2008-09
(Rs.)	(Rs.)	(Rs.)
(i) Related Parties / Parties Holding Significant Influence		
1. Rent Paid (net of recovery of Rs. 5 40 000/- Previous year Rs. 3 94 800/-)	10 80 000	5 89 200
2. Consideration for purchase of immovable property	1 35 00 000	-

(ii) Key Management Personnel

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

Particulars	2009-2010		2008-2009	
	Sh. S.S. Poddar, Managing Director	Sh.R.K. Sureka, Director & CEO	Sh. S.S. Poddar, Managing Director	Sh.R.K. Sureka, Director & CEO
Salary and Incentive Bonus	24 00 000	18 00 000	18 00 000	7 98 000
Contribution to Provident Fund	2 16 000	2 16 000	2 16 000	95 760
Others- perquisites value	4 89 346	8 25 000	4 88 022	3 62 948
Commission on Profit to the Managing Director	11 29 332	-	-	-
Total (Rs.)	42 34 678	28 41 000	25 04 022	12 56 708

13. Employee Benefits

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

A) Defined Contribution Plans

Provident Fund

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

	2009-10	2008-09
(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
For the year ended 31st March, 2010		
Employers Contribution to Provident Fund	23.27	20.91

B) State Plans

a) Employee State Insurance

b) Employee's Pension Scheme 1995

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

	2009-10	2008-09
(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
For the year ended 31st March, 2010		
Employers Contribution to Employee State Insurance	4.36	4.28
Employers Contribution to Pension Scheme	11.56	11.08

C) Defined Benefit Plans

a) Gratuity

b) Leave Encashment

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



	2009-10 (Rs. in Lacs)		2008-09 (Rs. in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of obligation as at period closing 31st March, 2009	67.50	29.54	59.53	21.21
Current service cost	7.97	2.78	6.86	10.78
Interest cost	4.90	0.92	4.20	0.00
Actuarial (gain)/loss	8.37	2.56	3.50	2.23
Benefit paid	2.48	0.92	6.59	4.68
Present value of obligation as at period ended 31st March, 2010	86.26	34.88	67.50	29.54

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

	(Rs. in Lacs)		(Rs. in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at period ended 31st March, 2010	86.26	34.88	67.50	29.54
Fair value of plan assets at period end	92.01	31.85	72.03	10.00
Funded status excess of Actual over estimated.				
Assets/(Liabilities) recognized in the Balance Sheet	(5.75)	3.03	(4.53)	19.54

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

	(Rs. in Lacs)		(Rs. in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	7.97	2.78	6.86	10.78
Interest cost	4.90	0.92	4.20	0.00
Expected return on plan assets	(4.78)	0.00	(4.53)	0.00
Actuarial (gain)/loss	8.37	2.56	3.50	2.23
Net cost recognised for the period	16.46	6.26	10.03	13.01

14. Pursuant to Notification dated March 31, 2009 issued by Ministry of Corporate Affairs, the company has exercised the option available under the newly inserted Paragraph 46 to the Accounting standard AS-11 "The effect of changes in Foreign Exchange Rates" to add or deduct the Foreign Exchange fluctuation to capital cost of the Assets. Accordingly the net foreign exchange fluctuation amounting to Rs. 32.93 lacs has been decapitalised from cost of Capital Assets. (previous year Rs. 97.57 lacs had been added to cost of Capital Assets.)

15. Additional information pursuant to Part II of Schedule VI to The Companies Act, 1956.

		(Qty. in M.T.)
A. Particulars of Capacity	2009-10	2008-09
Licensed Capacity (p.a.)		
Specialty Masterbatches (Including Engineering Plastic Compounds)	N.A.	N.A.
Installed Capacity (p.a.)*		
Specialty Masterbatches (Including Engineering Plastic Compounds)	8 400	8 400

*As certified by the management. It depends upon a particular product mix and varies due to change in product mix.



B. Production, Purchase, Turnover & Stocks (Rs. in Lacs)
(Qty. in M.T.)

Particulars	Opening Qty.	Stock Rs.	Purchase Qty.	Rs.	Production Qty.	Rs.	Turnover Qty.	Rs.	Closing Stock Qty.	Rs.
Specialty Masterbatches										
2009-2010	303.63	207.19	-	-	9 207.38	-	9 291.63	15 929.65	219.38	144.81
(2008-2009)	411.90	257.24	-	-	7 555.62	-	7 663.89	12 885.08	303.63	207.19
Engineering Plastic Compounds										
2009-2010	19.78	22.79	-	-	4.27	-	7.36	12.31	16.69	18.76
(2008-2009)	20.41	24.35	-	-	12.19	-	12.82	23.68	19.78	22.79
Trading sales										
2009-2010	-	-	115.24	-	-	-	127.15	-	-	-
(2008-2009)	-	-	-	-	-	-	-	-	-	-

	2009-10 (Qty.)	(Rs. in lacs)	2008-09 (Qty.)	(Rs. in lacs)
C. Raw Materials Consumed				
Polymer resins	3 415.17	3 454.60	3 844.87	2 925.21
Pigments	5 282.77	7 664.52	3 034.60	5 744.31
Waxes	213.66	347.88	196.53	210.62
Others	510.78	118.68	541.54	113.62
Total	9 422.38	11 585.68	7 617.54	8 993.76

D. Consumption of Raw Materials, Stores & Spares

	2009-10 (Rs. in lacs)	(%)	2008-09 (Rs. in lacs)	(%)
Imported				
Raw Materials	7 573.61	65.37	6 414.68	71.32
Stores & Spares	27.90	14.88	12.03	7.21
Indigenous				
Raw Materials	4 012.07	34.63	2 579.08	28.68
Stores & Spares	159.56	85.12	154.88	92.79

E Imports (CIF Value)

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Raw Materials	6 900.29	5 744.76
Stores & Spares	17.71	11.32
Capital Goods	120.06	25.72

F. Expenditure in Foreign Currency

	2009-10	2008-09
Travelling Expenses	68.18	20.10
Technical Consultancy	12.12	15.85
Commission (on remittance basis)	12.70	19.95
Interest on Buyers credit & Foreign currency Term Loan	24.08	46.75
Others	1.59	-

G. Earnings in Foreign Currency

	2009-10	2008-09
From Export of Goods (on FOB)	3 990.44	3 099.22

H. Earnings Per Share (in Rs.)

	2009-10	2008-09
(Nominal Value of Rs. 10/- per share)		
Basic and diluted Earnings per share (Rs.)	12.10	3.25



16. Previous year figures have been regrouped/rearranged wherever considered necessary and paises have been rounded off to the nearest rupee.

17. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	06307	State Code	17
Balance Sheet Date :	31st March, 2010		

II. Capital Raised during the Year

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Pvt. Placement	Nil

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	5 73 483	Total Assets	5 73 483
Sources of Funds			
Paid up Capital	1 06 100	Reserves & Surplus	3 60 955
Secured Loans	68 126	Unsecured Loans	11 312
Deferred Tax	26 990		

Application of Funds

Net Fixed Assets	2 01 121	Investments	62 614
Net Current Assets	3 09 748	Misc. Expenditure	-

IV. Performance of Company

Turnover-Net (including other income)	16 13 837	Total Expenditure	14 42 225
Profit Before Tax	1 71 612	Profit After Tax	1 40 401
Earning Per Share (Rs.)(Annualised)	12.10	Dividend	Nil

V. Generic Names of Principal Products

Item Code No. (ITC Code)	3204.90, 3206.19, 3812.20 & 3902.90
Product Description	Color / Additive Masterbatches
Item Code No. (ITC Code)	3902.90, 3903.90, 3908.90 & 3909.10
Product Description	Engineering Plastic Compounds

Schedule 1 to 12 form an integral part of the Balance Sheet and Profit and Loss Account and have been duly authenticated.

In terms of our report of even date attached.
For **K.N. GUTGUTIA & COMPANY**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

B.R. GOYAL
PARTNER
Membership No. 12172
PLACE : JAIPUR (CAMP)
DATE : 19th MAY, 2010

NAVIN JAIN
COMPANY SECRETARY

B.K. BOHRA
Sr. GM (Legal & Comm.)

R.K. SUREKA
DIRECTOR & CEO

S.S. PODDAR
MANAGING DIRECTOR

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

DESCRIPTION	2009-10	2008-09
(A) CASH FLOW FROM OPERATING ACTIVITIES :	(Rs.)	(Rs.)
Profit Before Tax	17 16 12 248	5 96 81 903
Adjustments for :		
Depreciation	2 15 50 152	2 16 55 528
Interest Paid	61 00 308	1 21 79 975
Bad Debts W/off	-	9 20 278
Excess Provision written back	(14 31 750)	(12 47 963)
(Profit)/Loss on Sale of Investments	(6 63 68 469)	4 78 070
(Profit)/Loss on Sale of Fixed Assets	3 95 742	2 99 978
Unrealized (Gain)/Loss on Exchange - Net	4 65 512	(21 42 421)
Interest Received (on Loans)	(15 78 082)	(22 86 365)
Dividend Received	(14 75 236)	(6 86 357)
Operating Profit Before Working Capital Changes	12 92 70 425	8 88 52 626
Adjustments for :		
Trade and Other Receivables	(25 16 172)	(3 21 53 108)
Inventories	(2 65 24 864)	(48 30 235)
Other Current Assets	(3 71 39 132)	1 16 15 898
Trade Payables	1 85 80 477	3 47 99 187
Other Liabilities	1 78 62 743	(1 28 87 618)
Income Tax Paid (including TDS)	(3 50 93 757)	(2 15 68 947)
Income Tax Provision Written Back	15 14 129	13 18 521
NET CASH FROM OPERATING ACTIVITIES (A)	6 59 53 849	6 51 46 324
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchases / Additions in Fixed Assets (including CWIP)	(2 77 94 637)	(3 38 80 230)
(including exchange fluctuation difference decapitalised Rs. 32 92 637/-) (previous year capitalised Rs. 97 57 088/-)		
Sale of Fixed Assets	35 99 576	1 94 680
(Purchase) /Sale of Investments (Net)	(2 46 61 379)	(3 79 52 993)
Interest Received (on Loans)	15 78 082	22 86 365
Dividend Received	14 75 236	6 86 357
Profit/(Loss) on Sale of Investments	6 63 68 469	(4 78 070)
NET CASH USED IN INVESTING ACTIVITIES (B)	2 05 65 347	(6 91 43 891)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Buy back of Share Capital	(5 67 87 105)	-
Proceeds from / Repayment of Long Term	(2 24 17 705)	(90 653)
Borrowings (Payment Rs. 1 82 35 768/- and effect of exchange fluctuation Rs. 32 92 637/-)		
Proceeds from / repayment of Unsecured loans	(1 92 34 717)	3 05 46 823
Changes in Working Capital Borrowings	1 15 48 195	(5 35 81 635)
Interest Paid	(61 00 308)	(1 21 79 975)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(9 29 91 640)	(3 53 05 440)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(64 72 444)	(3 93 03 007)

**CASH AND CASH EQUIVALENTS :**

At the Beginning of the year	1 71 74 160	5 64 77 167
At the End of the Year	1 07 01 716	1 71 74 160
	<u>(64 72 444)</u>	<u>(3 93 03 007)</u>

NOTES :**(i) CASH AND CASH EQUIVALENTS COMPRISES :**

Cash in Hand	-	-
Foreign Currency in Hand	-	4 530

Balance with Scheduled Banks

On Current Accounts	1 07 01 716	17 169 630
Total	<u>1 07 01 716</u>	<u>17 174 160</u>

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

In terms of our report of even date attached.

For and on behalf of the Board of Directors

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

B.R. GOYAL
PARTNER

Membership No. 12172

PLACE : JAIPUR (CAMP)

DATE : 19th MAY, 2010

NAVIN JAIN
COMPANY SECRETARY

B.K. BOHRA
Sr. GM (Legal & Comm.)

R.K. SUREKA
DIRECTOR & CEO

S.S. PODDAR
MANAGING DIRECTOR

FORM OF PROXY

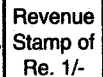
PODDAR PIGMENTS LIMITED

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

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

I/We of in the District
of being a member of the above named Company, hereby
appoint of in the district
of or failing him..... of
..... in the district of
as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the
Company to be held on Saturday, the 21st August, 2010 or at any adjournment thereof.

Signature



Signed this day of 2010

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

PODDAR PIGMENTS LIMITED

ATTENDANCE SLIP

NINETEENTH ANNUAL GENERAL MEETING - 21 ST AUGUST, 2010

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

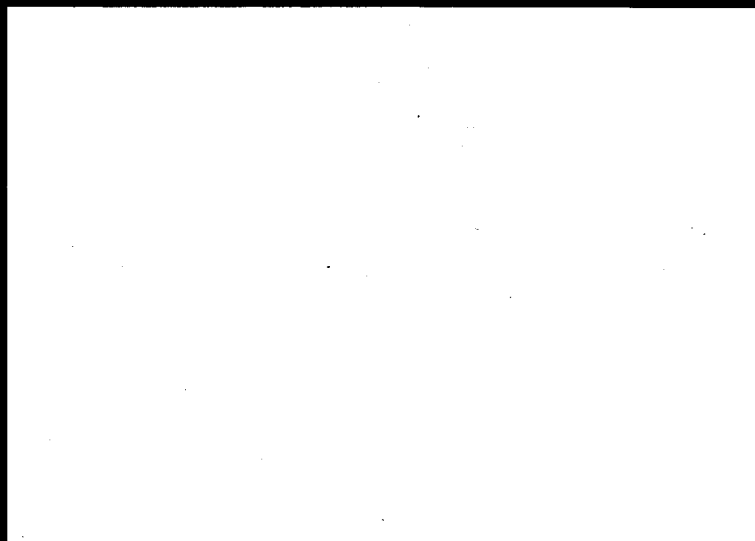
I certify that I am registered shareholder/proxy for the registered shareholder(s) of the Company.

I hereby record my presence at the Nineteenth Annual General Meeting of the Company at the Regd.
Office E-10, 11 & F-14 to 16, RIICO Industrial Area, Sitapura, Jaipur - 302 022 (Rajasthan) on Saturday,
the 21st August, 2010 at 11.00 A.M.

Member / Proxy - Name in Block Letters :

Member / Proxy - Signature :

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