

**Annual Report 2008-2009**



**PODDAR PIGMENTS LTD.**

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**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

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**AUDITORS**

M/s. K.N. Gutgutia & Company

Chartered Accountants

New Delhi

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**BANKERS**

State Bank of India

Punjab National Bank

State Bank of Bikaner & Jaipur

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**REGISTERED OFFICE & WORKS**

RIICO Industrial Area,

Sitapura, Jaipur - 302 022

(Rajasthan)

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**CORPORATE OFFICE**

301, 'Abhishek'

Off New Link Road,

Andheri (West), Mumbai - 400 053

<b>CONTENTS</b>	<b>PAGES</b>
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 **EIGHTEENTH 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 **Tuesday, the 4<sup>th</sup> August, 2009 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, 2009 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Smt. Kusum Poddar, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint the Auditors to hold office till the conclusion of the next Annual General Meeting and to authorise 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 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (The Act) and subject to statutory approvals, if any, consent be and is hereby accorded for payment of revised remuneration for remaining term of appointment i.e. from 01.04.2009 to 30.09.2009 and for re-appointment of Shri R. K. Sureka as Director & CEO of the Company for a period of 3 years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2012 on the following terms and conditions :-

The remuneration to the Director & CEO on account of Basic Salary and perquisites is mentioned at category 'A', 'B' & 'C' below:-

1. Basic Salary Rs 150000/- Per Month
2. 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) Performance Bonus linked to the Net Profits of the Company subject to a maximum of 100% of Basic Salary.
- (i) Any other perquisites as per Company's Rules within the ceiling perquisites of Rs 150000/- Per Month

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

### CATEGORY - B

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

- (a) Company's contribution to Provident Fund & Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961.



- (b) Gratuity not exceeding half a month's salary for each completed year of service.
- (c) Encashment of leave in accordance with the Company's Rules.

**CATEGORY-C**

- (a) 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 Director & CEO.
- (b) Telephone - Provision of telephone at the residence of the Director & CEO at Company's cost (not considered as a perquisite). Personal long distance calls shall be billed by the Company to the Director & CEO.

**"RESOLVED FURTHER THAT** in pursuance of the provisions of Section 198 (4) of The Companies Act, 1956 the remuneration including perquisites as mentioned above may be paid as the minimum remuneration to the Director & CEO in the absence of or inadequacy of Profits in any Year."

By order of the Board

**N.D. DUJARI**  
**COMPANY SECRETARY**

**Registered Office:**

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

**DATE: 6<sup>th</sup> JULY, 2009**

**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 27.07.2009 to 04.08.2009 (both days inclusive).
4. Details of Smt. Kusum Poddar, required to be provided pursuant to Clause 49 of the 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 Agent) / 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.

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 Eighteenth 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 R. K. Sureka, Director & CEO is expiring on 30.09.2009 and the Remuneration Committee of the Board at its Meeting held on 28.05.2009 recommended for payment of revised remuneration for remaining term of appointment i.e. from 01.04.2009 to 30.09.2009 and for re-appointment of Shri R. K. Sureka as Director & CEO for a further period of Three Years from 01.10.2009 to 30.09.2012.

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 :

- Nature of Industry:** Masterbatch and Engineering Plastic Compounds.
- Date or expected date of commencement of commercial production:** The Company has already commenced commercial production from 1<sup>st</sup> March, 1995.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable

#### 4. Financial performance based on given indicators :

Particulars for the financial year ended 31.03.2009	Rs. in lacs
Sales including other Income	13161.00
Operating Profit (before interest, Depreciation and Tax)	935.00
Profit Before Tax	597.00

- Export Performance and net foreign exchange earnings and collaborations :** The earning in Foreign Exchange by Exports & others for the year ended 31.03.2009 was Rs. 3099.22 lacs.
- Foreign investment of collaborators, if any:**  
Not Applicable

#### II INFORMATION ABOUT THE DIRECTOR & CEO

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

Shri R. K. Sureka, aged 52 years is the Director & CEO of Company since 01.06.1999. He is a Fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has vast managerial experience of more than 30 years and has worked in very senior position in his professional career controlling the area of finance, commercial and administrative functions.

##### 2. Past Remuneration :

The last remuneration of Shri R. K. Sureka approved by the Members of the Company at their Annual General Meeting held on 13.09.2004 is as under :

A. Basic Salary	: Rs. 66500/- P.M.
B. Perquisites	: Rs. 83500/- P.M.
Total Remuneration	: Rs. 150000/- P.M.

##### 3. Job Profile and his suitability:

The Director & CEO devotes his whole time and attention to the business of the Company and carries out such duties as may be entrusted to him by the Managing Director and/or the Board from time to time. The Director & CEO exercises such powers as may be assigned to him subject to superintendence, control and direction of the Managing Director and/or the Board. He looks after the entire activities of the Company.

##### 4. Remuneration Proposed :

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 28.05.2009 and 23.06.2009 approved the terms of remuneration for remaining period of present appointment i.e. 01.04.2009 to 30.09.2009 and for re-appointment for 3 years tenure of Shri R. K. Sureka commencing from 1<sup>st</sup> October, 2009 as under :

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

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

The executive' remuneration in the industry had risen substantially over past few years. Appreciating this, the Central Government had raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial person. The "Remuneration Committee"



constituted by the Board in terms of the said Schedule perused remuneration of managerial persons in the industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Shri R. K. Sureka before approving the remuneration as proposed herein before.

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

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

III **OTHER INFORMATION :**

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

Masterbatch Industry is a high-tech industry and requires continuous R&D both on the existing product line and new product development to retain and expand market share. Competition in the industry is increasing which coupled with increase in cost of imported raw-materials and other inputs is creating pressure on margins. During the coming year, the Company may have inadequate profits in terms of Section 349 & 350 of the Companies Act, 1956.

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

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

Company has increased by 24.79% in the year 2008-09 over the previous year. In current financial year, the company expects further increase in turnover & profits.

The proposed remuneration of Shri R. K. Sureka has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 28.05.2009. The Company has not made any default in payment of any of its debts specified or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person. The Company has no deposit/ outstanding deposit. The specified information required to be given to the shareholders alongwith the Notice is given herewith in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

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

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

By order of the Board

**N.D. DUJARI**  
COMPANY SECRETARY

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

**DATE : 6<sup>th</sup> JULY, 2009**



## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Eighteenth Annual Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS		[Rs. in Lacs]
PARTICULARS	2008-2009	2007-2008
Sales	13 078	11 014
Other Income	83	183
Sales including other income	13 161	11 197
Operating Profit before Interest, Depreciation & Tax	935	837
Interest	122	74
Depreciation	216	235
Net Profit before tax	597	528
Provision for Tax		
– Current	216	159
– Deferred	(14)	(11)
– Fringe Benefit Tax	11	11
Net Profit after tax	384	369
Tax adjustments for Prior years	13	11
Net profit after Tax adjustments for Prior years	397	380
Balance brought forward from previous year	188	158
Profit available for appropriations	585	538
<b>APPROPRIATIONS</b>		
General Reserve	440	350
Balance Carried forward to Balance Sheet	145	188

### OPERATIONS

During the year, the Company has earned a gross revenue of Rs.13078 lacs as against Rs. 11014 lacs in the previous year registering an increase of 18.74% over the previous year. The Company has been in a position to improve upon its performance in Exports due to increase in volume and sharp appreciation of US Dollar during the year and achieved direct export turnover of Rs.3166 lacs as against Rs. 2537 lacs in previous year registering an increase of 24.79%. In view of the difficult market conditions, both locally and globally, the Company's achievement, in improving its turnover and growth in profits, can be considered commendable. These results have been mainly achieved due to constant focus on cost-cutting and

improvement in the product-mix. This trend is expected to continue.

### 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 and has helped in facing price competition in both domestic and international markets and also increase in sales. With sustained efforts, we expect further improvement in performance during the 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, is continuously strengthened to secure sustainable long-term competitiveness both in domestic and global markets.

### STAR EXPORT HOUSE STATUS AND CRISIL RATING.

Sustained growth in exports alongwith 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 2004-2009.

The Company has been assigned Credit Rating- A-/ Stable/P2+ by CRISIL for its working capital borrowings which signifies strong degree of safety for timely payment.

### DIVIDEND

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

### DIRECTORS

Smt. Kusum Poddar, 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 herself for re-appointment.

### CORPORATE GOVERNANCE

Your Company has been 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 23<sup>rd</sup> January, 2006 and has reaffirmed the same on 22<sup>nd</sup> January, 2009. 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 to this effect from Shri S.S. Poddar, Managing Director 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.

Safety and Environment Performance is integral to the business of your Company and received continued focus throughout the year. The only acceptable standard of safety performance for your Company is "zero accidents".

Your Company's safety journey on behavioral aspects as well as continual improvements in engineering controls and safety management systems made good progress.

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 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, 2000, the Directors confirm :-

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 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 : JAIPUR  
DATE : 23<sup>rd</sup> JUNE, 2009

R. K. Sureka  
DIRECTOR & CEO

S. S. Poddar  
MANAGING DIRECTOR

### CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

I, S.S. Poddar, Managing Director 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 23<sup>rd</sup> January, 2006 and again reaffirmed on 22<sup>nd</sup> January, 2009. The Board Members and Senior Management have affirmed compliance with the said Code of Conduct.

For PODDAR PIGMENTS LIMITED

S. S. Poddar  
MANAGING DIRECTOR

DATE : 23<sup>rd</sup> JUNE, 2009





## 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 31.03.2009	Previous Year ended on 31.03.2008
<b>Electricity</b>		
(a) Purchased : Units (Nos.)	51 76 080	46 85 370
Total Amount (Rs.)	2 30 08 297	2 08 09 447
Rate/Unit (Rs.)	4.44	4.44
(b) Own generation :- Through Diesel Units (Nos.)	82 650	1 03 008
Units per Ltr of Diesel	3.12	3.36
Cost/ Unit (Rs.)	9.29	8.50
<b>(B) Consumption per unit of production :-</b>		
Production of Masterbatches & Plastic Compounds. (M.T.)	7567.81	6335.71
Electricity per M.T. of Production ( Units )	694.88	755.78

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

- 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 industry.
  - To develop Tailor-made products for different end users as per requirements of fibre & plastic industry.
  - To develop Masterbatches to improve performance and reduce cost.
  - For product improvement, process optimisation, environment and pollution control.
- Benefits derived as a result of the above R&D.
  - Development of new range of application masterbatches, not being manufactured in country, thus saving foreign exchange.
  - Offering process flexibility and cost effective solutions.
  - Better productivity, optimised cost, improved quality and innovative products.
  - Reduction in environmental pollution by offering alternative route for dyed yarns & textiles.
- Future plan of action
  - To continue efforts for development of new range of end use specific functional, customer and environment friendly masterbatch solutions conforming to quality and standard norms of industry.
  - To offer one stop service to customers right from masterbatch development till 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.

- Expenditure on R&D
  - Capital Rs. 21.53 lacs
  - Recurring Rs. 101.68 lacs
  - Total Rs. 123.21 lacs
  - Total R&D expenditure as a percentage of total turnover. 0.942 per cent

### III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 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 masterbatch preparation techniques to help improve environment, productivity & quality.
  - Continuous efforts to update, optimize, review and adopt the latest technologies and process improvement techniques.
- 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 realisation of finished goods.
  - Introduction of new functional products.
  - Leadership position in the market.
  - Technology upgradation.
- Technology imported during last five years.
  - Technology Imported for manufacture NIL
  - Year of Import N.A.
  - Has technology been fully absorbed. N.A.

### IV. FOREIGN EXCHANGE EARNED AND OUTGO.

	[Rs. in Lacs]	
	2008-2009	2007-2008
1. Foreign Exchange Earned	3099.22	2 436.80
2. Foreign Exchange outgo:		
Import of Raw Material & Stores	5756.08	4773.62
Import of Capital Goods	25.72	247.78
Travelling Expenses	20.10	21.31
Technical Consultancy	15.85	10.20
Commission	19.95	22.53
Interest	46.75	11.09

### 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 31<sup>ST</sup> MARCH, 2009.

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

Name	Designation	Remuneration	Qualification	Age (Years)	Experience (Years)	Date of joining	Previous Employment
Shri S. S. Poddar	Managing Director	25,04,022	B.E. (Civil)	60	37	1.7.94	Whole Time Director in Rajasthan Petro Synt hetics Ltd.

For and on behalf of the Board of Directors

PLACE : JAIPUR  
DATE : 23rd JUNE, 2009

R. K. Sureka  
DIRECTOR & CEO

S. S. Poddar  
MANAGING DIRECTOR



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Developments

#### **Masterbatch**

Masterbatches are highly concentrated organic and/or inorganic pigments/dyes and additives prepared in polymer carrier resins such as LLDPE, PP, PET, PBT, PC, PA-6, PS etc. suitable for the plastics and textile industry. They are available in granular form and are used at low percentages in the finished product to achieve the desired color and functional properties.

#### **Masterbatches are required in plastics for:**

1. Coloration
2. Identification
3. Improved shelf-appeal
4. Better Acceptance
5. Improved Gloss, Texture & Shade
6. Enhancement of functional properties like flame retardancy, Anti-microbial, Light Fastness etc.

On an average, 70% of plastics are either coloured or need functional property enhancements.

Masterbatches are used extensively in a multitude of textile and plastic applications. The advantages of using masterbatches, when compared to alternative methods such as the use of pure pigments, are several. They include safe handling, environmental safety, dust-free working conditions.

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, comprising of a large number of small manufacturing units spread throughout the country. These units mostly cater to their respective localised 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. The present trend shows that the organized 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 of the customers.

#### **Engineering Plastic Compounds**

In spite of stiff competition your Company's products have been well accepted by the customers. However, your Company could not achieve its targets as estimated. It is expected that the year 2009-10 will be promising.

Your Company will leverage on quality and consistency of its products, as well as on its R&D strength to meet the requirements of the customers.

### 2. Opportunities and Threats

#### *(i) Key opportunity:*

Your Company is a pioneer in manufacturing masterbatches for the synthetic fibre industry based on Polyesters, Nylons and Polypropylenes, for speciality and general purpose applications such as automobiles, 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 requirements of polyester fibre industry wherein your Company is a major player.

#### *(ii) Key threats:*

Recession in the user industry may affect the 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 pressure on margins.

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

Your Company, with continuous improvements and upgradation in the technology, developing new products and taking various cost effective measures is confident to meet these challenges.



**3. Segment-wise or product-wise performance**

Since direct export operation contribute more than 10% of the company's total revenue, this geographical segment has been considered and disclosed in Notes to the Accounts as a primary segment.

**4. Business Outlook**

The Indian polymer industry is showing its resilience by recording a growth of more than 15% per annum in these times of global recession. Despite the economic down-turn, the mid and long term prospect in the Masterbatch industry remains positive. The per capita consumption of plastics is around 5 kgs today as compared to the world average of 20 kgs. This is expected to double to 10 kgs by 2012.

As the consumption of masterbatches is linked to polymer consumption, the masterbatch industry is expected to grow @ minimum 15% per annum in the next few years in the domestic market once the global market conditions normalize.

The exports of the Plastics industry is currently at around 20-21% per annum. Your company has made in-roads into some of the world's largest consumers of masterbatches and the growth from export sales is also again expected to be around 15% per annum in the next few years.

The company's emphasis and thrust on continuous developments of new 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 appears to be heading for excellent growth and better all-round performance.

**5. 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.

**6. Internal Control Systems and their adequacy**

Your Company has adequate 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.

**7. Discussion on Financial Performance**

Please refer to the paragraphs under the heading "Financial Results" and "Operations" in the main Directors' Report.

**8. Human Resources**

The company strongly believes that employees make the difference and it has been the Company's continuous endeavor to create an environment where people own their jobs and feel empowered to take decisions. This approach has propelled the Company towards excellence. The Company's Industrial relations continued to be harmonious during the year under review. The focus is on maintaining a high level of motivation and leadership development. The total strength of the employees during the year was around 332.

**9. 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 : JAIPUR  
DATE : 23rd JUNE, 2009**

**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 Financial Year 2008-2009 five Board meetings were held on 24.05.2008, 08.07.2008, 14.07.2008, 22.10.2008 and 22.01.2009.

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 5 held	Attendance at last AGM held on 11.08.2008	No. of other Directorship as on 31.03.2009	No. of other committees in which Chairman/ Member as on 31.03.2009	
						Member	Chairman
(i)	Sh. S. S. Poddar, Managing Director	\$	4	NO	4	-	-
(ii)	Sh. R. K. Sureka, Director & CEO	#	4	YES	2	-	-
(iii)	Smt. Kusum Poddar	*	3	NO	1	-	-
(iv)	Sh. N. Gopalswamy	&	-	NO	7	-	-
(v)	Sh. M. K. Sonthalia	&	1	NO	7	-	-
(vi)	Sh. V. K. Fogla	&	1	YES	11	-	-

@ Category of Director :-

\$	Executive Promoter Director	#	Executive Director
*	Non Executive Promoter Director and wife of Sh. S. S. Poddar, Managing Director	&	Non Executive Independent Director

#### 2.2 Composition of Remuneration Committee:

The remuneration committee consists of Shri N Gopalswamy, 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 Financial Year 2008-09 are as follows:-

Particulars	Sh. S.S. Poddar, Managing Director	Sh. R. K. Sureka, Director & CEO
Salary and HRA	18 00 000	7 98 000
Contribution to Provident Fund	2 16 000	95 760
Other perquisites	4 88 022	3 62 926
<b>Total (Rs.)</b>	<b>25 04 022</b>	<b>12 56 686</b>

#### 2.4 Terms of Contract:

Name of Director	Date of appointment	Expiry of contract	Severance fees	Notice Period
Shri S. S. Poddar	01.10.2007	30.09.2010	-	-
Shri R. K. Sureka	01.10.2004	30.09.2009	-	-

#### 2.5 Remuneration to Non-Executive Directors :

No remuneration except sitting fee of Rs. 1000/- per meeting attended by the Non-Executive Director and total fee of Rs. 5000/- was paid to the Non-Executive Directors for the Board Meetings attended by them during the year 2008-2009.

#### 2.6 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 Financial Year 2008-2009, four meetings of the Audit Committee were held on 14.05.2008, 07.07.2008, 16.10.2008 and 08.01.2009. 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	2
Sh. M. K. Sonthalia	Member-Non Executive & Independent Director	3
Sh. N. Gopaldaswamy	Member-Non Executive & Independent Director	3

The Heads of Finance Function and Internal Audit Department 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, Sh. S. S. Poddar, Sh. R. K. Sureka and three Non -Executive Directors namely Sh. V.K. Fogla, Sh. N. Gopaldaswamy 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	02	NIL
Stock Exchange	02	NIL
Investors	14	NIL
Govt. Authorities	NIL	NIL

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

##### Compliance Officer :

1 Sh. N. D. Dujari, 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 :

Venue, and time for last three Annual General Meetings:

Year	Venue	Date	Time
2005-2006	Regd. Office at RIICO Industrial Area, Sitapura, JAIPUR	07.09.2006	11.00 A.M.
2006-2007	Do	08.09.2007	11.00 A.M.
2007-2008	Do	11.08.2008	11.00 A.M.

The Special Resolutions at the last AGM did not attract the provisions of Postal Ballot papers.

#### 7 Disclosures :

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

During the Financial Year 2008;2009, there was no material significant transactions with the related parties i.e Promoters, Directors, Management and their relatives etc. that may have a potential conflict with 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](http://www.poddarpigments.com). The Quarterly Financial Results of the Company are available on the Website of The Stock Exchange, Mumbai [www.bseindia.com](http://www.bseindia.com) and also on the website of SEBI [www.sebi.gov.in](http://www.sebi.gov.in).

No presentation was made to the Institutional Investors or to the analysts during the Financial Year 2008-09. Management Discussions and Analysis Report form a part of this Annual Report.

## 9 General Shareholders Information :-

9.1 AGM : Date, Time and Venue

4th August, 2009, 11.00 A.M. at Regd. Office.

9.2 Financial Calendar

1st April, 2008 to 31st March, 2009

9.3 Date of Book Closure

27.07.2009 to 04.08.2009

9.4 Dividend Payment Date

No dividend has been recommended by the Board for the Financial Year 2008-2009.

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. 2009-10 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, 2008	32.10	25.20
May, 2008	32.50	25.55
June, 2008	29.95	20.85
July, 2008	29.50	22.00
August, 2008	30.35	23.55
September, 2008	28.00	20.10
October, 2008	24.80	15.00
November, 2008	18.95	12.90
December, 2008	19.55	11.20
January, 2009	19.00	13.30
February, 2009	18.68	12.35
March, 2009	18.00	11.85

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 Road, Bhandup West,  
Mumbai-400 078  
Phone No. : 022-25963838  
Fax No. : 022-25946969  
Email : mumbai@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 31.03.09 :-**

<b>No. of equity shares held</b>	<b>No. of shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
1-500	8292	92.82	1411098	11.57
501-1000	375	4.20	322346	2.64
1001-2000	114	1.28	179620	1.47
2001-3000	51	0.57	130263	1.07
3001-4000	16	0.18	55664	0.46
4001-5000	24	0.27	116829	0.96
5001-10000	22	0.24	152365	1.25
10001 & above	39	0.44	9831815	80.58
<b>Grand Total</b>	<b>8933</b>	<b>100.00</b>	<b>12200000</b>	<b>100.00</b>

**Shareholding Pattern :-**

<b>Particulars</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
Resident Individuals	8775	98.23	4758784	39.01
Domestic Companies	126	1.41	7365593	60.37
Non Resident Indians	14	0.16	8471	0.07
Mutual Funds/ FIs	4	0.04	58800	0.48
Others	14	0.16	8352	0.07
<b>Total</b>	<b>8933</b>	<b>100.00</b>	<b>12200000</b>	<b>100.00</b>





**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 88.81 % of the total number of equity shares of the Company have been dematerialized as on 31.03.2009.

**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**

Smt. Kusum Poddar, wife of Shri S. S. Poddar, Managing Director of the Company, has vast managerial and administrative experience and is associated with various Social Trusts engaged in philanthropy services. Brief particulars of Directorship in other Companies are as follows:-

1. Pluto Trade Links Ltd.

**9.15 Plant Locations and Address for Correspondence**

E-10, 11 & F-14 to 16,

RIICO Industrial Area,

Sitapura, Jaipur - 302 022.

Telephone : (0141) 2770202,2770203

Fax No. : (0141) 2771922

E-mail : jaipur@poddarpigments.com

nddajari@poddarpigments.com

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

**PLACE : JAIPUR**

**DATE : 23rd JUNE, 2009**

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

**S. S. Poddar  
MANAGING DIRECTOR**



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**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, 2009, 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 : JAIPUR  
DATE : 23rd JUNE, 2009**

**B. R. Goyal  
PARTNER**

**Membership No. 12172**



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

1. We have audited the attached Balance Sheet of **PODDAR PIGMENT LIMITED** as at 31<sup>st</sup> March 2009, 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 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009, 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 31<sup>st</sup> March, 2009.
    - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date;
    - (iii) In the case of the Cash Flow statement, of the cash flows 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**

PLACE : JAIPUR  
DATE : 23<sup>rd</sup> JUNE, 2009

**B. R. GOYAL**  
**PARTNER**  
Membership No. 12172



## 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 books of account.
- 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 except a loan of Rs. 400 lacs to a company during the previous year in which a director of the company is interested. Accordingly, paragraph 4(iii) of the order is not applicable. The amount of such loan has been repaid during the year but the accrued interest has not been paid by 31<sup>st</sup> March, 2009. However the same has since been received.
- 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, except in relation to the granting of Loan 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 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.
- 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 31<sup>st</sup> March, 2009 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	2003-2004	Deputy Commissioner (Appeals)

- x) There are no accumulated losses of the Company as on 31<sup>st</sup> March, 2009. 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) The term loans availed during the year was used for the purpose for which it was obtained.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we report that the 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**

**PLACE : JAIPUR**  
**DATE : 23rd JUNE, 2009**

**B.R. GOYAL**  
**PARTNER**  
Membership No. 12172



## BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	2008-2009 (Rs.)	2007-2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	12 20 00 000	12 20 00 000
Reserves & Surplus	2	25 99 27 346	22 02 26 979
<b>LOANS</b>			
Secured Loans	3	7 89 95 804	13 26 68 092
Unsecured Loans		3 05 46 823	—
<b>DEFERRED TAX LIABILITY (NET)</b>		<u>3 08 78 465</u>	<u>3 23 28 408</u>
<b>TOTAL</b>		<u>52 23 48 438</u>	<u>50 72 23 479</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	46 75 39 405	44 97 49 368
Less : Depreciation		<u>28 31 62 248</u>	<u>26 26 07 615</u>
Net Block		18 43 77 157	18 71 41 753
<b>CAPITAL WORK-IN-PROGRESS</b>			
		<u>1 44 94 640</u>	—
		19 88 71 797	18 71 41 753
<b>INVESTMENTS</b>	5	3 79 75 993	23 000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	17 11 18 288	16 62 88 053
Sundry Debtors		18 54 54 154	15 13 89 716
Cash & Bank Balances		1 71 74 160	5 64 77 167
Loans and Advances		<u>8 89 40 165</u>	<u>7 89 87 116</u>
		46 26 86 767	45 31 42 052
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	7		
Current Liabilities		11 92 15 714	8 09 52 418
Provisions		<u>5 79 70 405</u>	<u>5 21 30 908</u>
<b>NET CURRENT ASSETS</b>		28 55 00 648	32 00 58 726
<b>TOTAL</b>		<u>52 23 48 438</u>	<u>50 72 23 479</u>

### 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 and on behalf of the Board of Directors

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

**N. D. DUJARI**  
**COMPANY SECRETARY**

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

**B. R. GOYAL**  
**PARTNER**  
Membership No. 12172  
PLACE : JAIPUR  
DATE : 23rd JUNE, 2009

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

**S. S. PODDAR**  
**MANAGING DIRECTOR**



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	2008-2009 (Rs.)	2007-2008 (Rs.)
<b>INCOME</b>			
Sales	8	1 30 77 57-842	1 10 13 84 994
Less: Excise Duty		11 04 25 636	11 39 58 079
Net Sales		1 19 73 32 206	98 74 26 915
Other Income	9	83 30 361	1 82 54 360
<b>TOTAL</b>		<b>1 20 56 62 567</b>	<b>1 00 56 81 275</b>
<b>EXPENDITURE</b>			
Trading, Manufacturing & Other Expenses	10	1 11 21 45 161	92 19 56 125
Interest	11	1 21 79 975	73 56 267
Depreciation		2 16 55 528	2 34 96 983
<b>TOTAL</b>		<b>1 14 59 80 664</b>	<b>95 28 09 375</b>
Profit before Tax		5 96 81 903	5 28 71 900
<b>Provision for Taxation</b>			
Current Income Tax		2 16 00 000	1 59 25 000
Fringe Benefit Tax		11 50 000	11 00 000
Deferred Tax		(14 49 943)	(10 60 524)
<b>Profit after Tax</b>		<b>3 83 81 846</b>	<b>3 69 07 424</b>
Add : Tax adjustments for Prior years		13 18 521	10 72 211
<b>Net Profit after Tax adjustments for Prior years</b>		<b>3 97 00 367</b>	<b>3 79 79 635</b>
Balance brought forward from Previous Year		1 87 26 979	1 57 47 344
Profit available for appropriations		5 84 27 346	5 37 26 979
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		4 40 00 000	3 50 00 000
Balance carried to Balance Sheet		1 44 27 346	1 87 26 979
		5 84 27 346	5 37 26 979
<b>Basic and Diluted Earnings Per Share of Rs. 10/- each</b> (Refer note no. B-8 in Schedule 12)		3.25	3.11
<b>ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS 12</b>			

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

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**

**N. D. DUJARI**  
**COMPANY SECRETARY**

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

**B. R. GOYAL**  
**PARTNER**  
Membership No. 12172  
PLACE : JAIPUR  
DATE : 23rd JUNE, 2009

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

**S. S. PODDAR**  
**MANAGING DIRECTOR**



## SCHEDULE 1 : SHARE CAPITAL

	2008-2009 (Rs.)	2007-2008 (Rs.)
<b>AUTHORISED</b>		
1 25 00 000 Equity Shares of Rs.10/- each	<u>12 50 00 000</u>	<u>12 50 00 000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1 22 00 000 Equity Shares of Rs.10/- each fully paid up (Refer Note No. B-4(d) of Schedule 12)	<u>12 20 00 000</u>	<u>12 20 00 000</u>

## SCHEDULE 2 : RESERVES & SURPLUS

	2007-2008 (Rs.)	ADDITION (Rs.)	DEDUCTION (Rs.)	2008-2009 (Rs.)
Capital Reserve	15 00 000	-	-	15 00 000
General Reserve	20 00 00 000	4 40 00 000	-	24 40 00 000
Surplus as per Annexed Profit & Loss Account	1 87 26 979	3 97 00 367	4 40 00 000	1 44 27 346
	<u>22 02 26 979</u>	<u>8 37 00 367</u>	<u>4 40 00 000</u>	<u>25 99 27 346</u>
2007-2008	<u>18 22 47 344</u>	<u>7 29 79 635</u>	<u>3 50 00 000</u>	<u>22 02 26 979</u>

## SCHEDULE 3 : LOANS

	2008-2009 (Rs.)	2007-2008 (Rs.)
<b>SECURED</b>		
From Bank		
(a) Term Loan :-		
- Foreign Currency Loan	3 84 96 995	3 93 23 968
- Interest accrued and due	<u>9 94 974</u>	<u>2 58 654</u>
	<u>3 94 91 969</u>	<u>3 95 82 622</u>
(b) Working Capital Borrowings	<u>3 95 03 835</u>	<u>9 30 85 470</u>
	<u>7 89 95 804</u>	<u>13 26 68 092</u>
<b>UN SECURED</b>		
Short term - Buyers credit in Foreign Currency	<u>3 05 46 823</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 present and future fixed assets (except on Chennai property), and first charge by way of hypothecation of all current assets except certain specified current assets on which second charge has been created since Bankers of the Company have first charge on these assets for working capital borrowings.
- Item No.(b) is secured by hypothecation of specified current assets such as Inventories, Book debts & Bills Receivables, both present and future, and equitable mortgage on Chennai property & further secured by second charge on rest of the fixed assets of the Company and is also guaranteed by a Director of the Company.
- Term Loan repayable within one year Rs. 1,54,63,311/- (US\$ 3,04,876) (Previous Year Rs. 91,03,978/- (US\$ 2,28,657)).



## SCHEDULE 4 : FIXED ASSETS

(Amount in Rs.)



PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 31.03.2008	ADDITIONS	ADJUSTMENT/ DEDUCTION	AS AT 31.03.2009	AS AT 31.03.2008	FOR THE YEAR	ADJUSTMENT/ DEDUCTION	AS AT 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
Land (Leasehold)	44 23 995	-	-	44 23 995	-	-	-	-	44 23 995	44 23 995
Buildings	5 67 63 451	4 16 123	-	5 71 79 574	1 02 84 473	14 00 559	-	1 16 85 032	4 54 94 542	4 64 78 978
Plant & Machinery	36 47 95 070	1 57 46 139*	38 040	38 05 03 169	24 13 94 313	1 87 15 522	13 901	26 00 95 934	12 04 07 235	12 34 00 757
Office Equipments	1 01 48 935	14 51 458	6 43 010	1 09 57 383	65 82 862	4 84 094	4 89 721	65 77 235	43 80 148	35 66 073
Furniture & Fixtures	70 53 977	55 480	5 81 889	65 27 568	33 30 773	3 99 866	5 22 331	32 08 308	33 19 260	37 23 204
Vehicles	65 63 940	17 16 390	3 32 614	79 47 716	10 15 194	6 55 487	74 942	15 95 739	63 51 977	55 48 746
<b>TOTAL</b>	<b>44 97 49 368</b>	<b>1 93 85 590</b>	<b>15 95 553</b>	<b>46 75 39 405</b>	<b>26 26 07 615</b>	<b>2 16 55 528</b>	<b>11 00 895</b>	<b>28 31 62 248</b>	<b>18 43 77 157</b>	<b>18 71 41 753</b>
2007-2008	40 40 23 277	4 79 18 410	21 92 319	44 97 49 368	24 00 79 079	2 34 96 983	9 68 447	26 26 07 615	18 71 41 753	

\* Including Rs. 97,57,088/- capitalized following the notification of MCA dated 31/3/2009 relating to AS-11 on Foreign Exchange Fluctuation.



## SCHEDULE 5 : INVESTMENTS

	2008-2009	2007-2008
	(Rs.)	(Rs.)
<b>QUOTED INVESTMENTS (AT COST)</b>		
<b>LONG TERM</b>		
(Other than Trade, Fully Paid-up)		
480000 (Previous year NIL ) Equity Shares of Rs.2/- each of Dalmia Cement (Bharat) Ltd.	3 79 52 993	-
<b>UNQUOTED INVESTMENTS (AT COST)</b>		
<b>Investment in Government Securities</b>		
3 Nos.(Previous Year 3 Nos.) National Saving Certificates-VIII Series of Rs. 1,000/- each (Lodged with Sales Tax Authorities)	3 000	3 000
1 No.(Previous Year 1 No.) National Saving Certificate-VIII Series of Rs. 10,000/-(Lodged with Sales Tax Authorities)	10 000	10 000
2 Nos:(Previous Year 2 Nos.) National Saving Certificates-VIII Series of Rs. 5,000/- each	10 000	10 000
	<u>3 79 75 993</u>	<u>23 000</u>
<b>AGGREGATE AMOUNT OF :</b>		
<b>Quoted Investments</b>	3 79 52 993	-
(Market value as on 31.03.2009 Rs. 3,75,84,000/- ( Previous Year Rs. Nil))		
<b>Unquoted Investments</b>	23 000	23 000



## SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES

	2008-2009	2007-2008
	(Rs.)	(Rs.)
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
Raw Materials	12 71 46 528	11 83 02 613
Finished Goods	2 29 97 837	2 81 59 106
Stock-in-Process	76 05 539	73 75 358
Consumable Stores	1 33 68 384	1 24 50 976
	<u>17 11 18 288</u>	<u>16 62 88 053</u>
<b>SUNDRY DEBTORS</b>		
<b>Considered Good</b>		
Outstanding for a period exceeding six months		
– Secured	18 86 005	3 18 927
– Unsecured	65 22 668	51 75 721
Other Debts		
– Secured	4 23 22 019	3 04 95 717
– Unsecured	13 47 23 462	11 53 99 351
	<u>18 54 54 154</u>	<u>15 13 89 716</u>
<b>CASH AND BANK BALANCES</b>		
– Foreign Currency in hand	–	292
– Stamps in hand	4 530	5 010
<b>Balance with Scheduled Banks</b>		
– On Current Accounts	1 71 69 630	5 64 71 865
	<u>1 71 74 160</u>	<u>5 64 77 167</u>
<b>LOANS &amp; ADVANCES</b>		
(Unsecured-Considered Good)		
Advances Recoverable in cash or in kind or for value to be received	1 50 04 896	1 77 37 826
Claims Receivable	13 63 441	10 88 924
Advance Tax (including Income Tax Deducted at Source)	5 31 27 263	3 81 43 643
Deposits with Govt. Departments & Others	63 19 392	56 28 449
Income tax refundable	19 88 638	10 12 076
Excise duty refundable	47 96 679	84 24 313
Modvat Receivable	63 39 856	69 51 885
	<u>8 89 40 165</u>	<u>7 89 87 116</u>
	<u>46 26 86 767</u>	<u>45 31 42 052</u>



## SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS

	2008-2009	2007-2008
	(Rs.)	(Rs.)
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (refer note no. 6 of Notes on Accounts)	9 41 40 226	5 86 51 852
Advances from Customers	10 28 229	32 66 482
Deposits from Dealers	43 75 000	42 88 598
Other Liabilities	1 96 72 259	1 47 45 486
	<u>11 92 15 714</u>	<u>8 09 52 418</u>
<b>PROVISIONS</b>		
For Taxation	5 33 70 000	4 08 96 000
For Gratuity and Leave Encashment	25 75 393	28 18 804
For Excise and Custom Duty on stock	20 25 012	84 16 104
	<u>5 79 70 405</u>	<u>5 21 30 908</u>
	<u>17 71 86 119</u>	<u>13 30 83 326</u>

## SCHEDULE 8 : SALES

	2008-2009	2007-2008
	(Rs.)	(Rs.)
Sales	1 29 08 75 660	1 08 89 51 285
Export Benefits	1 68 82 182	1 24 33 709
	<u>1 30 77 57 842</u>	<u>1 10 13 84 994</u>

## SCHEDULE 9 : OTHER INCOME

	2008-2009	2007-2008
	(Rs.)	(Rs.)
Dividend - other than trade	6 86 357	-
Interest on Investments -other than trade		
- Long Term Investments	1 435	2 214
Interest Received	25 35 273	26 89 812
(Including TDS Rs. 5 14 740/- Previous Year Rs. 4 38 534/-)		
Excess Provision Written back	12 47 963	8 86 468
Profit on Sale of Investments (Net)-other than trade		
- Current Investments	-	99 31 866
Speculation Profit	-	12 394
Miscellaneous Income	38 59 333	47 31 606
(Including TDS Rs. 602/- Previous Year Rs. 3 439/-)		
	<u>83 30 361</u>	<u>1 82 54 360</u>



## SCHEDULE 10 : TRADING , MANUFACTURING & OTHER EXPENSES

	2008-2009		2007-2008
	(Rs.)		(Rs.)
<b>RAW MATERIALS CONSUMED</b>			
Stock At Opening	11 83 02 613		13 95 95 307
Add : Purchases	90 82 19 463		71 67 61 839
	<u>1 02 65 22 076</u>		<u>85 63 57 146</u>
Less : Stock At Close	12 71 46 528	89 93 75 548	11 83 02 613
			73 80 54 533
<b>(INCREASE)/DECREASE IN STOCK IN PROCESS</b>			
-At Opening	73 75 358		91 91 047
-At Closing	<u>76 05 539</u>	(2 30 181)	<u>73 75 358</u>
			18 15 689
<b>FINISHED GOODS</b>			
-At Opening	2 81 59 106		3 04 77 940
-At Closing	<u>2 29 97 837</u>	5 161 269	<u>2 81 59 106</u>
			23 18 834
<b>MANUFACTURING EXPENSES</b>			
Stores, Spares & Packing Materials	1 69 90 619		1 24 57 592
Carriage Inward & Others	1 58 43 286		1 44 45 636
Power & Fuel	2 38 54 839		2 17 61 170
Repairs & Maintenance :			
- Buildings	10 03 106		4 06 171
- Plant & Machinery	10 68 508		9 53 265
- Others	37 45 326		16 79 186
Excise Duty On Stock	<u>(19 61 881)</u>	6 05 43 803	<u>(5 99 486)</u>
			5 11 03 534
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>			
Salaries, Wages & Bonus etc.	5 95 87 699		4 72 21 300
Contribution to Provident & Other Funds	39 71 199		35 06 660
Employees Welfare Expenses	<u>26 57 843</u>	6 62 16 741	<u>23 84 082</u>
			5 31 12 042
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>			
Discounts and Commission	1 77 67 251		1 50 70 688
Freight, Forwarding & Others	<u>1 45 34 528</u>	3 23 01 779	<u>1 30 96 721</u>
			2 81 67 409
<b>OTHER EXPENSES</b>			
Auditors' Remuneration	1 70 785		1 49 610
Insurance Expenses	36 63 484		47 60 151
Directors' Sitting Fee	5 000		8 000
Rent	4 98 000		1 69 500
Rates & Taxes	4 58 412		3 32 671
Bank Charges	68 45 778		41 09 919
Charity and Donation	—		22 87 000
Printing & Stationery Expenses	10 87 683		11 07 096
Travelling and Conveyance	1 37 27 894		1 37 50 710
Telephone, Telex & Postage	24 37 809		26 33 162
Loss on Sale of Investments	4 78 070		—
Loss on Sale of Fixed Assets	2 99 978		30 661
Miscellaneous Expenses	<u>1 91 03 309</u>	4 87 76 202	<u>1 80 45 604</u>
		<u>1 11 21 45 161</u>	<u>4 73 84 084</u>
			<u>92 19 56 125</u>



## SCHEDULE 11 : INTEREST

	2008-2009 (Rs.)	2007-2008 (Rs.)
On Term Loan	39 02 050	16 92 251
On Working Capital Borrowings	54 36 380	39 01 882
On Others	28 41 545	17 62 134
	<u>1 21 79 975</u>	<u>73 56 267</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 generally is 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 Capitalized Exchange Fluctuation is charged over the remaining useful life of the assets.

#### 7. Investments

Long Term Investments are stated at cost.



## 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 Earnings Per Share are 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 :-	<b>2008-2009</b>	<b>2007-2008</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
(i) Bank Guarantees	—	6 24 767
(ii) Letter of Credit against purchase of raw material	<b>3 71 70 536</b>	3 02 57 326
(iii) Bonds Executed with Customs & Excise Authorities	<b>3 30 00 000</b>	3 30 00 000
(iv) Excise duty demand pending with adjudicating authority for necessary order	<b>26 04 859</b>	19 34 596
(v) Income Tax matter in appeals	<b>7 97 607</b>	7 18 332
(vi) Sales Tax demands not admitted by the Company and for which appeals have been filed with appropriate authorities	<b>4 39 487</b>	6 14 604
(vii) Bill discounting with banks (since realised Rs. 81 77 587/- [2007-08 Rs. 1 37 35 594/-])	<b>90 59 106</b>	1 37 35 594
(viii) Service Tax demands not admitted by the Company and for which appeals have been filed with appropriate authorities.	<b>24 490</b>	24 490
(b) Estimated amount of contracts ( Net of advances) remaining to be executed on Capital Account and not provided for Rs.474000/- (2007-08 Rs.1784983/-)		
2. <b>Managerial Remuneration</b>	<b>2008-2009</b>	<b>2007-2008</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Salary and allowances	<b>25 98 000</b>	24 48 000
Contribution to Provident Fund etc.	<b>3 11 760</b>	2 93 760
Monetary value of perquisites	<b>8 50 948</b>	6 62 674
	<b><u>37 60 708</u></b>	<b><u>34 04 434</u></b>
3. <b>Auditors' Remuneration</b>	<b>2008-2009</b>	<b>2007-2008</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
As Auditors	<b>1 00 000</b>	85 000
For Tax Audit	<b>25 000</b>	20 000
For Other Services	—	19 623
Travelling & Other Expenses	<b>45 785</b>	24 987
	<b><u>1 70 785</u></b>	<b><u>1 49 610</u></b>





4. (a) Trading, Manufacturing & Other expenses includes Rs.10167599/- (2007-08 Rs.8329938/-) in respect of Research & Development activities-undertaken during the year.
- (b) Miscellaneous Expenses includes:
- i) Rs. 920278/- (2007-08 Rs. 5146401/- ) towards bad debts written off.
- ii) Rs. 3956175/- (2007-08 Rs. NIL) debited (Net) towards Foreign Exchange fluctuation.
- (c) Miscellaneous Income includes Rs. NIL (2007-08 Rs.3121213/- ) credited (Net) on account of Foreign Exchange fluctuation.
- (d) Share Capital includes Rs.2500000/- being amount on account of allotment of shares (for consideration other than Cash) upon amalgamation.
- (e) Capital expenditure of Rs. 2153159/-(2007-08 Rs.533829/- ) on Research & Development has been made during the year .
5. Provision for deferred tax liability (net) has been reduced by Rs.1449943/- (2007-08 reduced by Rs. 1060524/-) 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**

	<b>2008-2009</b>	2007-2008
<i>Deferred Tax Liabilities</i>	<b>(Rs.)</b>	(Rs.)
- Depreciation	<b>2 32 19 391</b>	2 37 71 749
- Research & Development	<b>76 59 074</b>	85 56 659
<b>Closing Balance</b>	<b><u>3 08 78 465</u></b>	<u>3 23 28 408</u>

6. Sundry Creditors include acceptances of Rs.75455176/- (2007-08 Rs. 37600769/-).
7. 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:-
- (a) Amount outstanding at the year end - Rs.2115893/- ( 2007-08 Rs. 4580896/-)
- (b) Interest payable on delayed payments - Rs. Nil ( 2007-08 Rs. 373/- )

**8. Earnings per share calculation**

	<b>2008-2009</b>	2007-2008
Net Profit after Tax adjustments for prior years-used as numerator in calculating Basic and Diluted Earnings per share (Rs.)	<b>3 97 00 367</b>	3 79 79 635
No. of Equity Shares (Face Value Rs. 10/-)	<b>1 22 00 000</b>	1 22 00 000
Earnings per share (Basic and Diluted) (Rs.)	<b>3.25</b>	3.11



## 9. 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:

	(Rs. in Lacs)					
	2008-2009			2007-2008		
	Within India	Out-side India	Total	Within India	Out-side India	Total
<b>(I) Segment Revenue</b>						
Sales (including export benefits)	9 754.02	3 323.56	13 077.58	8 369.39	2 644.46	11 013.85
Other Income (unallocable) (net of interest income)			57.93			155.62
Total Revenue	9 754.02	3 323.56	13 135.51	8 369.39	2 644.46	11 169.47
<b>(II) Segment Results</b>						
Profit before Interest, Tax & Unallocable Expenses	577.48	221.68	799.16	467.73	165.28	633.01
Less: Interest (net) (unallocable)			96.43			46.68
Other Unallocable Expenses (Net of unallocable income)			105.92			57.61
Profit before tax			596.81			528.72
Provision for taxation (net)			213.00			159.65
Add: Tax adjustment of prior year			13.19			10.72
Profit after tax			397.00			379.79

### (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 .

## 10. 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 :-

	2008-09	2007-08
(i) Related Parties / Parties Holding Significant Influence	(Rs.)	(Rs.)
1. Rent Paid (net of recovery of Rs. 394800/- Previous year Rs. 393300/-)	5 89 200	4'22 700
2. Outstanding Balance at the year end	NIL	NIL
(ii) Key Management Personnel		

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

11. Loans & Advances includes amount due from an officer is Rs. NIL (Previous year Rs.85194/-), Maximum balances outstanding during the year Rs. 85194/- (Previous year Rs.150485/-)
12. Effective April 1, 2007, the Company has adopted the revised Accounting Standard AS-15 issued by the Institute of Chartered Accountants of India on 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:

	2008-09	2007-08
For the year ended 31st March, 2009	(Rs. in Lacs)	(Rs. in Lacs)
Employers Contribution to Provident Fund	20.91	17.59

#### 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:

	2008-09	2007-08
For the year ended 31st March, 2009	(Rs. in Lacs)	(Rs. in Lacs)
Employers Contribution to Employee State Insurance	4.28	4.09
Employers Contribution to Pension Scheme	11.08	10.34

#### 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 increases, 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:



	2008-09 (Rs. in Lacs)		2007-08 (Rs. in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present Value of obligation as at period closing 31st March, 2008	59.53	21.21	62.85	28.89
Current service cost	6.86	10.78	6.85	1.88
Interest cost	4.20	0.00	5.03	2.31
Actuarial (gain)/loss	3.50	2.23	(20.90)	(15.94)
Benefit paid	6.59	4.68	5.70	4.07
Present value of obligation as at period ended 31st March, 2009	67.50	29.54	59.53	21.21

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

	2008-09 (Rs. in Lacs)		2007-08 (Rs. in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at period ended 31st March, 2009	67.50	29.54	59.53	21.21
Fair value of plan assets at period end	72.03	10.00	-	-
Funded status excess of Actual over estimated			(52.56)	-
Assets/(Liabilities) recognized in the Balance Sheet	(4.53)	19.54	6.97	21.21

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

	2008-09 (Rs. in Lacs)		2007-08 (Rs. in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current Service Cost	6.86	10.78	6.85	1.88
Interest cost	4.20	0.00	5.03	2.31
Actuarial (gain)/loss	3.50	2.23	(20.90)	(15.94)
Net cost recognised for the period	10.03	13.01	(9.02)	(11.75)

13. 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. 97.57 lakhs has been added to cost of Capital Assets.

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

A. Particulars of Capacity	(Qty. in M.T.)	
	2008-2009	2007-2008
<b>Licensed Capacity (p.a.)</b>		
Speciality Masterbatches (Including Engineering Plastic Compounds)	N.A.	N.A.
<b>Installed Capacity (p.a.)*</b>		
Speciality 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 Stock		Purchase		Production		Turnover		Closing Stock	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
<b>Speciality Masterbatches</b>										
(2008-2009)	411.90	257.24	-	-	7 555.62	-	7 663.89	12 885.08	303.63	207.19
(2007-2008)	322.01	274.60	-	-	6 328.08	-	6 238.19	10 866.87	411.90	257.24
<b>Engineering Plastic Compounds</b>										
(2008-2009)	20.41	24.35	-	-	12.19	-	12.82	23.68	19.78	22.79
(2007-2008)	22.55	30.18	-	-	7.63	-	9.77	22.64	20.41	24.35

**2008-2009**
**2007-2008**

C. Raw Materials Consumed	2008-2009		2007-2008	
	(Qty.)	(Rs. in Lacs)	(Qty.)	(Rs. in Lacs)
Polymer resins	3 844.87	2 925.21	3 458.63	2 397.77
Pigments	3 034.60	5 744.31	2 408.59	4 704.80
Waxes	196.53	210.62	215.79	213.12
Others	541.54	113.62	402.05	64.86
Total	<u>7 617.54</u>	<u>8 993.76</u>	<u>6 485.06</u>	<u>7 380.55</u>

**D. Consumption of Raw Materials, Stores & Spares**

	2008-2009		2007-2008	
	(Rs. in Lacs)	(%)	(Rs. in Lacs)	(%)
<b>Imported</b>				
Raw Materials	6 414.68	71.32	5 172.60	70.08
Stores & Spares	12.03	7.21	14.10	11.32
<b>Indigenous</b>				
Raw Materials	2 579.08	28.68	2 207.95	29.92
Stores & Spares	154.88	92.79	110.48	88.68

E. Imports (CIF Value)	(Rs. in Lacs)	(Rs. in Lacs)
Raw Materials	5 744.76	4 757.75
Stores & Spares	11.32	15.87
Capital Goods	25.72	247.78

**F. Expenditure in Foreign Currency**

Travelling Expenses	20.10	21.31
Technical Consultancy	15.85	10.20
Commission	19.95	22.53
Interest	46.75	11.09

**G. Earnings in Foreign Currency**

From Export of Goods (on FOB)	3 099.22	2 436.63
Insurance Claims	-	0.17

**H. Earnings Per Share (in Rs.)**

(Nominal Value of Rs. 10/- per share)		
Basic & Diluted Earnings per share (Rs.)	3.25	3.11

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



## 16. Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.	06307	State Code	17
Balance Sheet Date :	31 <sup>st</sup> March, 2009		

### II. Capital Raised during the Year

(Rs. in Thousand)

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

### III. Position of Mobilisation and Deployment of Funds

Total Liabilities	5 22 348	Total Assets	5 22 348
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#### Sources of Funds

Paid up Capital	1 22 000	Reserves & Surplus	2 59 927
Secured Loans	78 996	Unsecured Loans	30 547
Deferred Tax	30 878		

#### Application of Funds

Net Fixed Assets	1 98 872	Investments	37 976
Net Current Assets	2 85 501	Misc. Expenditure	—

### IV. Performance of Company

Turnover- Net (including other income)	12 05 663	Total Expenditure	11 45 981
Profit Before Tax	59 682	Profit After Tax	38 382
Earning Per Share (Rs.) (Annualised)	3.25	Dividend	Nil

### V. Generic Names of Principal Products

Item Code No. (ITC Code)	320619, 381230.19 & 320630.00
Product Description	Speciality Masterbatches
Item Code No. (ITC Code)	390799 & 390890
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 and on behalf of the Board of Directors

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

**N. D. DUJARI**  
**COMPANY SECRETARY**

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

**B. R. GOYAL**  
**PARTNER**

Membership No. 12172

PLACE : JAIPUR

DATE : 23rd JUNE, 2009

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

**S. S. PODDAR**  
**MANAGING DIRECTOR**



## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009

DESCRIPTION	2008-2009	2007-2008
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Profit Before Tax	5 96 81 903	5 28 71 900
<b>Adjustments for :</b>		
Depreciation	2 16 55 528	2 34 96 983
Interest Paid	1 21 79 975	73 56 267
Bad Debts W/off	9 20 278	51 46 401
Excess Provision written back	(12 47 963)	(8 86 468)
(Profit)/Loss on Sale of Investments	4 78 070	(99 31 866)
Speculation (Profit)/Loss	-	(12 394)
(Profit)/Loss on Sale of Fixed Assets	2 99 978	30 661
Unrealised (Gain)/Loss on Exchange - Net	(21 42 421)	62 024
Interest Received (on Loans)	(22 86 365)	(19 61 170)
Dividend Received	(6 86 357)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>8 88 52 626</b>	<b>7 61 72 338</b>
<b>Adjustments for :</b>		
Trade and Other Receivables	(3 21 53 108)	(4 10 66 492)
Inventories	(48 30 235)	2 50 55 741
Other Current Assets	1 16 15 898	(32 14 503)
Trade Payables	3 47 99 187	(1 40 26 631)
Other Liabilities	(1 28 87 618)	(3 05 82 941)
Income Tax Paid (Including TDS)	(2 15 68 947)	(1 45 02 447)
Income Tax Provision Written Back	13 18 521	10 72 211
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>6 51 46 324</b>	<b>(10 92 724)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchases/Additions in Fixed Assets (including CWIP) (including exchange fluctuation difference capitalised Rs. 97 57 088/-)	(3 38 80 230)	(4 79 18 410)
Sale of Fixed Assets	1 94 680	11 93 211
(Purchase)/Sale of Investments (Net)	(3 79 52 993)	-
Interest Received (on Loans)	22 86 365	19 61 170
Dividend Received	6 86 357	-
Profit/(Loss) on Sale of Investments	(4 78 070)	99 31 866
Speculation Profit/(Loss)	-	12 394
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(6 91 43 891)</b>	<b>(3 48 19 769)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from / Repayment of Long Term Borrowings (Payment Rs. 98 47 741/- and effect of exchange fluctuation Rs. 97 57 088/-)	(90 653)	2 17 64 948
Proceeds from Un Secured loan	3 05 46 823	-
Changes in Working Capital Borrowings	(5 35 81 635)	4 99 10 248
Interest Paid	(1 21 79 975)	(73 56 267)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(3 53 05 440)</b>	<b>6 43 18 929</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(3 93 03 007)</b>	<b>2 84 06 436</b>

**CASH AND CASH EQUIVALENTS :**

At the Beginning of the year	5 64 77 167	28070731
At the End of the Year	1 71 74 160	56477167
	(3 93 03 007)	28406436

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

Foreign Currency in hand	—	292
Stamps in hand	4 530	5 010

**Balance with Scheduled Banks**

On Current Accounts	1 71 69 630	5 64 71 865
<b>Total</b>	<b>1 71 74 160</b>	<b>5 64 77 167</b>

(i) The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

(ii) Previous year figures have been regrouped / rearranged to make them comparable, wherever considered necessary.

In terms of our report of even date attached.

For and on behalf of the Board of Directors

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

**N. D. Dujari**  
**COMPANY SECRETARY**

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

**B. R. GOYAL**  
**PARTNER**  
Membership No. 12172  
PLACE : JAIPUR  
DATE : 23rd JUNE, 2009

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

**S. S. PODDAR**  
**MANAGING DIRECTOR**



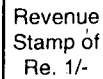
FORM OF PROXY  
**PODDAR PIGMENTS LIMITED**

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

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

I/We ..... of ..... in the District  
of ..... being a member of the above named Company, hereby  
appoint ..... of ..... in the district  
of ..... or failing him..... of  
..... in the district of .....  
as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the  
Company to be held on Tuesday, the 4th August, 2009 or at any adjournment thereof.

Signature .....



Signed this ..... day of ..... 2009

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**

**EIGHTEENTH ANNUAL GENERAL MEETING - 4TH AUGUST, 2009**

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

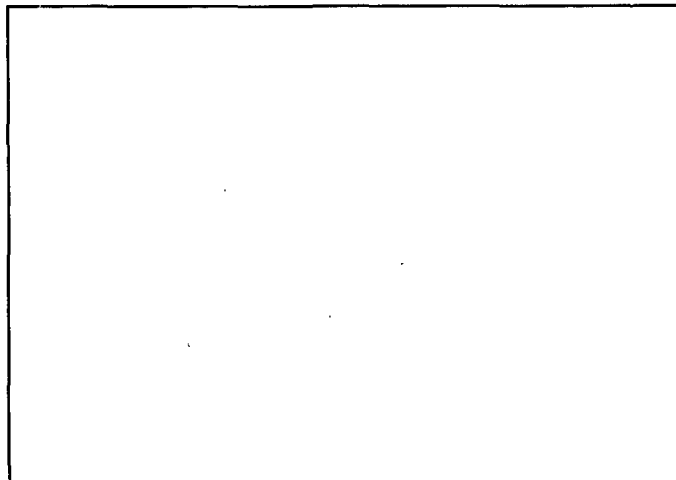
I certify that I am registered shareholder/proxy for the registered shareholder(s) of the Company.

I hereby record my presence at the Eighteenth Annual General Meeting of the Company at the Regd. Office E-10, 11 & F-14 to 16, RIICO Industrial Area, Sitapura, Jaipur - 302 022 (Rajasthan) on Tuesday, the 4th August, 2009, at 11.00 A.M.

Member / Proxy - Name in Block Letters :

Member / Proxy - Signature :

**BOOK POST**



If undelivered, please return to :

**PODDAR PIGMENTS LTD.**

E-10, 11 & F-14 to 16

RIICO Industrial Area, Sitapura,

Jaipur - 302 022 (Raj.)