

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. N. J. Rathi
(upto 15-08-2010)

Mr. P. S. Raghavan
(w.e.f. 16-08-2010)

BANKERS

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

AUDITORS

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

REGISTERED OFFICE / GLOBAL HEAD OFFICE

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

FACTORIES

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

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DIRECTORS' REPORT TO THE SHAREHOLDERS : 2010 - 2011

Your Directors are pleased to present the 60th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2011.

1. FINANCIAL HIGHLIGHTS :

Particulars	2010-2011 (Rupees in million)	2009-2010 (Rupees in million)
Gross Sales and Other Income	7120.11	5770.50
Gross Profit	924.07	791.97
Less : Depreciation	132.14	134.05
Profit before Tax and contingencies written back	791.93	657.92
Less : Provision for Taxation	233.82	198.83
Profit after Tax	558.11	459.09
Add : Surplus in Profit & Loss Account as per last Balance Sheet	364.19	206.00
Net Profit available for appropriation	922.30	665.09
Appropriations		
(1) Dividend proposed @ Rs.12.50 per share on the face value of Rs 10/- (125 %) (previous year dividend paid @ 125%)	86.53	86.53
(2) Dividend Distribution Tax	14.04	14.37
(3) General Reserve	400.00	200.00
Total	500.57	300.90
Balance to be carried forward	421.73	364.19

2. THE YEAR IN RETROSPECT :

BACKGROUND :

The domestic Pigment market has been buoyant as a result of rising incomes and increase in per capita spending. This backed by efficient cost management has enabled the Company to post all round growth in sale of Pigments for the year under review . Pigment Products catering to different segments recorded good growth. The macro environment prevailing in the western and European markets were challenging post recessionary conditions which had set in early 2008 . The Company with its High Performance Pigments were in a position to compete with global majors resulting in higher Pigment exports .

Agro Chemicals also fared reasonable well considering the constraints. Lower pest formation, change in product mix, unseasonal and unfavourable monsoon were some of the factors that impeded growth.

Overall the growth has been good and Sudarshan is fully geared up for exploiting and consolidating the opportunities ahead.

(A) SALES :

Gross Revenue for the year ended 31st March, 2011 amounted to Rs. 7120 million as against Rs. 5771 million achieved during the previous year, registering a growth of 23%. Profit after tax recorded excellent growth as compared to the previous year. Profit after tax for the year ended 31st March, 2011 aggregated to Rs. 558 million as against Rs. 459 million earned during the previous year recording a growth of 22%.

During the current year, the Pigment Division has performed well. Pigment sales rose from Rs. 4905 million in the previous year to Rs. 6213 million in the year under review, registering an impressive growth of 27%. Profits for the Pigment Division for the year under review amounted to Rs. 950 million as compared to Rs. 860 million of the previous year recording a growth of 10% .

Agro Sales for the year ended 31st March, 2011 amounted to Rs. 834 million as against Rs. 775 million achieved during the previous year recording a growth of 8%. Profits for the Agro Division for the year under review amounted to Rs. 64 million as compared to Rs. 73 million of the previous year.

(B) EXPORTS :

Members are aware that the Company has set up subsidiaries in Netherlands and North America. The Company also has set up Sales and distribution channels in Latin America and other Asian Countries. This has enabled Sudarshan to further consolidate its position in the international Pigment market.

Revenue from exports for the year ended 31st March, 2011 amounted to Rs. 2667 million as against Rs. 1879 million for the previous year registering an excellent growth of 42% over the previous year. More than 97% of the exports were accounted by Pigments Division.

3. DIVIDEND :

Notwithstanding the good performance, the Directors feel the need to conserve resources for the on going capex programme and hence recommend maintaining, subject to approval of the members, dividend of Rs. 12.50 per share on a face value of Rs. 10/- (125%) for the year ended 31st March, 2011. The total outgo on account of dividend @ 125% and dividend distribution tax @ 16.22% will be Rs. 100.57 million for the year under review.

4. DIRECTORS :

Mr.B.S.Mehta and Mr.P.P.Chhabria, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) in the preparation of accounts for the Financial Year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the Profit and Loss account of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act , 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts for the year under review on a going concern basis.

6. SUBSIDIARY COMPANIES :

During the year under review, the Company's overseas subsidiaries have shown improved sales performance. The initial teething troubles witnessed is a thing of the past and with appropriate staffing and efficient Sales and distribution channels to back, the subsidiaries are poised to consolidate.

The other Indian Wholly Owned Subsidiary, Prescient Color Ltd., continues to augment and validate its product range especially for textile and specialty plastics segment. The operations of Prescient Color Limited has also improved in the year under review by posting a modest profit of Rs. 3.65 million. The current scenario looks stable and encouraging.

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

Government of India, Ministry of Corporate Affairs, New Delhi vide General Circular No. 2/2011 dated 8.2.2011, has exempted and directed all Companies under Section 212 of the Companies Act, 1956 with regard to not attaching the Balance Sheet and Profit and Loss account of the Subsidiary company/s with the Annual Report of the Holding Company, subject to fulfillment of certain terms and conditions. The Company complies with all the terms and conditions.

The Annual Accounts of the aforesaid Subsidiary Companies for the year ended 31st March, 2011 will be made available to any shareholder of the Company on request and will also be available for inspection at the Registered Office of the Company during working hours till the date of the Annual General Meeting. The Annual Accounts of the aforesaid subsidiary companies and the related detailed information will also be made available to the investors seeking such information at any point of time.

8. CONSOLIDATED FINANCIAL STATEMENTS :

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

9. CORPORATE GOVERNANCE :

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

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

10. COST AUDIT :

The Board of Directors in pursuance of an order under section 233 B of the Companies Act, 1956 issued by the Central Government, has appointed Parkhi Limaye & Co., Cost Accountants, Pune as cost auditors to audit the cost accounts maintained by the Company in respect of Insecticides.

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

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

12. SUDARSHAN BUSINESS EXCELLENCE MODEL :

Sudarshan Business Excellence Model (SBEM) recognizes many approaches to achieving sustainable excellence in all aspects of performance. Policies and programs, are designed in partnership with stakeholders, to provide sustainable economic growth in a dynamic business environment.

The Company strives for an innovative culture, which would encourage sustainable growth by developing a system that drives knowledge creation, cutting edge science and research based technology, international competitiveness and increased productivity.

13. UPGADATION OF ROHA MANUFACTURING FACILITY :

As part of its globalization strategy, the Company has embarked on upgrading its manufacturing facility at Roha with an initial investment of Rs. 100 Crores. The facilities include setting up of :

- A state of the art ultra modern warehouse, spread over 1,20,000 sq ft. This will have ground plus 8 stacking levels with a total of 5,121 pallet positions having a storage capacity of 1,600 MT. The warehouse will be operated by "Very Narrow Aisle, (VNA)" trucks and online stock updation with help of SAP Warehouse Management System.
- High Performance Pigment plant to cater to automotive coatings and high end plastic industry. These plants will have a high level of automation and instrumentation for better process control.
- New plant for Effect Pigments to cater to the automotive coatings and cosmetic industry and for recycling 1000 cubic meters of water per day.
- A Cogeneration plant with a high efficiency boiler incorporating Reverse Osmosis (RO) and Electro Static Precipitator (ESP) is installed in an area of 12,200 sq.ft. to reduce effluent load and Suspended Particulate Matter (SPM) levels, impacting the environment in a positive way.
- An Ultra-modern employee facility.

It is expected that the investment in facilities as indicated apart from benefitting the customers and other stake holders will also benefit the local communities in Roha and Mahad.

14. INDUSTRIAL RELATIONS :

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

Details of employees drawing remuneration of Rs. 0.5 million per month or Rs. 6.0 million per annum are given in the annexure and they form part of this report.

15. FIXED DEPOSITS :

During the year under review, the Company accepted deposits amounting to Rs. 24.77 million from the public. The total amount of deposits at the end of 31st March, 2011 stood at Rs. 198.02 million.

Out of the total deposits a sum amounting to Rs. 0.56 million from 4 Depositors, which fell due for repayment but which remained unclaimed before 31st March, 2011 is still remaining unclaimed as on date of this report.

16. AUDITORS :

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

17. ENVIRONMENT, HEALTH, SAFETY (EHS) AND POLLUTION :

The Company is committed to achieving greater levels in environmental excellence, employee safety & improvement in the human conditions. The Company focuses on the Global EHS standards as the foundation to achieve Environmental, Health & Safety (EHS) excellence. The motto is to strive for continuous improvement in EHS and Pollution. The Company recognizes and believes that sustainable development keeping in mind preservation of the environment is one of the most important and critical issues facing the Industrial community & initiatives are

being undertaken to implement EHS and Pollution control as an integral part of our corporate values. The Company is committed to conserving resources & acting as responsible stewards of the Environment.

The company's Environment, Health & Safety (EHS) policy provide the guiding principles that ensure high standards are achieved at all sites & and offer means of promoting continuous improvement based on careful risk assessment & comprehensive EHS management systems. The EHS policy is formally reviewed at regular intervals by the EHS Committee. The EHS committee meets every month to review & monitor EHS performance which includes key policy as well as operational issues. To ensure effective monitoring of EHS performance, Environment, Health & Safety index is complied monthly. Environmental & resource efficiency information within the Company is monitored & analyzed annually & actions are incorporated accordingly. Effluents from the Plants are continuously monitored to ensure compliance to standards.

Environment management system conforming to ISO 14001:2004, occupational health & safety assessment series conforming to OHSAS 18001:2007, have been successfully established & implemented at all sites. Behaviour Based Safety System has also been implemented to focus on human factor to increase safe behavior of employees at work place.

EHS compliance audits are an integral part of EHS management system. During the year 4 in-depth EHS audits were conducted across our operations in Roha & Mahad. No major non conformances were observed. A feature of the year has been the high level of capital investment in our existing businesses. This has led to many Environmental & Safety improvements that have given us opportunities to design & operate process that are inherently safer & resource efficient.

18. CORPORATE SOCIAL RESPONSIBILITY :

As a responsible corporate citizen, the Company is committed to meeting the Environmental, Health & Safety expectations of our neighbours, where we operate. As a part of community awareness, we have adopted village Barsoli located near our factory at Roha. The Company has undertaken tree plantation, waste management (vermiculture) self employment development, emergency preparedness & response plan & environment control measures. To support community development, activities such as village meetings, social functions, paper bags making, cloth stitching, construction of bus shelters and safety equipment exhibitions have been held.

19. RESEARCH AND DEVELOPMENT :

The Company has a modern R & D facility with over 100 technicians working at three different locations. All the laboratories are ISO 17025: 2001 certified by National Accreditation Board for Testing and Calibration Laboratories, NABL, Government of India. The Company recognizes that R & D Facilities have to be adequately equipped to keep pace with technological advances relevant to be a dominant player in the global pigment industry. The Company has spent approx. Rs. 66 million during the year under report on research and development.

20. RECOGNITION :

The Board is pleased to announce that the Company has received SAP ACE Award 2010, given by SAP India for customer excellence in the category – “Best Run Award in Medium Enterprises – Manufacturing.”

The Dyestuffs Manufacturer's Association of India (DMAI) has recognized the efforts of the Company for the Financial Year 2009-2010 in the following categories.

- a) Excellent performance in the field of Safety & Hazards Control.
- b) Excellent performance in the field of Pollution Control.

The DMAI has selected the Company for an award in recognition of excellent performance in respect of export of Pigments of a large scale unit in 2010-2011.

The Company's Roha unit has also been recognized by National Safety Council - Maharashtra Chapter, for achieving lowest accident frequency rate for 2009, & our Mahad unit received certificate of merit for meritorious performance in Industrial Safety during the year 2009.

The Board is also pleased to announce that the Company has received a trophy from Export Credit Guarantee Corporation, Pune for being a major and loyal exporter during the year 2010, amongst various exporters from Maharashtra.

21. VISION 2014 :

The Company has outlined a vision to be amongst the top four pigment players in the world by the year 2014. The key initiatives include becoming a world class color solution provider; Focusing on exceptional and sustainable results, Value creation for stakeholders and providing an exciting, vibrant and performance driven environment. The catchword is "growing together" in a manner which is spiritually fulfilling, socially just and environmentally sustainable.

The Company has drawn a road map to spruce up manufacturing and R & D facilities, developing cutting edge technologies, staffing and implementation of global practices and systems.

22. OUTLOOK FOR THE FUTURE :

The domestic demand for Pigments continues to be robust and holds promise for the Company's Pigment Products. The export market even though still reeling under sluggish demand prevailing in the US and European markets holds promise as the Company's overseas subsidiaries are strategically placed to take advantage of the local conditions.

Agro Chemicals business also is expected to perform reasonably well. However excessive and unseasonal rains can play truant.

Barring any unforeseen circumstances, the current year's prospects look to be good.

23. APPRECIATION :

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

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

Pune, 27th May, 2011

K.L.RATHI
EXECUTIVE CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT : 2010 - 2011

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

A. Power and Fuel Consumption :

Particulars	2010-2011	2009-2010
1. Electricity		
(a) Purchased		
Units('000 KWH)	44437	35540
Total amount (Rs. in million)	256.66	186.75
Rate per unit (Rs)	5.78	5.25
(b) Own Generation		
Units('000KWH)	124	208
Units per litre of diesel oil	3.34	3.35
Cost per unit (Rs.)	12.06	10.81
2. (a) Furnace Oil		
Quantity (Tonnes)	1477	740
Total amount (Rs. in million)	39.67	17.32
Average Rate(Rs./Ton)	26851	23399
(b) LDO		
Quantity(K. Litres)	38	24
Total amount (Rs. in million)	1.55	0.80
Average Rate(Rs. K.L.)	40386	33543
(c) Coal		
Quantity (Tonnes)	28410	24225
Total amount (Rs.in million)	153.28	113.45
Average Rate (Rs./Ton)	5395	4683
(d) HSD		
Quantity (K.Litres)	62	65
Total amount (Rs.in million)	2.49	2.32
Average Rate (Rs./Ton)	40293	35747
(e) LPG		
Quantity (Tonnes)	33	31.75
Total amount (Rs.in million)	1.48	1.11
Average Rate (Rs./Ton)	44937	34846

B. Consumption per unit of Production :

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

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

RESEARCH & DEVELOPMENT (R & D)

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

- (a) New grades of Pigments – Development and Introduction.
- (b) High Performance Pigments and effect pigments- Development of Pigments for Automotive paint application.
- (c) Existing Pigments – Improvement in quality, productivity and cost reduction to meet the customer's changing requirements.
- (d) New grades of Effects pigments for cosmetic application.
- (e) Cost Reduction by process improvement and cycle time reduction.
- (f) Newer pesticides.
- (g) Cost reduction in the present pesticides manufacturing.

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

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

3. Future plan of action :

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

4. Expenditure on R & D for 2010- 2011 :

(a) Capital	:	Rs.	71.13	million
(b) Recurring	:	Rs.	66.23	million
(c) Total	:	Rs.	137.36	million

5. Foreign Exchange Earnings & Outgo :

(a) Total Foreign Exchange Earned	:	Rs.	2102.84	million
(b) Total Foreign Exchange Used	:	Rs.	1243.70	million
(c) Net Foreign Exchange Earned	:	Rs.	859.14	million

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

Pune, 27th May, 2011

K.L.RATHI
EXECUTIVE CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS 2010-11

Overview

The Economic downturn which affected developed economies have showed slight signs of improvement on the back of fiscal stimulus provided by the Governments. Recovery even though seen is uneven and the business environment suspect on account of subdued consumer and investment demand owing to tightening of credit conditions. The Indian Economy has fared well as compared to the developed countries as rising income levels and a growing middle class segment have fuelled demand and spurred growth. High Commodity prices continue to be a cause of concern and has lead to Trade off between inflation and growth. The Government choosing to rein in commodity prices to tame down inflation rather than aiming for high growth.

Business of the Company

The Company is a globally renowned player in the Pigment Industry and manufactures a wide range of Organic and Inorganic Pigments, Effect Pigments, Agro Chemicals and other products with facilities at Roha and Mahad, Dist. Raigad, Maharashtra. The Company has also set up an ultra modern R & D Facility at Sutarwadi (Ambadvet), Pune, India.

Financial and Operational Performance

In the year under review the Company was able to better its performance and registered a positive growth in top line and bottom line. Of the total sales revenue of Rs. 7,120 Million achieved during the year, 37% is contributed by exports of Pigments. In spite of rising cost of raw materials and escalation in other operating costs, Company was able to maintain the trend of Profits, primarily on account of efficient cost management, across all Profit Centers.

The following ratios reflect the financial performance for the year in relation to the previous year.

Particulars	2010-2011	2009-2010
Sales Growth (%)	24.88	22.00
Domestic Sales Growth (%)	17.06	26.77
Export Sales Growth (%)	42.00	12.87
PBDIT (% to Sales)	13.79	14.73
PAT (% to Sales)	7.47	7.67
Debt Equity Ratio (Rs.)	0.80	0.72
Book Value per share	352.56	214.47

The Company has embarked on a drive to spruce up the manufacturing facilities at Roha and Mahad to meet the growing demands of Pigment Customers worldwide. The total amount of Capex which is planned in the first phase is about Rs. 100 Crores, out of which as of 31st March, 2011 the Company has already expended an amount of Rs. 86 Crores. The amount expended has among others gone for creating an ultramodern warehouse and for creating at par global facilities at its Roha factory.

During the year under review, the Company has converted the leasehold rights of the Company in respect of land situated at Final Plot No. 90, Sangamwadi, Corresponding 'House No. 162', Wellesley Road, Pune 411 001 into stock-in-trade and valued the same for a sum of Rs. 49.85 Crores and accordingly created a revaluation reserve.

During the year under review, all the plants had smooth operations and the capacity utilization was better as compared to the previous year. The Company's overseas subsidiaries viz. Sudarshan Europe BV, Sudarshan North America (deemed subsidiary) and Indian Subsidiary, Prescient Color Limited posted improved results in the year under review.

The certification of ISO 9001 and ISO 14001 and OHSAS –ISO 18001 from BVQI is a testimony to the Company's commitment towards quality, safety and sustainable environment friendly approach. The Company has also well established R & D laboratories recognized by Department of Scientific & Industrial Research (DSIR). Also our Labs are ISO 17025:2001 certified by National Accreditation Board for Testing and Calibration Laboratories (NABL), Government of India.

Segmental overview

In accordance with Accounting Standard -17, the Company has two reportable business segments, Pigments and Agro Chemicals.

Pigment business of the Company mainly comprises of manufacturing of High Performance Pigments and Commodity Pigments apart from customized pigments for niche segments catering to domestic and international customers as also manufacture of Effect Pigments for cosmetics, coating applications etc.

Agro Chemical business of the Company consists primarily of products which are generic in nature.

Segment I –Pigments

1. Industry Structure and Developments

The Pigment Industry worldwide is one of the dominant industries with a collective revenues of over USD 25 billion. The growth of the Pigment Industry has moved in tandem with the growth of Global Economy. Growth in per capita income leading to growth in per capita spending fuels demand for Pigments ranging from paints to plastics to polymer, ink to cosmetics and more, encompassing every sphere of life.

The Company is one of the largest domestic manufacturers of Pigments in India with a 30% market share of the Rs. 20 Billion domestic Pigment Industry. The Pigment Division manufactures a wide range of Organic, Inorganic and Effect Pigments catering to domestic and export markets and mainly Paint, Inks, Plastics, Cosmetics, Fashion Accessories and Automobiles as the user industries. The Company's Pigments are exported to most of the discerning markets in Europe, America and Asia. The manufacturing activity is carried out at Roha and Mahad factories with R & D facilities at Sutarwadi (Pune) and Roha.

There is an excess capacity for the manufacture of commodity pigments worldwide. This results in intense price competition in the commodity segments market. The China factor also continues to affect the Pigment industry.

2. Opportunities and Threats

There exist opportunities for significant growth in the Pigment Industry driven by a vibrant and growth oriented Indian economy and low per capita income spending as compared to the developed economies. The Indian Paint industry in particular has undergone sophistication in the last couple of years in terms of product range and technological competence. This along with growing domestic housing needs hold lot of promise for varied Pigment applications. Automotive paints and Personal care segment on the back of increasing disposable income of a growing middle class provides good opportunity for growth. Inks and Plastics market also holds lot of promise as the Paper and Printing Industry is poised to grow at a fast pace.

Pigment manufacturers in the developed countries, owing to high manufacturing costs and stringent environment control regulations are shifting their manufacturing bases to developing countries. This provides an opportunity to Indian manufacturers to get exposed to world class manufacturing practices.

Europe and USA is slowly coming out of recession and this augurs well for the Company's Products. The Company's overseas subsidiaries are adequately placed to take advantage of the favourable situation.

The Pigment Industry has to address the issues of REACH Compliance as also issues relating to clean and green environment apart from competitive pressures from China and other developed markets.

Escalation of crude oil prices responsible for spiraling and cascading price of inputs is a matter of concern and needs to be tackled if the Indian Pigment Industry has to remain competitive. Another matter of concern is the

gestation period involved in evaluation and acceptability of the Company's Products by overseas customers, and the costs associated with it, since many times proposals do not get converted into firm orders.

3. Performance

The Pigment Division increased its sales in the year 2010-2011 to Rs. 6,213 million from Rs. 4,905 million in 2009-2010, thereby showing an increase of 27%. Sales from exports for the year under review amounted to Rs. 2667 million as against Rs. 1879 million achieved during the previous year showing a growth of 42%. Effective cost management and increase in sale of high margin products in domestic market contributed to increased profitability in the year under review.

4. Outlook

The Indian Pigment Industry has evolved from a basic Pigment producer to that of a knowledge intensive industry catering to requirement of colorants for all segments. The domestic demand for Pigments continue to be robust and offers opportunity to the Company to improve its market share. Many new High Performance and effect pigments are also being launched for cosmetic and coating markets. The Company's strategy of setting up sales offices to cater to European and North American Customers is expected to give a fillip to Pigment exports as the Company is better equipped to understand and comply with their preferences.

As a result of the slow down in western markets, end consumers of Pigment Products are on the look out for alternative suppliers to meet their varied requirements. Sudarshan with a wide range of High Performance Pigments as also Effect Pigments is ideally placed to meet their requirements.

As a consequence of all these actions, the Company expects better results during the current year.

5. Risks and Concerns

Rise in crude oil prices in India and its cascading effect on other inputs is a matter of grave concern as it negates the key advantage of competitive pricing. There is also a great deal of uncertainty regarding pricing and availability of key intermediates from China.

Compliance of REACH regulations is a time consuming an expensive proposition making penetration of the Company Pigments in the European market a challenging task.

The Company is operating in a segment dominated by multinational companies with cutting edge technologies in Pigment manufacturing. This provides an opportunity as well as an operating risk. The Company has a risk management policy in place to assess and minimize business risk, to ensure protection of the environment and enable discharging its legal requirements concerning emission, waste water and waste disposal.

Segment II – Agro Chemicals

1. Industry Development

Unseasonal rains and Unfavourable monsoon in some parts of the country continued to affect the prospects of the Indian Agro Chemical Industry, impacting the consumption of Agro Chemicals. The industry has also seen a change in the Product mix owing to change in the crop pattern. The average per hectare consumption of agrochemicals in India is comparatively lower than consumption in USA, JAPAN and other developed countries. This augurs well for the Agro Chemical Industry. Rapid growth in acreage of Bt Cotton hybrids resulting in improvement in yield of cotton crop is opening new opportunities for more consumption of pesticides for the control of sucking pests and plant growth nutrients.

India being a tropical country, the consumption pattern of pesticides is tilted towards insecticides, accounting for around 58-60% of the crop protection chemical market. It is followed by herbicides and fungicides at 20% and 18% respectively.

The Crop Protection Industry witnessed growing uncertainties owing to variations in the monsoon spread in some parts of the country, fluctuation in end product prices due to variable raw material costs as also unavailability of key raw materials from China. The Industry also witnessed further slide in the demand for conventional products.

2. Opportunities and threats

Rising costs and uncertainty in availability of some key raw materials continue to be a challenge. The exchange rate fluctuations also impact the raw material prices. Genetically modified seeds which have more self-immunity from natural adversaries pose a threat to the Agro Chemical business.

Indian agrochemical industry has potential for growth considering the cost advantage as compared to that prevailing in developed countries. The need of the Industry is to invest in new products considering the change in crop pattern and pest formation. However the costs associated with development and introduction of new molecules are a deterrent to domestic agro chemical companies with low technology base and limited area of operations.

The Company is scouting for partners abroad who can assist in registration of products which is a pre-requisite for exports. Registration of products is time consuming as one has to deal with alien laws.

The number of pesticides imported from China is increasing and those products are mainly a substitute for conventional products.

3. Performance

During the year under review, the agro division achieved a turnover of Rs. 834 million as against Rs. 775 million made in the previous year. This shows an increase of over 8% in turnover as compared to the previous year. On account of strenuous efforts, the Company has managed to break even in terms of profits for the year under review. The Company expects to improve performance by concentrating on the sale of Technical and Bulk pesticides besides the sale of high margin branded products and exports.

The Agro Chemical industry is more than ever subjected to the vagaries of the monsoon and can impact sale of Agrochemicals. The Company is mainly into the generic segment which faces cut throat competition from other unorganized and organized players in the Agro Chemical Industry. This may lead to stagnation in revenues and bottom line.

4. Outlook

The Company is implementing various long term alternatives to further improve the overall performance of the Agro Division. Notwithstanding availability constraints of key raw materials and some difficult market conditions, the current year should end on a positive note.

5. Risks and concerns

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

Internal Controls Systems

The Company has an internal control system commensurate with the size and nature of business. The Company has put in place a comprehensive system of internal controls to support smooth and efficient business operations and effective statutory compliance by standardizing and documenting policies and procedures for reporting of financial and operating results compliant with the statute. These are regularly reviewed by both internal and external agencies for its efficiency and effectiveness.

The Company has obtained the services of independent firms of professionals to conduct internal audits and provide reports on various activities covering observations and pertinent comments on adequacy of internal controls and their

recommendations. Findings of internal audit reports and effectiveness of internal control measures is reviewed by top management, Audit Committee and the Board.

The Company has established a risk management policy to maintain the highest standards of environment, safety and health while maintaining operational integrity which is strictly adhered to at all the manufacturing sites.

Human Resource Development

The Company continued its efforts to face the challenging business environment by upgrading the capability of its Human Resources through various initiatives in development and training of employees at all levels. For more details refer Director's Report. As on 31st March, 2011 a total of 1087 persons were employed by the Company.

CAUTIONARY STATEMENT

Statement made in this report describing the Company's objectives, projections, estimates, explanations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Governance :

The Company's philosophy on Corporate Governance envisages attainment of transparency and accountability in all spheres including its dealings with employees, shareholders, customers, vendors, lenders and others. Thus, corporate governance is a reflection of our culture, policies, our relationship with stakeholders and our commitment to values. The Company believes that the systems and the actions lead to enhance the performance and increase stakeholders' value.

The corporate governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct and among others the Code for Prevention of Insider Trading. The Company, through its Board and Committees, endeavours to deliver high standards of corporate governance for the benefit of its stakeholders.

II. Board of Directors :

II.1. Composition :

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

Sr.No.	Category of Directors	Name of the Director
1.	Promoters - Executive (Nominees of Rathi Group)	1. Mr. K.L.Rathi Executive Chairman 2. Mr. P.R.Rathi Vice Chairman and Managing Director 3. Mr. N.J.Rathi Director 4. Mr. R.B.Rathi Director
2.	Non-Promoter-Non-Executive (Independent)	1. Mr. B.S.Mehta 2. Mr. S.N.Inamdar 3. Mr. P.P.Chhabria 4. Mr. D.N.Damania 5. Mr. S.Padmanabhan 6. Mr. Sanjay K.Asher

Notes :

- None of the Non-Promoter Non-Executive Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2010-2011 which in the judgment of the Board may affect independence of judgment of the Directors.
- The Directors mentioned at Serial No.2 above fall within the expression of "Independent Directors" as mentioned in I (A) (iii) of Clause 49 of the Listing Agreement.

The Chairman of the Board is an Executive Director and the Board of Directors of the company consists of more than fifty percent Non-Executive Independent Directors. This is in compliance with the Clause 49(I)(A) of the listing agreement.

Profile of Promoter Directors :

- Mr. K.L.Rathi**, Executive Chairman, is B.Sc, B.Sc.(Tech) and M.A.(Chem) from Columbia University, USA and has been associated with the Company for more than four decades. Mr. K.L.Rathi is also the Chairman of Roha Manufacturers Association.
- Mr. P.R.Rathi**, Vice Chairman and Managing Director, is M.S. in Chemical Engineering from MIT, USA and M.B.A. from Columbia University, USA and has been associated with the Company for more than three decades.

3. **Mr. R.B.Rathi**, Director, is B.E.Mech.Engg from MIT, Pune, B.S.Chem. Engg. from Ohio University USA and M.B.A.from Pittsburgh University, USA. Mr. R.B. Rathi has been associated with the Company for the past two decades.
4. **Mr. N.J.Rathi**, Director, is M.Com from University of Pune and M.B.A. from USA. Mr. N.J.Rathi has been associated with the Company for more than four decades.

Profile of Non Executive, Independent Directors :

1. **Mr. B.S.Mehta**, is a Fellow Member of the Institute of Chartered Accountants of India. Mr. B.S.Mehta is Senior Partner of M/s. Bansil S. Mehta & Co., a firm of Chartered Accountants. Mr. B.S.Mehta is also on the Board of several other Companies.
2. **Mr. S.N.Inamdar**, is a leading advocate and a professed expert in Income Tax matters. Mr. S.N.Inamdar is also on the Board of several other Companies.
3. **Mr. P.P.Chhabria**, is the original Promoter of Finolex companies coming under Finolex Group. Mr.P.P.Chhabria is also on the Board of several other Companies.
4. **Mr. D.N.Damania** is B.E. Mechanical Engineering from Pune University and a renowned technocrat. Mr. D.N.Damania is also on the Board of several other Companies.
5. **Mr. S.Padmanabhan** is M.Sc. (Physics) from Delhi University and Bachelor of General Law from Mumbai University. Mr. S.Padmanabhan has a diploma in Development Economics from University of Cambridge, U.K. and a Diploma in Management Accounting from Bajaj Institute of Management, Mumbai. A former IAS Officer, Mr. S.Padmanabhan has wide experience in industrial projects, finance and administration. Mr. S.Padmanabhan is also on the Board of several other Companies.
6. **Mr. Sanjay Asher** is a Fellow member of the Institute of Chartered accountants of India and Commerce & Law graduate from the Bombay University. Mr. Sanjay Asher is senior partner in M/s Crawford Bayley & Co. and is also on the Board of several other Companies.

II.2 Meetings and Attendance :

During the Financial Year 2010-2011, five meetings of the Board of Directors were held on: 17th April, 2010, 29th May, 2010, 14th August, 2010, 16th October, 2010 and 3rd February, 2011.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2010-2011 and at the last Annual General Meeting held on 14th August, 2010 are given below:-

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

* Mr. N.J.Rathi, was in the whole time employment acting as Company Secretary of the Company till 15th August, 2010.

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

(No. of companies)

Name of the Director	Directorship *	Committee Membership
Mr. K.L. Rathi	13	1
Mr. P.R. Rathi	21	11 **
Mr. N.J. Rathi	12	3
Mr. R.B.Rathi	12	2
Mr. B.S. Mehta	17	13 **
Mr. S.N. Inamdar	11	13 **
Mr. P.P. Chhabria	13	5 **
Mr. D.N. Damania	9	7
Mr. S. Padmanabhan	16	10 **
Mr. Sanjay K. Asher	34	12 **

* (Includes Directorships held in Private Companies, Section 25 Companies, Body Corporate incorporated outside India and Alternate Directorships)

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

None of the director is a member in more than 10 committees or acting as Chairman of more than five committees across all companies in which he is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

III. Delegation of Authority and Responsibilities :

The Company has established a system of Delegation of Authority to define the limits of authority delegated to specified positions of responsibility within the Company and to establish the types and obligations that are to be performed or discharged by individuals. The approval of commitments and transactions outlined in this policy are approved by the Managing Director and noted by the Board of Directors. All relevant employees are made aware that conduct that violates the policy set forth could significantly damage the Company and expose it to unintended legal and commercial liabilities.

The Working Directors of the Company have pursuant to the resolution passed by the Board of Directors at its meetings held on 29th October, 2005 and 23rd May, 2008 have delegated responsibilities coupled with necessary authorities to Officials of the Company so as to designate them as "Responsible Persons" and to vest in them the authority and responsibility to ensure that all statutory compliances as applicable are complied. The Board periodically reviews compliance report of all laws applicable to the Company.

IV. Information placed before the Board of Directors :

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

V. Audit Committee :

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

The Audit Committee comprises of the following Directors:

Name of the Members	Category	No. of Meetings attended during the year
Mr. B.S. Mehta, Chairman	Independent, Non Executive Director	5
Mr. S.N. Inamdar, Member	Independent, Non Executive Director	5
Mr. D.N. Damania, Member	Independent, Non Executive Director	4
Mr. P.R. Rathi, Member	Non Independent, Executive Director	5

During the Financial Year 2010-2011, five meetings of the Audit Committee were held on: 17th April, 2010, 29th May, 2010, 14th August, 2010, 16th October, 2010 and 3rd February, 2011.

Mr. N.J.Rathi, Director acted as Secretary to the Audit Committee till 15th August, 2010 (retired from the full time employment of the Company) thereafter Mr. P.S.Raghavan, Company Secretary is acting as Secretary to the Audit Committee w.e.f. 16th August, 2010.

Mr. B.S.Mehta, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 14th August, 2010.

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

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

VI. Remuneration Committee :

The company has constituted Remuneration Committee w.e.f. 29th July, 2003.

The Remuneration Committee of the Board comprises of following Directors:

Name of the Members	Category	No. of Meetings attended during the year 2010-2011
Mr. P.P. Chhabria, Chairman	Independent, Non Executive Director	1
Mr. S.N. Inamdar, Member	Independent, Non Executive Director	1
Mr. D.N. Damania, Member	Independent, Non Executive Director	1

During the Financial Year 2010-2011, one meeting of the Remuneration Committee was held on 29th May, 2010.

Terms of Reference :

- To appraise the performance of Managing Director and Executive Directors and
- To determine and recommend to the Board, commission, compensation payable to Managing Director and Executive Directors including retirement benefits to be paid to them under the Retirement Benefit Policy approved by the Board.

Criteria for payments to Executive Directors :

The remuneration of the Executive Directors is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/ track record, macro economic review on remuneration packages of heads of other organisations. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), Performance Linked Variable Allowance and/or commission (variable components) to its Executive Directors.

Criteria for payments to Non executive Directors :

The Board of Directors have set up mandatory and non mandatory committees for discharging various functions. Such Directors attending Board and Committee meetings are remunerated by payment of sitting fees.

The Schedule of sitting fees presently being paid is as follows :

Sr. No.	Particulars	Sitting fees per meeting Amount (Rs.)
1.	Board of Directors	20,000/-
2.	Audit Committee	20,000/-
3.	Shareholders/Investors Grievance Committee	20,000/-
4.	Remuneration Committee	20,000/-
5.	Selection Committee	20,000/-
6.	Finance Committee	20,000/-
7.	Issue of Share Certificates/ Duplicate Share Certificates Committee	5000/-

No. of shares held by Non Executive Directors : (As on 31st March, 2011)

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

Remuneration to Executive Directors : (As on 31st March, 2011)

(Amount in Rs.)

Particulars	Mr. K.L.Rathi Executive Chairman	Mr. P.R.Rathi Vice Chairman and Managing Director	Mr. N.J.Rathi* Director	Mr.R.B.Rathi Director
Salary & Other allowances	46,82,700/-	88,63,650/-	19,25,112/-	82,52,150/-
Contribution to Provident Fund & other Funds	11,49,390/-	12,83,486/-	2,96,925/-	7,33,590/-
Other Perquisites	7,75,590/-	7,08,977/-	2,22,100/-	5,01,417/-
Commission	65,00,000/-	65,00,000/-	24,39,726/-	65,00,000/-
Total	1,31,07,680/-	1,73,56,113/-	48,83,863/-	1,59,87,157/-

* Mr. N.J.Rathi, was acting as Company Secretary in the wholtime employment till 15th August, 2010. After that Mr. N.J.Rathi continued to act as a Non Executive Director.

Remuneration to Non-Executive Directors : (As on 31st March, 2011)**(Amount in Rs.)**

Name of the Director	Sitting Fees	Others (Professional Fees)	Total
Mr. B.S.Mehta	1,80,000/-	Nil	1,80,000/-
Mr. S.N.Inamdar	2,50,000/-	4,00,000/-*	6,50,000/-
Mr. P.P.Chhabria	1,30,000/-	Nil	1,30,000/-
Mr. D.N.Damania	1,60,000/-	Nil	1,60,000/-
Mr. S.Padmanabhan	60,000/-	Nil	60,000/-
Mr. S.K.Asher	80,000/-	Nil	80,000/-
Mr. N.J.Rathi	60,000/-	Nil	60,000/-
Total	9,20,000/-	4,00,000/-	13,20,000/-

* This is not material in nature.

VII. Selection Committee :

The Selection Committee of the Board consists of following members:

Name of the Members	Category	Remarks
Mr. P.P.Chhabria, Chairman	Independent, Non Executive Director	During the Financial Year 2010-2011, meeting of the Selection Committee was not held.
Mr. S.N.Inamdar, Member	Independent, Non Executive Director	
Mr. D.N.Damania, Member	Independent, Non Executive Director	
Mr. K.L.Rathi, Member	Executive Chairman	
Mr. P.R.Rathi, Member	Vice Chairman and Managing Director	
Mr. V.Desai, Outside Member	Consultant, HRD	

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

VIII. Shareholders' / Investors' Grievance Committee :

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

Name of the Members	Category	No. of Meetings attended during the year 2010-2011
Mr. P.P. Chhabria, Chairman	Independent, Non Executive Director	1
Mr. P.R. Rathi, Member	Vice Chairman and Managing Director	1
Mr. N.J. Rathi, Member	Non Executive Director	1

Terms of Reference :

To redress investors' / shareholders' complaints and requests such as share transfers, dematerialization of shares, non-receipt of annual reports, interest/dividend payments, issue of duplicate share certificates, transmission (with and without legal representation) of shares and other miscellaneous complaints.

During the Financial Year 2010-2011, one meeting of the Committee was held on 3rd February, 2011. All the members of the Shareholders' / Investors' Grievance Committee attended the meeting.

Based on the report received from the Company's Registrars, no complaint was received from SEBI, Stock Exchange(s) etc. during the year under review.

Name, Designation and address of Compliance Officer :

Mr. P.S.Raghavan
Company Secretary,
Sudarshan Chemical Industries Limited,
162 Wellesley Road, Pune – 411 001, Maharashtra, India

IX. Other non mandatory Committees constituted by the Company :

- 1. Finance Committee:** The scope of the Committee is to approve raising of short term finance within the overall limits set up by the Board.

Mr. P.R.Rathi, Mr. K.L.Rathi, Mr. N.J.Rathi and Mr. S.N.Inamdar, Directors constitute members of the Committee.

- 2. Issue of Share Certificates /Duplicate shares Certificates Committee :** The scope of the committee is to approve issue of Duplicate share certificates arising out of split and consolidation of share certificates.

Mr. K.L.Rathi, Mr. N.J.Rathi and Mr. S.N.Inamdar , Directors constitute members of the committee.

Meetings are held at convenient intervals to ensure issue and despatch of share certificates within the stipulated deadline prescribed by the stock exchanges.

- 3. Share Transfer Committee :** The scope is to approve/reject the transfers based on the report of the Company's Registrar and Transfer Agents, Link Intime India Private Limited.

Mr. K.L.Rathi, Mr. P.R.Rathi and Mr. N.J.Rathi, Directors constitute members of the Committee.

Meetings are held at convenient intervals to ensure transfer and despatch of share certificates within the stipulated deadline prescribed by the stock exchanges.

X. Risk Management :

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

XI. General Body Meeting :

Details of last three Annual General Meetings are given below :

Financial Year	Date	Venue	No. of Directors present
2009-10	14/08/2010	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	9
2008-09	31/07/2009	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	9
2007-08	29/09/2008	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	8

XII. Details of Special Resolutions passed at the previous three Annual General Meetings :

Date of AGM	Details of Special Resolution/s passed	Remarks
14/08/2010	NIL	NIL
31/07/2009	For obtaining the consents of the Central Government for payment of remuneration to Mr. Anuj N.Rathi, relative of Mr.N.J.Rathi, Director and Company Secretary and Mr.Rahul P.Rathi, relative of Mr.P.R.Rathi, Vice Chairman and Managing Director w.e.f. 1 st August, 2009 under Section 314(1-B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2003.	Passed unanimously

Date of AGM	Details of Special Resolution/s passed	Remarks
29/09/2008	For obtaining the consent of the Central Government for payment of remuneration to Mr. Rahul P. Rathi, relative of Mr. P.R.Rathi, Managing Director w.e.f. 1 st October, 2008 under Section 314(1-B) of Vice Chairman and the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2003.	Passed unanimously

XIII. Details of Special Resolutions passed under Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 by shareholders on 28th May, 2010 :

- (a) For alteration of Object Clause of the Memorandum of Association of the Company pursuant to Section 17 of the Companies Act, 1956 by insertion of New Sub Clause No. 19A to enable gainfully exploiting business opportunities in the real estate sector and
- (b) Commencement of new business activity/s as set out in the new Sub Clause 19A of the Memorandum of Association pursuant to Section 149(2A) of the Companies Act, 1956.

Details of voting pattern :

- (a) Votes cast in favour of above Special Resolutions - 90.68%
- (b) Votes cast against the above Special Resolutions - 9.32%

Rajesh Karunakaran & Co., Company Secretaries, Pune acted as scrutinizer for conducting the postal ballot exercise.

Results of the postal ballot were published in The Indian Express and Loksatta (both Pune editions) on 29th May, 2010. The results were also intimated to BSE and NSE and displayed on the website of the Company- www.sudarshan.com

XIV. Disclosures :

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

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

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

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company. The Audit Committee also reviews presentation made on significant issues in audit, internal control, risk management, etc. relating to Company and its subsidiaries. The minutes of the Board meetings of Subsidiary Companies i.e. Prescient Color Limited, Sudarshan Europe B.V. and Sudarshan North America Inc., were tabled before the Board at respective Board meetings and noted.

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

Secretarial Audit: Rajesh Karunakaran & Co., Company Secretaries, Pune have been entrusted with the task of carrying out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit report submitted to the Board confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

XV. Means of Communication :

The Quarterly, Half-Yearly, Nine Monthly (Unaudited) and Yearly Consolidated Audited financial results of the Company are announced / published within the prescribed time period stipulated under the listing agreement. These financial results are published in The Economic Times (Mumbai & Pune - English newspaper) and in Maharashtra Times (Mumbai & Pune – Marathi Newspapers).

The Company also displays all unaudited / audited financial results, any major announcements, decisions, Press releases or significant developments on its website: www.sudarshan.com

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

The Company has another email id address - shares@sudarshan.com wherein shareholders can contact the Company for other communications.

XVI. Shareholders Information :

Shareholders information is separately provided in the Annual Report.

XVII. Code of Conduct :

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

All the Board members and senior management personnel have affirmed compliance to the Code of Conduct of the Company for the period 1st April, 2010 to 31st March, 2011. The declaration dated 6th May, 2011 received from Mr. P.R.Rathi, Vice Chairman and Managing Director in this regard is given below:

"I hereby declare that all board members of the Company and senior management personnel have affirmed compliance with the Code of Conduct for the period from 1st April, 2010 to 31st March, 2011."

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

Pune, 27th May, 2011

K.L.RATHI
EXECUTIVE CHAIRMAN

AUDITOR'S CERTIFICATE

To,

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

We have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited for the year ended 31st March, 2011 as stipulated in Clause 49 of the listing agreement of the Company with stock exchanges.

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

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

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

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

For B.K. KHARE & CO.
Chartered Accountants
Firm Registration No. 105102W

Pune : 27th May, 2011

U.B.Joshi
Partner
Membership No. 044097

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Day and Date	Friday, 12 th August, 2011
Time	11.30 A.M.
Venue	Pudumjee Hall, Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune 411 002

2. Financial Calendar (Tentative) :

April 2011 to March 2012

Sr.No.	Particulars of Meetings	Date
1	Audited Financial Results for the year ended 31 st March, 2011	27 th May, 2011
2	Unaudited Quarterly Results for the Quarter ended 30 th June, 2011.	12 th August, 2011
3	Annual General Meeting.	12 th August, 2011
4	Unaudited Quarterly Results for the Quarter ended 30 th September, 2011.	5 th November, 2011
5	Unaudited Quarterly Results for the Quarter ended 31 st December, 2011.	10 th February, 2012
6	Unaudited Quarterly Results for the Quarter ended on 31 st March, 2012 / Audited Annual Results for the year ended on 31 st March, 2012.	On or before 15 th May, 2012/ on or before 30 th May, 2012

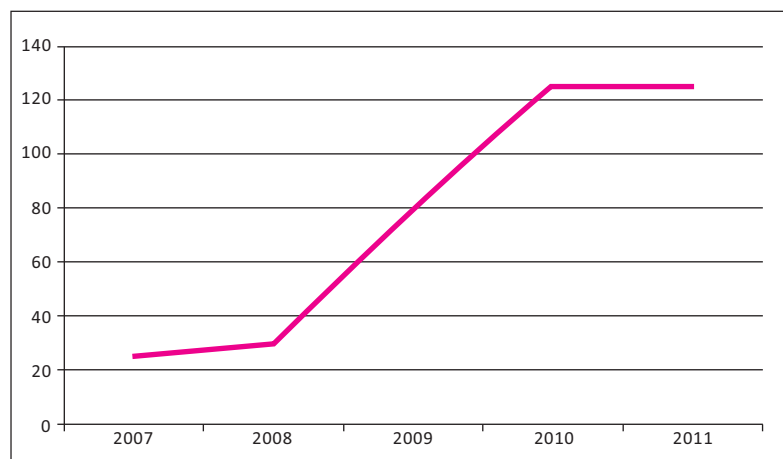
3. Date of Book Closure :

1st August, 2011 to 12th August, 2011(both days inclusive).

4. Dividend payment date :

The Board of Directors at its meeting held on 27th May, 2011 have recommended dividend of Rs. 12.50 per equity share (@125%) on a face value of Rs. 10/- for the year ended 31st March, 2011 subject to the approval of the shareholders in the Annual General Meeting. The dividend, if approved by the shareholders at the Annual General Meeting, will be paid on or before 10th September, 2011 to those members whose names appear on the Register of Members of the Company / beneficial owners as on 12th August, 2011.

5. Dividend Trend for past five years :



% of Dividend paid by the Company during past five years is shown above.

6. Listing on Stock Exchanges & Stock Code :

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

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

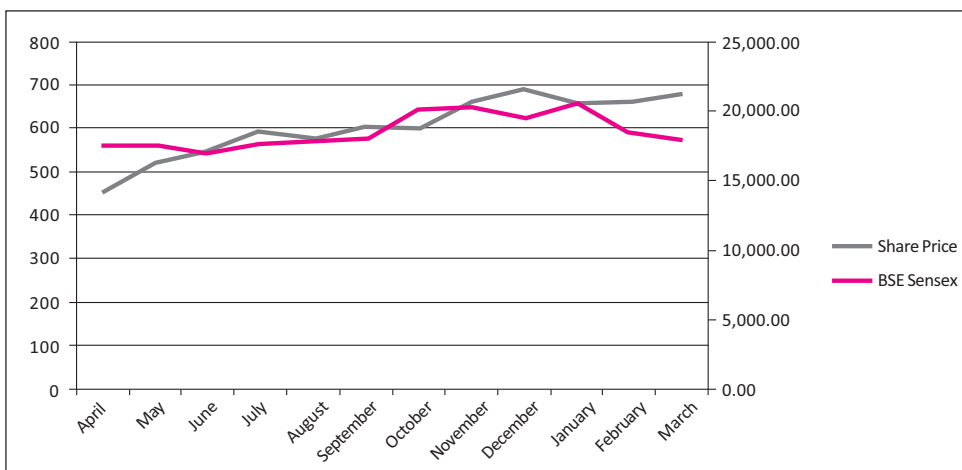
The Company has paid the Annual Listing fees in respect of Bombay Stock Exchange Limited and The National Stock Exchange of India Limited for the Financial Year 2011-2012. The Company has also paid the Annual Custodial fees to NSDL and CDSL for the Financial Year 2011-2012.

7. Stock Prices :

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	(Low (Rs.))	High (Rs.)	(Low (Rs.))
April 2010	461.00	361.25	460.05	445.00
May 2010	522.50	430.00	528.50	453.15
June 2010	594.00	470.00	592.00	540.00
July 2010	636.00	502.10	625.95	597.00
August 2010	650.00	574.00	642.30	598.10
September 2010	619.00	557.00	609.00	581.65
October 2010	650.00	590.00	638.75	624.05
November 2010	720.90	600.00	689.90	630.00
December 2010	719.00	600.00	689.80	661.00
January 2011	707.00	592.00	700.00	660.00
February 2011	699.00	560.00	685.00	650.25
March 2011	723.00	623.25	709.95	685.00

(Source: BSE and NSE - Websites)

Comparison of Sudarshan share price with BSE Sensex - April, 2010 to March, 2011 :



8. Registrar and Transfer Agents :

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

9. Share Transfer System :

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

10. Distribution of shareholding :

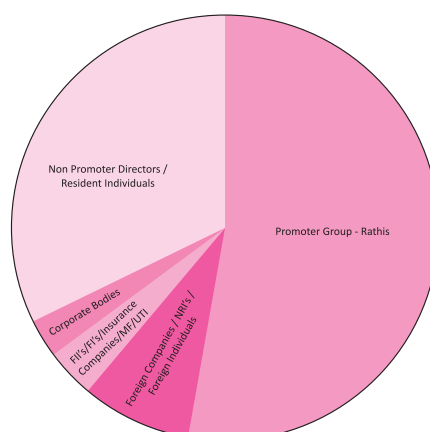
(As on 31st March, 2011)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	10,435	98.40	12,80,319	18.49
3001 – 5000	37	0.35	1,40,414	2.03
5001 & Above	133	1.25	55,01,992	79.48
Total	10,605	100.00	69,22,725	100.00

11. Shareholding pattern :

(As on 31st March, 2011)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	36,52,103	52.76
Foreign Companies / NRI's / Foreign Individuals	5,88,606	8.50
FII's / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	2,55,893	3.70
Corporate Bodies	1,99,393	2.88
Non Promoter Directors / Resident Individuals	22,26,730	32.16
Total	69,22,725	100.00



12. Dematerialisation of shares and liquidity :

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

As on 31st March, 2011, 69.27% of the non promoter shareholding is held in dematerialised form.

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

Not applicable as not issued.

14. Plant locations :

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

15. Address for Correspondence :

(1) The Company Secretary
Sudarshan Chemical Industries Limited,
162 Wellesley Road,
Pune 411 001
Tel No./ 020 - 26058888
Email: grievance.redressal@sudarshan.com

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

Disclosure under Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of shares & Takeovers) Regulations, 1997 :**Constituents of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 who have held shares of the Company as on 31st March, 2011.**

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

AUDITORS' REPORT

TO THE MEMBERS OF SUDARSHAN CHEMICAL INDUSTRIES LIMITED

We have audited the attached balance sheet of SUDARSHAN CHEMICAL INDUSTRIES LIMITED as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows :

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

U. B. Joshi
Partner
Membership No – 044097

Pune: 27th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major portion of the fixed assets as at 31st March, 2011 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the operations of the Company and nature of its fixed assets.
- (c) During the year, the Company has not disposed off any substantial or major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- iii. 1 (a) According to the information and explanations given to us, the Company has granted unsecured loans to wholly owned subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 477,607,160 and the year end balance of loan granted to such companies is Rs. 457,549,290.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above unsecured loans granted by the Company are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us the company to whom loans and advances in the nature of loan have been given is repaying the principal amount as stipulated and is also regular in payment of interest.
- (d) There is no overdue amount of loan granted to the companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- 2 (a) According to the information and explanations given to us, the Company has taken unsecured loans from 11 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 240,350,000 and the year end balance of loan granted to such companies is Rs. 115,020,000.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above unsecured loans taken by the Company are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the company is regular in repayment of principal and interest.
- (d) There is no overdue amount of loan taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of

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

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

Name of the Statute	Nature of Dues	Amount (Rs.)	Financial Years to which it pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty	3,954,881	2004-05	CESTAT
The Central Excise Act, 1944	Excise duty	2,355	2005-06	Jt.Secretary (M.F.D.R.)
The Central Excise Act, 1944	Excise duty	110,671	2007-08 & 2008-09	Commissioner (Appeal)
The Central Excise Act, 1944	Excise duty	2,053	2010-11	Commissioner (Appeal)
The Central Excise Act, 1944	Excise duty	227,682	2002-03	A.C.C.E.
The Central Excise Act, 1944	Excise duty	17,550	2007-08	A.C.C.E.
The Central Excise Act, 1944	Excise duty	1,430,671	2005-06 to 2010-11	A.C.C.E.
The Central Excise Act, 1944	Excise duty	597,791	1999-00	A.C.C.E.
The Central Excise Act, 1944	Excise duty	123,369	2009-10	CESTAT
The Central Excise Act, 1944	Excise duty	26,032	2004-05	A.C.C.E.
The Income Tax Act, 1961	Income Tax	653,233	2007-08	Dy. Commissioner Income Tax
Total		7,146,288		

- x. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions ,except for the corporate guarantee issued on behalf of its wholly owned subsidiary Prescient Color Limited, amounting to Rs. 122,500,000 and terms and conditions thereof are not prejudicial to the interest of the company.
- xvi. To the best of our knowledge and based on explanations given to us, the term loans availed during the year by the Company have been used for the purpose for which the same were raised.
- xvii. According to the Cash Flow Statement on the balance sheet date and records examined by us and according to the information and explanations given to us, on overall basis, we report that no funds raised on short term basis have, prima facie, been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
- xix. The Company has not issued any debentures and hence the question of creation of any securities does not arise.
- xx. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

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

U. B. Joshi
Partner
Membership No – 044097

Pune: 27th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	31-03-2011 Rs.	31-03-2010 Rs.
I. SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Share Capital	1	69,227,250	69,227,250
(b) Reserves and Surplus	2	2,371,457,036	1,415,463,081
		<u>2,440,684,286</u>	<u>1,484,690,331</u>
(2) Deferred Tax (Net) (Refer Note 6 of Schedule 16)		120,974,039	58,657,608
(3) Loan Funds			
(a) Secured Loans	3	1,451,997,582	655,404,851
(b) Unsecured Loans	4	511,859,180	408,644,784
		<u>1,963,856,762</u>	<u>1,064,049,635</u>
	TOTAL...	<u>4,525,515,087</u>	<u>2,607,397,574</u>
II. APPLICATION OF FUNDS :			
(1) Fixed Assets	5		
Gross Block		3,322,103,747	2,736,499,265
Less : Depreciation		<u>1,992,628,779</u>	<u>1,870,231,966</u>
Net Block		1,329,474,968	866,267,299
Capital Work-in-Progress (including Capital Advances)		<u>385,553,527</u>	<u>110,631,935</u>
		<u>1,715,028,495</u>	<u>976,899,234</u>
(2) Investments	6	218,574,915	205,023,954
(3) Current Assets, Loans and Advances	7		
(a) Inventories		1,374,554,262	765,154,413
(b) Sundry Debtors		1,746,882,158	1,267,287,042
(c) Cash and Bank Balances		123,498,124	89,740,573
(d) Other Current Assets		65,221,227	33,552,767
(e) Loans and Advances		463,224,931	308,631,609
		<u>3,773,380,702</u>	<u>2,464,366,404</u>
Less : Current Liabilities and Provisions	8		
(a) Liabilities		1,004,824,094	871,356,009
(b) Provisions		<u>176,644,931</u>	<u>167,536,009</u>
		<u>1,181,469,025</u>	<u>1,038,892,018</u>
Net Current Assets		2,591,911,677	1,425,474,386
(4) Miscellaneous Expenditure (To the extent not written off or adjusted)			
Deferred Revenue Expenditure	9	-	-
	TOTAL...	<u>4,525,515,087</u>	<u>2,607,397,574</u>
Notes forming part of the Accounts	16		

As per our report of even date

For and on behalf of the Board of Directors

For B. K. KHARE & COMPANY
Chartered AccountantsB. S. MEHTA
Director & Chairman
of Audit CommitteeK. L. RATHI
Executive ChairmanP. R. RATHI
Vice -Chairman &
Managing DirectorU. B. JOSHI
Partner
Membership No. : 044097N. J. RATHI
DirectorR. B. RATHI
DirectorP. S. RAGHAVAN
Company SecretaryPune: 27th May, 2011

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

	Schedule No.	2010-2011 Rs.	2009-2010 Rs.
INCOME :			
Income from Operations	10	7,517,934,204	6,019,118,048
Less: Excise Duty		471,294,731	339,378,985
		<u>7,046,639,473</u>	<u>5,679,739,063</u>
Other Income	10	73,476,357	90,762,156
Increase/(Decrease) in Stocks	11	49,222,361	(38,972,239)
		<u>7,169,338,191</u>	<u>5,731,528,980</u>
EXPENDITURE :			
Consumption of Raw Materials	12	3,974,414,670	2,936,909,892
Manufacturing and Other Expenses	13	1,668,927,024	1,407,753,309
Administrative and Selling Expenses	14	588,518,945	505,394,057
Finance Cost	15	106,546,277	89,493,343
Depreciation		132,144,020	134,052,710
		<u>6,470,550,936</u>	<u>5,073,603,311</u>
Profit Before Exceptional Items and Tax		698,787,255	657,925,669
Add: Exceptional Items :			
Gain on Sale of Office Premises		93,145,184	—
Profit Before Tax		791,932,439	657,925,669
Less: Provision for Taxation			
Current Tax		171,500,000	209,000,000
Deferred Tax (Net)		62,316,431	(10,168,831)
Profit After Tax		558,116,008	459,094,500
Add: Surplus brought forward		364,188,261	206,000,054
Amount available for appropriation		922,304,269	665,094,554
APPROPRIATIONS :			
Proposed Dividend		86,534,063	86,534,063
Dividend Distribution Tax		14,037,990	14,372,230
General Reserve		400,000,000	200,000,000
Surplus Carried to Balance Sheet		421,732,216	364,188,261
		<u>922,304,269</u>	<u>665,094,554</u>
Earning per Share, Basic & Diluted (Rs. Per Equity Share of Rs. 10 each)		80.62	66.32
Profit after tax available for appropriation		558,116,008	459,094,500
No. of shares used in computing Earning per share, basic & diluted		6,922,725	6,922,725
Notes forming part of the Accounts	16		

As per our report of even date

For and on behalf of the Board of Directors

For B. K. KHARE & COMPANY
Chartered Accountants

B. S. MEHTA
Director & Chairman
of Audit Committee

K. L. RATHI
Executive Chairman

P. R. RATHI
Vice -Chairman &
Managing Director

U. B. JOSHI
Partner
Membership No. : 044097

N. J. RATHI
Director

R. B. RATHI
Director

P. S. RAGHAVAN
Company Secretary

Pune: 27th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		791,932,439		657,925,669
Adjustment for :				
Depreciation	132,144,020		134,052,710	
Dividend Received	(12,070)		(109,587)	
Interest Received	(31,971,461)		(20,822,383)	
Interest Charged	106,546,277		89,493,343	
(Profit)/Loss on Sale of Assets(Net)	(91,690,642)		6,886,956	
Provision for Leave Encashment	2,069,727		5,161,321	
Provision for Pension	7,373,435		2,642,185	
Provision for Gratuity	–		(40,560,551)	
Provision for Decline in the Value of Investments	(164,306)		0–	
Foreign Exchange Difference	(3,137,414)		(37,458,880)	
Amortisation of VRS	–		23,056,891	
		121,157,566		162,342,005
Operating Profit before changes in Working Capital		913,090,005		820,267,674
Changes in Working Capital :				
Trade and Other Receivables	(470,045,697)		(499,081,664)	
Inventories	(110,949,850)		(76,125,178)	
Trade and Other Payables	129,122,679		370,916,882	
Loans & Advances	(138,882,644)		(140,400,271)	
Other Current Assets	(31,668,458)	(622,423,970)	11,414,903	(333,275,328)
Cash Generated From Operations		290,666,035		486,992,346
Direct Taxes Paid	(187,210,678)	(187,210,678)	(212,554,674)	(212,554,674)
NET CASH FROM OPERATING ACTIVITIES		103,455,357		274,437,672
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/WIP (Includes Borrowing Costs capitalised 8,081,609/-) (Previous Year 3,102,095/-)	(872,334,276)		(276,896,331)	
Sale of Fixed Assets (Purchase)/Sale of Investments	94,620,037 20,099,345		868,462 (20,099,095)	
Investment in Subsidiaries	(33,486,000)		(78,208,215)	
Dividend Received	12,070		109,587	
NET CASH USED IN INVESTING ACTIVITIES		(791,088,824)		(374,225,592)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Repayment) of Borrowings	896,872,127		241,091,136	
Interest Received	31,971,461		20,822,383	
Interest Paid	(106,546,277)		(89,493,343)	
Dividend Paid	(86,534,063)		(55,381,800)	
Dividend Distribution Tax	(14,372,230)		(9,412,137)	
NET CASH USED IN FINANCING ACTIVITIES		721,391,018		107,626,239
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		33,757,551		7,838,319
CASH & CASH EQUIVALENTS- OPENING BALANCE		89,740,573		81,902,254
CASH & CASH EQUIVALENTS- CLOSING BALANCE		123,498,124		89,740,573
		33,757,551		7,838,319

As per our report of even date

For and on behalf of the Board of Directors

For B. K. KHARE & COMPANY
Chartered AccountantsB. S. MEHTA
Director & Chairman
of Audit CommitteeK. L. RATHI
Executive ChairmanP. R. RATHI
Vice -Chairman &
Managing DirectorU. B. JOSHI
Partner
Membership No. : 044097N. J. RATHI
DirectorR. B. RATHI
DirectorP. S. RAGHAVAN
Company SecretaryPune: 27th May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

	31-03-2011 Rs.	31-03-2010 Rs.
AUTHORISED : 8,000,000 Equity Shares of Rs.10 each	<u>80,000,000</u>	<u>80,000,000</u>
ISSUED : * 6,922,775 Equity Shares of Rs.10 each	<u>69,227,750</u>	<u>69,227,750</u>
SUBSCRIBED AND PAID UP : 6,922,725 Equity Shares of Rs.10 each fully paid up.	<u>69,227,250</u>	<u>69,227,250</u>
TOTAL ...	<u>69,227,250</u>	<u>69,227,250</u>

Notes : Of the above shares :

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

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

SCHEDULE 2 : RESERVES AND SURPLUS

	31-03-2011 Rs.	31-03-2010 Rs.
CAPITAL RESERVE - II As per last Balance Sheet	<u>5,044,100</u>	<u>5,044,100</u>
	<u>5,044,100</u>	<u>5,044,100</u>
* REVALUATION RESERVE	<u>498,450,000</u>	<u>—</u>
	<u>498,450,000</u>	<u>—</u>
SHARE PREMIUM As per last Balance Sheet	<u>132,115,000</u>	<u>132,115,000</u>
GENERAL RESERVE As per last Balance Sheet Add : Transferred from Profit and Loss Account	<u>914,115,720</u> <u>400,000,000</u> <u>1,314,115,720</u>	<u>714,115,720</u> <u>200,000,000</u> <u>914,115,720</u>
SURPLUS IN PROFIT AND LOSS ACCOUNT	<u>421,732,216</u>	<u>364,188,261</u>
TOTAL ...	<u>2,371,457,036</u>	<u>1,415,463,081</u>

* Refer Note 5 of Schedule 16

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 3 : SECURED LOANS

	31-03-2011 Rs.	31-03-2010 Rs.
TERM LOANS :		
Export-Import Bank of India	380,000,000	153,125,000
Bank Of Maharashtra	401,555,000	71,759,000
	<u>781,555,000</u>	<u>224,884,000</u>
WORKING CAPITAL BORROWINGS FROM BANKS	670,442,582	430,520,851
TOTAL ...	<u><u>1,451,997,582</u></u>	<u><u>655,404,851</u></u>

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

- Term Loans repayable within a year Rs. 87,504,000/- (Previous Year Rs. 63,329,000/-).

SCHEDULE 4 : UNSECURED LOANS

	31-03-2011 Rs.	31-03-2010 Rs.
SHORT TERM LOANS FROM BANKS	<u>127,222,330</u>	—
	<u>127,222,330</u>	—
INTERCORPORATE AND OTHER DEPOSITS	187,175,855	185,645,692
FIXED DEPOSITS :		
(i) From Shareholders	63,780,000	82,475,000
(ii) From Others	133,680,995	140,524,092
- Repayable within a year Rs. 12,780,996/- (Previous Year Rs. 51,305,203/-).	<u>384,636,850</u>	<u>408,644,784</u>
TOTAL ...	<u><u>511,859,180</u></u>	<u><u>408,644,784</u></u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5 : FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance As on 01-04-2010 Rs.	Additions Rs.	Deductions Rs.	Balance As on 31-03-2011 Rs.	Balance As on 01-04-2010 Rs.	For the Year Rs.	Deductions Rs.	Balance As on 31-03-2011 Rs.	Balance As on 31-03-2010 Rs.	Balance As on 31-03-2011 Rs.
FREEHOLD LAND	17,336,025	12,431,815	-	29,767,840	-	-	-	-	17,336,025	29,767,840
LEASEHOLD LAND	12,740,447	-	-	12,740,447	1,590,407	145,999	-	1,736,406	11,150,040	11,004,041
LEASEHOLD RIGHTS	-	498,450,000	498,450,000	-	-	-	-	-	-	-
BUILDINGS	263,467,934	136,463,819	308,304	399,623,449	123,807,599	8,479,840	173,488	132,113,951	139,660,335	267,509,498
PLANT & MACHINERY	2,216,506,725	350,397,702	7,714,938	2,559,189,489	1,644,237,224	100,206,681	7,007,200	1,737,436,705	572,269,501	821,752,784
VEHICLES	44,314,984	5,578,058	4,129,814	45,763,228	10,994,401	3,965,512	2,330,140	12,629,773	33,320,583	33,133,455
FURNITURE & FIXTURES	31,723,651	4,918,221	351,391	36,290,481	12,022,383	1,969,194	168,960	13,822,617	19,701,268	22,467,864
OFFICE EQUIPMENTS	8,406,215	1,327,492	172,158	9,561,549	4,575,041	401,155	67,419	4,908,777	3,831,174	4,652,772
INTANGIBLE ASSETS	33,888,319	6,976,610	-	40,864,929	10,279,833	10,612,359	-	20,892,192	23,608,486	19,972,737
FIXED ASSETS - R&D :-										
BUILDINGS	31,134,400	51,453,100	-	82,587,500	6,789,615	1,145,670	-	7,935,285	24,344,785	74,652,215
PLANT & MACHINERY	72,391,687	27,272,184	-	99,663,871	52,675,233	4,959,182	-	57,634,415	19,716,454	42,029,456
FURNITURE & FIXTURES	4,588,878	1,462,086	-	6,050,964	3,260,230	258,428	-	3,518,658	1,328,648	2,532,306
TOTAL	2,736,499,265	1,096,731,087	511,126,605	3,322,103,747	1,870,231,966	132,144,020	9,747,207	1,992,628,779	866,267,299	1,329,474,968
PREVIOUS YEAR	2,599,394,187	219,063,853	81,958,775	2,736,499,265	1,810,382,618	134,052,710	74,203,362	1,870,231,966	789,011,569	866,267,299

1. Plant & Machinery includes :

- i) Borrowing cost capitalised during the year Rs.8,081,609/- (Previous Year Rs. 3,102,095/-)
- ii) Expenditure during construction period capitalised Rs. 2,001,238/- (Previous Year Rs. 501,032/-)

2. For details of Leasehold Rights refer Note 5 of Schedule 16.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 6 : INVESTMENTS

	31-03-2011 Rs.	31-03-2010 Rs.
Non Trade (At Cost) :		
Long Term Investments (Quoted) :		
257,392 (257,392) Units of Rs.10 each in Unit Trust of India- UTI G-SEC Fund	3,000,000	3,000,000
Less : Provision for decline in the value	<u>200,000</u>	<u>364,306</u>
	2,800,000	2,635,694
[Market Value Rs. 2,801,866/- (Previous year Rs. 2,753,708/-)]		
Current Investments (Quoted) :		
- (2,008,704) Units of Rs. 10 each in SBI-SHF- Ultra Short Term Fund	-	20,099,095
	<u>-</u>	<u>20,099,095</u>
[Market Value Rs. Nil. (Previous year Rs.20,099,095/-)]		
Long Term Investments (Unquoted) :		
- (5) Shares of Rs.50 each fully paid-up in Nariman Bhavan Premises Co-op.Soc.Ltd.	-	250
Investment in Subsidiaries :		
6,000,000 (6,000,000) Equity shares of Rs.10/- each fully paid up in Prescient Color Ltd.	60,000,000	60,000,000
400,000 (400,000) 10% Non cumulative, redeemable & with a right of call & put option Preference shares of Rs.100/- each fully paid up in Prescient Color Ltd.	40,000,000	40,000,000
18,100 (12,500) Equity shares of Euro 100/- each fully paid up in Sudarshan Europe B.V.	115,774,915	82,288,915
TOTAL ...	<u>218,574,915</u>	<u>205,023,954</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

	31-03-2011 Rs.	31-03-2010 Rs.
CURRENT ASSETS :		
Inventories :		
Stores, Spares etc.	79,512,633	75,334,188
Raw Materials	320,369,232	262,820,189
Semi-Finished Products	152,655,569	137,140,252
Finished Products	323,566,828	289,859,784
Leasehold Rights*	498,450,000	-
	<u>1,374,554,262</u>	<u>765,154,413</u>
Sundry Debtors - (Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months	41,484,079	37,783,155
Considered Doubtful	2,903,109	3,512,562
Less : Provision	<u>(2,903,109)</u>	<u>(3,512,562)</u>
	41,484,079	37,783,155
Other Debts	<u>1,705,398,079</u>	<u>1,229,503,887</u>
	<u>1,746,882,158</u>	<u>1,267,287,042</u>
Cash and Bank Balances :		
Cash on Hand	1,662,607	1,372,565
Balances with Scheduled Banks :		
In Current Accounts	99,396,124	68,281,148
In Fixed Deposit Accounts	<u>22,439,393</u>	<u>20,086,860</u>
	<u>123,498,124</u>	<u>89,740,573</u>
Other Current Assets	<u>65,221,227</u>	<u>33,552,767</u>
	<u>3,310,155,771</u>	<u>2,155,734,795</u>
LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances and loans to subsidiaries	234,700,000	171,600,000
Advances recoverable in cash or in kind or for value to be received	<u>109,060,867</u>	<u>75,699,587</u>
	<u>343,760,867</u>	<u>247,299,587</u>
Income Tax Paid	1,076,648,804	888,716,125
Less : Provision for Tax	<u>1,031,600,000</u>	<u>860,100,000</u>
Income Tax Paid (Net)	45,048,804	28,616,125
Balances with Excise, Customs etc.	<u>74,415,260</u>	<u>32,715,897</u>
	<u>463,224,931</u>	<u>308,631,609</u>
TOTAL ...	<u>3,773,380,702</u>	<u>2,464,366,404</u>

* For details of Leasehold Rights refer Note 5 of Schedule 16.

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

	31-03-2011 Rs.	31-03-2010 Rs.
CURRENT LIABILITIES :		
Acceptances	36,214,180	44,190,790
Sundry Creditors - For Capital Goods	3,636,286	2,767,880
- For Others	510,124,790	474,842,326
(Also refer Note - 8 of Schedule 16)		
Other Liabilities	448,368,608	347,454,756
* Unclaimed Dividend	2,172,192	1,024,829
* Unclaimed Matured Fixed Deposits	565,000	95,000
Interest accrued but not due on loans	3,743,038	980,428
	<u>1,004,824,094</u>	<u>871,356,009</u>
* The amount reflects the position as at 31st March, 2011. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.		
PROVISIONS :		
Proposed Dividend	86,534,063	86,534,063
Dividend Distribution Tax	14,037,990	14,372,230
Employee Benefits :		
Pension	44,055,309	36,681,874
Short Term Compensated Absence	32,017,569	29,947,842
	<u>176,644,931</u>	<u>167,536,009</u>
TOTAL ...	<u>1,181,469,025</u>	<u>1,038,892,018</u>

SCHEDULE 9 : MISCELLANEOUS EXPENDITURE

	31-03-2011 Rs.	31-03-2010 Rs.
Deferred Revenue Expenditure :		
Voluntary Retirement Scheme -		
Balance as per last Balance Sheet	-	23,056,891
Less : Amortisation for the year	-	23,056,891
TOTAL ...	<u>-</u>	<u>-</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 10 : INCOME FROM OPERATIONS AND OTHER INCOME

	2010-2011 Rs.	2009-2010 Rs.
A. INCOME FROM OPERATIONS		
Sales :		
Gross Sales	7,473,823,907	5,985,038,581
Export Incentives	44,110,297	34,079,467
	<u>7,517,934,204</u>	<u>6,019,118,048</u>
Less: Excise duty	471,294,731	339,378,985
TOTAL...	<u>7,046,639,473</u>	<u>5,679,739,063</u>
B. OTHER INCOME		
Miscellaneous Income	38,355,412	32,371,306
Interest earned on :		
Bank Deposits	1,481,385	1,734,726
Others	30,490,076	19,087,657
[T.D.S. Rs. 1,982,131/- (Previous Year Rs. 1,914,577/-)]		
Dividend	12,070	109,587
Foreign Exchange Difference (Net)	3,137,414	37,458,880
TOTAL ...	<u>73,476,357</u>	<u>90,762,156</u>

SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS

	2010-2011 Rs.	2009-2010 Rs.
Stocks at Commencement :		
Finished Products	289,859,784	358,581,489
Semi-Finished Products	137,140,252	107,390,786
	<u>427,000,036</u>	<u>465,972,275</u>
Less: Stocks at Close :		
Finished Products	323,566,828	289,859,784
Semi-Finished Products	152,655,569	137,140,252
	<u>476,222,397</u>	<u>427,000,036</u>
Increase/(Decrease) in Stocks..	<u>49,222,361</u>	<u>(38,972,239)</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 12 : CONSUMPTION OF RAW MATERIALS

	2010-2011 Rs.	2009-2010 Rs.
Opening Stock	262,820,189	163,953,754
Add: Purchases	4,031,963,713	3,035,776,327
	4,294,783,902	3,199,730,081
Less: Closing Stock	320,369,232	262,820,189
TOTAL ...	3,974,414,670	2,936,909,892

[Consumption includes cost of goods traded in Rs 267,105,645/-
(Previous Year Rs 198,657,055/-)]

SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES

	2010-2011 Rs.	2009-2010 Rs.
Payments to and Provisions for the Employees :		
Salaries, Wages, Bonus and Commission	468,902,487	403,479,929
Contribution to Provident and Other Funds	30,295,139	52,760,146
Employee Welfare Expenses	6,229,010	6,338,152
	505,426,636	462,578,227
Less: Transferred to Research and Development Expenses	36,673,944	28,624,045
	468,752,692	433,954,182
Stores, Spares and Consumables	193,271,864	156,092,742
Power and Fuel	454,359,171	329,804,122
Water Charges	65,496,083	52,911,061
Freight and Octroi	9,169,346	8,246,867
Packing Material	97,955,765	82,960,466
Repairs and Maintenance :		
Buildings	41,090,094	38,812,965
Plant and Machinery	85,632,604	78,627,353
Others	2,486,843	1,396,107
Insurance	10,609,616	8,396,542
Rates and Taxes	5,238,954	6,035,183
Rent / Lease Rent	6,631,311	5,671,675
Loss on Sale / Disposal of Fixed Assets (Net)	1,454,542	6,886,956
Licence Fees	3,429,170	4,583,821
Amortisation of Deferred Revenue Expenditure	—	23,056,891
Research & Development Expenses :		
Employee Cost	36,673,944	28,624,045
Stores, Spares and Consumables etc.	6,829,588	12,760,815
Other Expenses	22,731,044	24,108,156
	66,234,576	65,493,016
Other Manufacturing Expenses	157,114,393	104,823,360
TOTAL ...	1,668,927,024	1,407,753,309

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 14 : ADMINISTRATIVE AND SELLING EXPENSES

	2010-2011 Rs.	2009-2010 Rs.
Printing, Stationery and Communication Expenses	18,042,691	15,686,880
Travelling and Conveyance	24,584,007	21,302,926
Advertisement	13,551,072	11,574,855
Legal, Professional and Consultancy Charges	86,058,490	65,856,875
Auditors' Remuneration :		
Audit Fees	490,000	450,000
Other Services	445,000	415,000
Reimbursement of Expenses	23,230	16,735
Directors' Sitting Fees	920,000	551,500
Bank Charges	16,880,101	10,056,830
ERP / Computer Related Expenses	6,846,391	5,348,625
Sales Tax Surcharge/Turnover Tax	4,456,246	1,543,082
General Expenses	62,315,151	32,677,899
Bad Debts Written Off	539,375	15,819,426
Selling and Distribution Expenses	38,531,282	29,839,560
Export Market Development Expenses :		
Commission on Exports	11,488,318	8,541,885
Travelling, Postage, Forwarding, etc.	67,840,688	79,354,353
Commission to Selling Agents	148,465,598	132,459,801
Discounts	87,041,305	73,897,825
TOTAL ...	<u>588,518,945</u>	<u>505,394,057</u>

SCHEDULE 15 : FINANCE COST

	2010-2011 Rs.	2009-2010 Rs.
Interest :		
Fixed Period Loans	21,487,013	20,395,527
Other Loans	85,059,264	69,097,816
TOTAL ...	<u>106,546,277</u>	<u>89,493,343</u>

SCHEDULE 16 : NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies:

(i) Basis of Accounting:

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

(ii) Fixed Assets:

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

(iii) Depreciation:

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

(iv) Impairment of Assets:

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

(v) Investments:

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

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

(vi) Inventories:

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

- (a) Raw materials, packing materials, stores and consumables are valued at weighted average cost.
- (b) The cost of Finished goods and Semi-finished goods is ascertained by weighted average of cost of raw material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Diminution in value on account of obsolescence etc; is provided.
- (d) Leasehold Rights are valued at conversion value.

(vii) Research and Development:

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

(viii) Foreign Currency Transactions:

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities are translated at the year-end rate. The difference between the rate prevailing on the date of the transaction and on the date of settlement as also on

translation of current assets and current liabilities, at the end of the year is recognised as income or expense, as the case may be.

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

(ix) **Revenue Recognition:**

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

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

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

(x) **Employee Benefits:**

(a) **Defined Contribution Plan:**

Contributions are made to approved Superannuation and Provident Fund.

(b) **Defined Benefit Plan:**

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

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

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

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

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

(xi) **Taxation:**

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

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

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

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

2. Secured Loans:

- (a) The Term Loans from Export Import Bank of India (EXIM Bank) are secured by pari passu charge by way of hypothecation of all movable fixed assets (excluding assets exclusively charged to existing term lenders) and further secured by way of mortgage on all immovable fixed assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune.

- (b) The Term Loans from Bank of Maharashtra (BOM) are secured by exclusive / pari passu charge by way of hypothecation of all movable fixed assets and further secured by way of mortgage on all immovable fixed assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune.
- (c) Working Capital Borrowings are secured by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune by creation of a joint mortgage by deposit of title deeds with EXIM Bank acting for itself and as agent of the other lenders.
3. Estimated amount of contracts remaining to be executed on capital account – **Rs. 82,500,980/-** (Previous Year Rs. 21,586,308/-).
4. **Contingent liabilities not provided for :**
- (a) Excise Duty – **Rs. 2,010,295/-** (Previous Year Rs. 370,601/-).
- (b) Corporate Guarantee issued on behalf of the wholly owned subsidiary company Prescient Color Limited – **Rs. 122,500,000/-** (Previous Year Rs. 122,500,000/-).
- (c) Income Tax – **Rs. 28,862,580/-** (Previous Year Rs. 27,876,347/-).
5. During the year under review, the Company has converted the leasehold rights of the Company in respect of land situated at Final Plot No.90, Sangamwadi, corresponding 'House No.162', Wellesley Road, Pune 411 001 into stock-in-trade and valued the same for a sum of Rs. 49.85 Crores and accordingly created a revaluation reserve.
6. **Deferred Tax :**

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

Particulars of timing difference	31-3-2011 Rs.	31-3-2010 Rs.
Liabilities :		
Depreciation	157,349,855	91,385,961
Expenditure considered fully deductible	–	1,952,361
Total ...	157,349,855	93,338,322
Assets :		
Expenditure accrued but not deductible for tax purpose, allowable on actual payment.	36,375,816	34,680,714
Total ...	36,375,816	34,680,714
Deferred Tax Liability (Net)	120,974,039	58,657,608

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

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Obligations at period beginning	121,118,811	89,976,176
Service cost	6,607,036	4,978,780
Interest cost	9,689,505	7,198,094
Actuarial (gain) / loss	744,102	24,007,414
Benefits paid	(13,530,629)	(5,041,653)
Obligations at period end	124,628,825	121,118,811
Change in plan assets		
Plan assets at period beginning, at fair value	121,118,811	49,415,625
Expected return on plan assets	11,192,554	4,841,211
Actuarial (gain) / loss	–	–
Contributions	8,243,522	71,903,628
Benefits paid	(13,530,629)	(5,041,653)
Plan assets at period end, at fair value	127,024,258	121,118,811
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of the plan assets at the end of the year	127,024,258	121,118,811
Present value of the defined benefit obligations at the end of the period	124,628,825	121,118,811
Asset recognized in the balance sheet	2,395,433	–

Gratuity cost for the period:

Service cost	6,607,036	4,978,780
Interest cost	9,689,505	7,198,094
Expected return on plan assets	(11,192,554)	(4,841,211)
Actuarial (gain) / loss	744,102	24,007,414
Net gratuity cost	5,848,089	31,343,077

Investment details of the plan assets:

Plan assets are invested in the debt instruments prescribed by IRDA.

Summary of Actuarial Assumptions:

	31-03-2011	31-03-2010
Discount Rate	8.00%	8.00%
Estimated rate of return on plan assets	9.40%	7.00%

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

8. Sundry Creditors:

- Outstanding to creditors other than Micro, Small & Medium Enterprise **Rs. 549,975,256/-** (Previous Year Rs. 520,626,648/-) [(Interest Paid/Payable **Rs. Nil** (Previous Year Rs. Nil))].
- Outstanding to Micro, Small & Medium Enterprise: **Rs. Nil** (Previous Year Rs. 1,174,348/-).

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

	31-03-2011 Rs.	31-03-2010 Rs.
a) Principal amount due	Nil	1,174,348
b) Interest paid under MSMED Act, 2006	191,886	Nil
c) Interest due	264,464	388,440
d) Interest accrued and due	Nil	Nil
e) Interest due and payable till actual payment	264,464	388,440

9. Segment Reporting:

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

- Pigments
- Agro Chemicals

The above business segments have been identified considering:

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

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

A) Primary Segment Information for the year ended 31st March, 2011:

Particulars	Year ended 31-03-2011 Rs.	Year ended 31-03-2010 Rs.
1 Segment Revenue		
a) Pigments	6,212,578,860	4,905,085,516
b) Agro Chemicals	834,060,613	774,653,547
	<u>7,046,639,473</u>	<u>5,679,739,063</u>
Less : Inter segment revenue	-	-
Net Sales / Income from Operations	<u>7,046,639,473</u>	<u>5,679,739,063</u>
2 Segment Results		
Profit/(Loss) Before Tax		
a) Pigments	950,228,308	860,040,486
b) Agro Chemicals	63,840,548	72,796,639
	<u>1,014,068,856</u>	<u>932,837,125</u>
Less : i. Interest	106,546,277	89,493,343
ii. Other Unallocable Expenditure (net of Unallocable Income)	115,590,140	185,418,113
Profit Before Tax	<u>791,932,439</u>	<u>657,925,669</u>
3 Other information		
Segment Assets (*)		
a) Pigments	4,104,441,150	2,914,938,561
b) Agro Chemicals	207,562,565	229,044,239
Segment Liabilities		
a) Pigments	801,968,375	646,803,057
b) Agro Chemicals	152,499,766	174,040,033
Capital Employed in Segments (*)		
a) Pigments	3,302,472,775	2,268,135,504
b) Agro Chemicals	55,062,799	55,004,206
	<u>3,357,535,574</u>	<u>2,323,139,710</u>
Add : Unallocable Corporate Assets less Liabilities	669,529,513	284,257,864
Total Capital Employed	<u>4,027,065,087</u>	<u>2,607,397,574</u>
4 Capital Expenditure (*)		
a) Pigments	549,526,001	213,539,605
b) Agro Chemicals	1,367,160	996,578
c) Unallocated	322,309,518	63,260,913
Total Capital Expenditure	<u>873,202,679</u>	<u>277,797,096</u>
(*) Does not include Leasehold Rights, treated as stock-in-trade.		
5 Depreciation		
a) Pigments	104,535,291	107,245,899
b) Agro Chemicals	8,924,740	11,578,471
c) Unallocated	18,683,989	15,228,340
Total Depreciation	<u>132,144,020</u>	<u>134,052,710</u>

B) Secondary Segment Disclosures:

	31-03-2011 Rs.	31-03-2010 Rs.
i) Revenue from External Customers		
Indigenous	4,335,138,478	3,766,520,145
Exports (including export incentives)	2,711,500,995	1,913,218,918
TOTAL ...	<u>7,046,639,473</u>	<u>5,679,739,063</u>
ii) Carrying amount of Assets		
In India	3,362,217,735	2,055,179,984
Outside India	1,163,297,352	552,217,590
TOTAL ...	<u>4,525,515,087</u>	<u>2,607,397,574</u>

10. Related Party Disclosures:

List of Related Parties and description of relationship:

- i) Key Management Personnel Mr. N. J. Rathi Mr. P. R. Rathi Dr. K. D. Inamdar Mr. A. V. Vij
Mr. K. L. Rathi Mr. R. B. Rathi Mr. K. R. Ambekar
- ii) Relatives of Key Management Personnel Mrs. R. R. Rathi - Wife of Mr. R. B. Rathi
Mrs. A. N. Rathi - Wife of Mr. N. J. Rathi
Mr. R. P. Rathi - Son of Mr. P. R. Rathi
Mr. A. N. Rathi - Son of Mr. N. J. Rathi
Mrs. K. B. Rathi - Mother of Mr. R. B. Rathi
Mrs. K. R. Rathi - Mother of Mr. P. R. Rathi
Ms. S. R. Rathi - Daughter of Mr. R. B. Rathi
Mr. A. B. Rathi - Brother of Mr. R. B. Rathi
Mr. A. K. Ambekar - Son of Mr. K. R. Ambekar
Mrs. A. K. Rathi - Wife of Mr. K. L. Rathi
Mrs. S. P. Rathi - Wife of Mr. P. R. Rathi
- iii) Subsidiary Companies: Prescient Color Limited, Sudarshan Europe B.V. and Sudarshan North America, Inc. (Subsidiary of Sudarshan Europe B.V.)
- iv) Associate Companies: Rathi Brothers Poona Ltd., Rathi Brothers Madras Ltd., Rathi Brothers Calcutta Ltd. and Rathi Brothers Delhi Ltd.

Transactions with Related Parties:

Nature of transactions	2010-2011			2009-2010		
	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Subsidiary Companies and Associates Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Subsidiary Companies and Associates Rs.
• Salary, Pension etc.	66,245,532	4,924,631	-	61,156,534	4,241,763	-
• Interest Paid	705,014	5,653,992	2,223,690	275,444	4,304,380	2,514,740
• Acceptance of Deposits	4,050,000	2,520,000	23,425,000	3,950,000	57,860,000	33,125,000
• Repayments of Deposits	3,330,000	3,000,000	32,575,000	1,800,000	7,140,000	19,525,000
• Sale of Chemicals	-	-	729,300,398	-	-	157,834,694
• Car Lease Rent Received	-	-	160,800	-	-	160,800
• Subscription to Share Capital	-	-	33,486,000	-	-	78,208,215
• Unsecured Loans Given	-	-	457,549,290	-	-	244,718,947
• Unsecured Loans Repayments Received	-	-	394,449,290	-	-	132,244,042
• Trade Advances Given	-	-	88,607	-	-	70,382
• Interest Received/Accrued	-	-	24,548,501	-	-	11,775,042
• Commission Paid/Accrued	-	-	49,807,206	-	-	45,814,215
• Management Consultancy Fees Received	-	-	2,566,000	-	-	-
• Amount Receivable	-	-	551,190,246	-	-	179,230,701

11. Particulars of Managerial Remuneration:

(a) Computation of Net Profit:

	2010-2011 Rs.		2009-2010 Rs.	
Net Profit as per Profit and Loss Account		791,932,439		657,925,669
Add: Managerial Remuneration	51,334,813		47,161,393	
Book Depreciation	132,144,020		134,052,710	
Loss on Sale of Fixed Assets (Net)	–	183,478,833	6,886,956	188,101,059
		975,411,272		846,026,728
Less: Depreciation under section 350	132,144,020		134,052,710	
Profit on Sale of Fixed Assets (Net)	91,690,642	223,834,662	–	134,052,710
Profit available		751,576,610		711,947,018
Commission as decided by Board: Executive Chairman, Vice Chairman & Managing Director and Wholetime Directors		21,939,726		25,000,000

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

	2010-2011 Rs.	2009-2010 Rs.
Managerial Remuneration		
Salaries	15,332,461	16,308,566
Commission	21,939,726	25,000,000
Contribution to Provident Fund and Superannuation Scheme	3,463,391	3,627,450
Monetary value of other perquisites	10,599,235	2,225,377
	51,334,813	47,161,393

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

	Installed Capacity M.Tonnes	Production M.Tonnes
(a) Capacity and Production		
(i) Inorganic Pigments	10,902 (10,422)	8,193 (7,971)
(ii) Organic Pigments	11,791 (10,081)	13,770 (8,728)
(iii) Intermediates	2,500 (2,500)	153 (85)
(iv) Pesticides (100%)	3,520 (3,520)	1,386 (1,839)

Licensed capacity per annum not indicated due to the abolition of Industrial Licenses as per Notification No.477(E) dated 25th July, 1991 issued under The Industries (Development and Regulations) Act, 1951.

Installed Capacity certified by the Vice Chairman & Managing Director.

(b) Stocks :

Finished Products :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
(i) Inorganic Pigments	368 (274)	79,333,725 (62,027,811)	265 (368)	80,114,069 (79,333,725)
(ii) Organic Pigments	473 (731)	176,582,151 (269,312,378)	484 (473)	202,351,011 (176,582,151)
(iii) Intermediates	7 (10)	2,500,928 (5,560,233)	7 (7)	3,126,550 (2,500,928)
(iv) Pesticides (100%)	65 (27)	31,442,980 (21,681,067)	77 (65)	37,975,198 (31,442,980)
TOTAL ...		289,859,784 (358,581,489)		323,566,828 (289,859,784)

Semi Finished Products :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
(i) Inorganic Pigments	130	43,422,869	183	36,013,929
	(120)	(26,498,173)	(130)	(43,422,869)
(ii) Organic Pigments	99	85,585,391	515	106,703,868
	(154)	(74,066,852)	(99)	(85,585,391)
(iii) Intermediates	–	1,685,254	–	1,764,267
	(–)	(192,766)	(–)	(1,685,254)
(iv) Pesticides (100%)	1	6,446,738	6	8,173,505
	(2)	(6,632,995)	(1)	(6,446,738)
TOTAL ...		137,140,252		152,655,569
		(107,390,786)		(137,140,252)
 (c) Sales :		Quantity		Value
		M.Tonnes *		Rs.
(i) Inorganic Pigments		7,788		1,887,961,459
		(7,628)		(1,668,917,320)
(ii) Organic Pigments		12,928		4,287,228,192
		(8,615)		(3,204,804,027)
(iii) Intermediates		–		1,203,443
		(–)		(1,975)
(iv) Pesticides (100%)		1,369		463,606,138
		(1,802)		(514,462,447)
(v) Trading Sales		–		362,529,944
		(–)		(257,473,827)
TOTAL ...				7,002,529,176
				(5,645,659,596)
* Net of Captive consumption wherever applicable.				
 (d) Raw Materials Consumed :		Quantity		Value
		M.Tonnes		Rs.
(i) Litharge and Lead Metal		1,415		151,640,432
		(1,718)		(154,703,462)
(ii) Sodium Bichromate		761		63,174,390
		(1,067)		(75,196,902)
(iii) Organo Phosphorous Intermediates		800		93,497,867
		(846)		(95,743,572)
(iv) C P C Blue		1,505		326,274,437
		(1,259)		(214,788,263)
(v) C Acid		435		79,243,515
		(433)		(70,026,344)
(vi) Others		–		3,260,584,029
		(–)		(2,326,451,349)
TOTAL ...				3,974,414,670
				(2,936,909,892)
 (e) Value of Imported and Indigenous Raw Materials consumed during the year :		Rs.		% to total consumption
(i) Value of Imported Raw Materials including duty, handling, clearance charges etc.		943,483,062		24%
		(598,309,154)		(20%)
(ii) Value of Indigenous Raw Materials		3,030,931,608		76%
		(2,338,600,738)		(80%)
TOTAL ...		3,974,414,670		100%
		(2,936,909,892)		100%

(f) Value of Imported and Indigenous Stores, Spares and Components Consumed :	Rs.	% to total consumption
(i) Value of Imported Stores, Spares and Components including duty, handling, clearance charges etc.	5,448,034 (6,692,551)	3% (4%)
(ii) Value of Indigenous Stores, Spares and Components	187,823,830 (149,400,191)	97% 96%
TOTAL ...	193,271,864 (156,092,742)	100% (100%)
(g) Expenditure in Foreign Currencies on Account of :		Rs.
(i) Commission		8,044,100 (3,866,846)
(ii) Foreign Travel		7,503,107 (10,554,967)
(iii) Interest		4,655,307 (1,186,161)
(iv) Others		79,774,972 (56,161,324)
TOTAL ...		99,977,486 (71,769,298)
(h) C.I.F.Value of Imports :		Rs.
(i) Raw Materials (including through Canalising Agencies)		1,071,113,427 (708,121,882)
(ii) Stores and Components		4,734,368 (5,258,893)
(iii) Capital Goods		60,907,460 (8,249,892)
TOTAL ...		1,136,755,255 (721,630,667)
(i) Remittances during the year in foreign currencies on account of dividend to non-resident shareholders were as follows :		
Number of Shareholders		1 (1)
Number of Equity Shares (Shares of Rs.10/- each) for final dividend of 2009-10		557,989 (557,989)
Amount remitted for the year ended 31-3-2010 (Rs.)		6,974,863 (4,463,912)
The above information pertains to non-resident shareholder to whom direct remittance has been made by the Company.		
(j) Earnings in Foreign Exchange :		Rs.
a) Export of goods on F.O.B.Basis (inclusive of exports of Export House)		2,090,460,843 (1,613,247,612)
b) Others		12,382,629 (4,353,570)
TOTAL ...		2,102,843,472 (1,617,601,182)

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

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

14.

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

I. Registration Details

CIN

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

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	1	1
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Date Month Year

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

Public Issue										Rights Issue									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonus Issue										Private Placement									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Total Liabilities										Total Assets									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Sources of Funds

Paid-up Capital										Reserves & Surplus									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Deferred Tax (Net)										Secured Loans									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Unsecured Loans																			
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>										

Application of Funds

Net Fixed Assets										Investments									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Net Current Assets										Misc. Expenditure									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Accumulated Losses																			
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>										

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

Turnover										Total Expenditure									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Profit/Loss Before Tax										Profit/Loss After Tax									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Earning Per Share in Rs.										Dividend Rate %									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Item Code No. (ITC Code)

												3	2	0	4	1	7
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Product Description

P	I	G	M	E	N	T	S			O	R	G	A	N	I	C	
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Item code No. (ITC Code)

																3	2	0	6
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Product Description

P	I	G	M	E	N	T	S			I	N	O	R	G	A	N	I	C	
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Item code No. (ITC Code)

																3	8	0	8
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Product Description

P	E	S	T	I	C	I	D	E	S										
---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--

Signatures to Schedules 1 to 16

As per our report of even date

For B. K. KHARE & COMPANY
Chartered Accountants

U. B. JOSHI
Partner
Membership No. : 044097

Pune: 27th May, 2011

For and on behalf of the Board of Directors

B. S. MEHTA
Director & Chairman
of Audit Committee

N. J. RATHI
Director

K. L. RATHI
Executive Chairman

R. B. RATHI
Director

P. R. RATHI
Vice -Chairman &
Managing Director

P. S. RAGHAVAN
Company Secretary

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

1	Name of the Subsidiary Company	Prescient Color Limited	Sudarshan Europe B.V.	Sudarshan North America
2	Financial year of the subsidiary	01/04/2010 to 31/3/2011	01/04/2010 to 31/3/2011	01/04/2010 to 31/3/2011
3	(a) No. of shares held in subsidiary company as at 31st March, 2011:			
	- Equity	6,000,000 shares of Rs 10/- each	18,100 shares of EURO 100 each (Equivalent to Rs 115,774,915/-)	50,002 shares of USD 0.01 each (Equivalent to Rs 46,011,459/-)
	- Preference	400,000 shares of Rs.100/- each		
	(b) Extent of holding	100%	100%	100%
4	The net aggregate profits less losses of subsidiary company as far as it concerns the members of the holding company :			
	(i) Not dealt with in the holding company's accounts :			
	(a) Of the subsidiary for the year 2010-11	Rs 3,650,170/- Profit	Rs 27,234,470/- Loss	Rs 26,712,993/- Loss
	(b) For the previous financial years since it became the holding company's subsidiary:	Rs 50,322,667/- Loss	Rs 72,970,857/- Loss	Rs 12,188,892/- Loss
	(ii) Dealt with in the holding company's accounts :			
	(a) Of the subsidiary for the year 2010-11	Nil	Nil	Nil
	(b) For the previous financial years since it became the holding company's subsidiary:	Nil	Nil	Nil
5	Change in the interest of the holding company between the end of the financial year of the subsidiary and the end of the holding company's financial year.	Not applicable	Not applicable	Not applicable
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of the subsidiary's :			
	(i) Fixed assets	Not applicable	Not applicable	Not applicable
	(ii) Investments	Not applicable	Not applicable	Not applicable
	(iii) Moneys lent by the subsidiary	Not applicable	Not applicable	Not applicable
	(iv) Moneys borrowed by the subsidiary	Not applicable	Not applicable	Not applicable
7	Financial details :			
	(a) Capital	Rs 100,000,000	EURO 1,810,000	USD 1,005,500
	(b) Reserves	Nil	Nil	Nil
	(c) Total assets	Rs 250,745,813	Rs 290,774,915	Rs 46,011,459
	(d) Total liabilities	Rs 250,745,813	Rs 290,774,915	Rs 46,011,459
	(e) Investments	Nil	Rs 46,011,459	Nil
	(f) Turnover	Rs 383,977,219	Rs 463,712,230	Rs 99,928,109
	(g) Profit / (Loss) before taxation	Rs 3,650,170	Rs (27,234,470)	Rs (26,712,993)
	(h) Provision for taxation	Nil	Nil	Nil
	(i) Profit / (Loss) after taxation	Rs 3,650,170	Rs (27,234,470)	Rs (26,712,993)
	(j) Proposed dividend	Nil	Nil	Nil

For and on behalf of the Board of Directors

B. S. MEHTA
Director & Chairman
of Audit Committee

K. L. RATHI
Executive Chairman

P. R. RATHI
Vice Chairman & Managing Director

N. J. RATHI
Director

R. B. RATHI
Director

P. S. RAGHAVAN
Company Secretary

Pune : 27th May, 2011

AUDITORS' REPORT FOR CONSOLIDATION

TO,
THE MEMBERS OF
SUDARSHAN CHEMICAL INDUSTRIES LIMITED

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

We have examined the attached Consolidated Balance Sheet of SUDARSHAN CHEMICAL INDUSTRIES LIMITED and its Subsidiaries as at 31st March 2011, and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended.

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

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 401,752,478 as at 31st March, 2011, total revenue of Rs. 911,925,007 and cash flows amounting to Rs. 11,249,768 for the year then ended. These financial statements have been audited by other auditors, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

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

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

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sudarshan Chemical Industries Limited and its subsidiaries as at 31st March, 2011,
- b) the Consolidated Profit And Loss Account gives a true and fair view of the consolidated results of operations of Sudarshan Chemical Industries Limited and its subsidiaries for the year then ended, and
- c) the Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of Sudarshan Chemical Industries Limited and its subsidiaries for the year then ended.

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

U. B. Joshi
Partner
Membership No – 044097

Pune: 27th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	31-03-2011 Rs.	31-03-2010 Rs.
I. SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Share Capital	1	69,227,250	69,227,250
(b) Reserves and Surplus	2	2,157,996,006	1,277,951,199
		<u>2,227,223,256</u>	<u>1,347,178,449</u>
(2) Deferred Tax (Net) (Refer Note 8 of Schedule 16)		120,974,039	58,657,608
(3) Loan Funds			
(a) Secured Loans	3	1,543,043,396	746,228,642
(b) Unsecured Loans	4	511,859,180	408,841,740
		<u>2,054,902,576</u>	<u>1,155,070,382</u>
TOTAL ...		<u><u>4,403,099,871</u></u>	<u><u>2,560,906,439</u></u>
II. APPLICATION OF FUNDS :			
(1) Fixed Assets	5		
Gross Block		3,480,424,062	2,878,132,097
Less : Depreciation		2,026,921,002	1,892,759,200
Net Block		1,453,503,060	985,372,897
Capital Work-in-Progress (including Capital Advances)		388,283,115	112,432,206
		<u>1,841,786,175</u>	<u>1,097,805,103</u>
(2) Investments	6	2,800,000	22,735,039
(3) Current Assets, Loans and Advances	7		
(a) Inventories		1,678,486,862	855,096,832
(b) Sundry Debtors		1,701,274,034	1,368,246,125
(c) Cash and Bank Balances		147,949,935	102,942,616
(d) Other Current Assets		65,298,078	34,785,699
(e) Loans and Advances		209,281,537	138,592,027
		<u>3,802,290,446</u>	<u>2,499,663,299</u>
Less : Current Liabilities and Provisions	8		
(a) Liabilities		1,064,959,708	889,501,441
(b) Provisions		178,817,042	169,795,561
		<u>1,243,776,750</u>	<u>1,059,297,002</u>
Net Current Assets		2,558,513,696	1,440,366,297
(4) Miscellaneous Expenditure (To the extent not written off or adjusted)			
Deferred Revenue Expenditure	9	-	-
TOTAL ...		<u><u>4,403,099,871</u></u>	<u><u>2,560,906,439</u></u>
Notes forming part of the Accounts	16		

As per our report of even date

For B. K. KHARE & COMPANY
Chartered Accountants

U. B. JOSHI
Partner
Membership No. : 044097

Pune: 27th May, 2011

For and on behalf of the Board of Directors

B. S. MEHTA
Director & Chairman
of Audit Committee

N. J. RATHI
Director

K. L. RATHI
Executive Chairman

R. B. RATHI
Director

P. R. RATHI
Vice -Chairman &
Managing Director

P. S. RAGHAVAN
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	2010-2011 Rs.	2009-2010 Rs.
INCOME :			
Income from Operations	10	7,716,998,933	6,262,524,266
Less: Excise Duty		504,789,433	358,470,765
		7,212,209,500	5,904,053,501
Other Income	10	62,457,505	86,294,592
Increase/(Decrease) in Stocks	11	286,725,160	1,936,532
		7,561,392,165	5,992,284,625
EXPENDITURE :			
Consumption of Raw Materials	12	4,238,762,066	3,105,337,134
Manufacturing and Other Expenses	13	1,789,517,182	1,493,329,505
Administrative and Selling Expenses	14	651,586,712	537,938,992
Finance Cost	15	114,778,441	100,796,989
Depreciation		143,909,657	144,600,742
		6,938,554,058	5,382,003,362
Profit Before Exceptional Items and Tax		622,838,107	610,281,263
<i>Add: Exceptional Items :</i>			
Gain on Sale of Office Premises		93,145,184	—
Profit Before Tax		715,983,291	610,281,263
<i>Less: Provision for Taxation</i>			
Current Tax		171,500,000	209,000,000
Deferred Tax (Net)		62,316,431	(10,168,831)
Profit After Tax		482,166,860	411,450,094
<i>Add: Surplus brought forward</i>		226,676,379	116,132,578
Amount available for appropriation		708,843,239	527,582,672
APPROPRIATIONS :			
Proposed Dividend		86,534,063	86,534,063
Dividend Distribution Tax		14,037,990	14,372,230
General Reserve		400,000,000	200,000,000
Surplus Carried to Balance Sheet		208,271,186	226,676,379
		708,843,239	527,582,672
Earning per Share, Basic & Diluted (Rs. Per Equity Share of Rs. 10 each)		69.65	59.43
Profit after tax available for appropriation		482,166,860	411,450,094
No. of shares used in computing Earning per share, basic & diluted		6,922,725	6,922,725
Notes forming part of the Accounts	16		

As per our report of even date

For B. K. KHARE & COMPANY
Chartered AccountantsU. B. JOSHI
Partner
Membership No. : 044097Pune: 27th May, 2011

For and on behalf of the Board of Directors

B. S. MEHTA
Director & Chairman
of Audit CommitteeN. J. RATHI
DirectorK. L. RATHI
Executive ChairmanR. B. RATHI
DirectorP. R. RATHI
Vice -Chairman &
Managing DirectorP. S. RAGHAVAN
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		715,983,291		610,281,263
Adjustment for :				
Depreciation	143,909,657		144,600,742	
Dividend Received	(12,070)		(109,587)	
Interest Received	(7,563,121)		(9,145,133)	
Interest Charged	114,778,441		100,796,989	
(Profit)/Loss on Sale of Assets(Net)	(91,688,224)		6,921,134	
Provision for Leave Encashment	2,570,028		5,672,089	
Provision for Pension	7,373,435		2,642,185	
Provision for Gratuity	(587,741)		421,391	
Provision for Decline in the Value of Investments	(164,306)		-	
Foreign Exchange Difference	(10,412,391)		(37,081,268)	
Amortisation of Preliminary Expenses	-		329,472	
Amortisation of VRS	-		23,056,891	
		158,203,708		238,104,905
Operating Profit before changes in Working Capital		874,186,999		848,386,168
Changes in Working Capital :				
Trade and Other Receivables	(318,299,077)		(593,522,521)	
Inventories	(324,940,031)		(135,813,152)	
Trade and Other Payables	173,208,420		320,558,318	
Loans & Advances	(54,978,831)		9,924,690	
Other Current Assets	(30,512,379)	(555,521,898)	10,551,189	(388,301,476)
Cash Generated From Operations		318,665,101		460,084,692
Direct Taxes Paid	(187,210,678)	(187,210,678)	(212,554,674)	(212,554,674)
NET CASH FROM OPERATING ACTIVITIES		131,454,423		247,530,018
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/WIP (Includes Borrowing Costs capitalised 8,081,609/-) (Previous Year 3,102,095/-)	(889,960,858)		(284,944,697)	
Sale of Fixed Assets	94,626,760		888,548	
(Purchase)/Sale of Investments	20,099,345		(20,099,095)	
Dividend Received	12,070		109,587	
NET CASH USED IN INVESTING ACTIVITIES		(775,222,683)		(304,045,657)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Repayment) of Borrowings	896,897,192		224,496,060	
Interest Received	7,563,121		9,145,133	
Interest Paid	(114,778,441)		(100,796,989)	
Dividend Paid	(86,534,063)		(55,381,800)	
Dividend Distribution Tax	(14,372,230)		(9,412,137)	
NET CASH USED IN FINANCING ACTIVITIES		688,775,579		68,050,267
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		45,007,319		11,534,628
CASH & CASH EQUIVALENTS- OPENING BALANCE		102,942,616		91,407,988
CASH & CASH EQUIVALENTS- CLOSING BALANCE		147,949,935		102,942,616
		45,007,319		11,534,628

As per our report of even date

For and on behalf of the Board of Directors

For B. K. KHARE & COMPANY
Chartered Accountants

B. S. MEHTA
Director & Chairman
of Audit Committee

K. L. RATHI
Executive Chairman

P. R. RATHI
Vice -Chairman &
Managing Director

U. B. JOSHI
Partner
Membership No. : 044097

N. J. RATHI
Director

R. B. RATHI
Director

P. S. RAGHAVAN
Company Secretary

Pune: 27th May, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

	31-03-2011 Rs.	31-03-2010 Rs.
AUTHORISED : 8,000,000 Equity Shares of Rs.10 each	<u>80,000,000</u>	<u>80,000,000</u>
ISSUED : * 6,922,775 Equity Shares of Rs.10 each	<u>69,227,750</u>	<u>69,227,750</u>
SUBSCRIBED AND PAID UP : 6,922,725 Equity Shares of Rs.10 each fully paid up	<u>69,227,250</u>	<u>69,227,250</u>
TOTAL ...	<u>69,227,250</u>	<u>69,227,250</u>

Notes : Of the above shares :

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

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

SCHEDULE 2 : RESERVES AND SURPLUS

	31-03-2011 Rs.	31-03-2010 Rs.
CAPITAL RESERVE - II As per last Balance Sheet	<u>5,044,100</u>	<u>5,044,100</u>
	<u>5,044,100</u>	<u>5,044,100</u>
* REVALUATION RESERVE	<u>498,450,000</u>	<u>—</u>
	<u>498,450,000</u>	<u>—</u>
SHARE PREMIUM As per last Balance Sheet	<u>132,115,000</u>	<u>132,115,000</u>
GENERAL RESERVE As per last Balance Sheet	<u>914,115,720</u>	<u>714,115,720</u>
Add : Transferred from Profit and Loss Account	<u>400,000,000</u>	<u>200,000,000</u>
	<u>1,314,115,720</u>	<u>914,115,720</u>
SURPLUS IN PROFIT AND LOSS ACCOUNT	<u>208,271,186</u>	<u>226,676,379</u>
TOTAL ...	<u>2,157,996,006</u>	<u>1,277,951,199</u>

* Refer Note 7 of Schedule 16

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 3 : SECURED LOANS

	31-03-2011 Rs.	31-03-2010 Rs.
TERM LOANS :		
Export-Import Bank of India	380,000,000	153,125,000
Bank Of Maharashtra	401,555,000	71,759,000
Standard Chartered Bank	38,000,000	63,333,333
Kotak Mahindra Prime Ltd.	624,531	762,700
	<u>820,179,531</u>	<u>288,980,033</u>
WORKING CAPITAL BORROWINGS FROM BANKS	722,863,865	457,248,609
TOTAL ...	<u><u>1,543,043,396</u></u>	<u><u>746,228,642</u></u>

- For details of Security, refer Note 3 of Schedule 16.

- Term Loans repayable within a year Rs. 112,837,333/- (Previous Year Rs. 88,662,333/-).

SCHEDULE 4 : UNSECURED LOANS

	31-03-2011 Rs.	31-03-2010 Rs.
SHORT TERM LOANS FROM BANKS	<u>127,222,330</u>	<u>146,956</u>
	<u>127,222,330</u>	<u>146,956</u>
INTERCORPORATE AND OTHER DEPOSITS	187,175,855	185,645,692
FIXED DEPOSITS :		
(i) From Shareholders	63,780,000	82,475,000
(ii) From Others	133,680,995	140,574,092
- Repayable within a year Rs. 12,780,996/- (Previous Year Rs. 51,305,203/-).	<u>384,636,850</u>	<u>408,694,784</u>
TOTAL ...	<u><u>511,859,180</u></u>	<u><u>408,841,740</u></u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 5 : FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance As on 01-04-2010 Rs.	Additions Rs.	Deductions Rs.	Balance As on 01-04-2010 Rs.	For the Year Rs.	Deductions Rs.	Balance As on 31-03-2011 Rs.	Balance As on 31-03-2010 Rs.
FREEHOLD LAND	37,218,669	12,431,815	-	-	-	-	49,650,484	37,218,669
LEASEHOLD LAND	12,740,447	-	-	1,590,407	145,999	-	1,736,406	11,150,040
LEASEHOLD RIGHTS	-	498,450,000	498,450,000	-	-	-	-	-
BUILDINGS	285,537,548	137,134,330	308,304	125,148,881	9,147,594	173,488	288,240,587	160,388,667
PLANT & MACHINERY	2,297,835,491	361,789,738	7,724,722	1,664,133,628	109,242,871	7,007,848	885,531,856	633,701,863
VEHICLES	45,468,667	5,578,058	4,129,814	11,072,955	4,075,113	2,330,140	34,098,983	34,395,712
FURNITURE & FIXTURES	32,379,892	5,064,907	351,391	12,090,472	2,012,635	168,960	23,159,261	20,289,420
OFFICE EQUIPMENTS	8,936,055	1,386,252	172,158	4,618,141	427,278	67,419	5,172,149	4,317,914
INTANGIBLE ASSETS	33,888,319	6,976,610	-	10,279,834	10,612,359	-	19,972,736	23,608,485
FIXED ASSETS - R&D :-								
BUILDINGS	31,134,399	51,453,100	-	6,789,616	1,145,670	-	74,652,213	24,344,783
PLANT & MACHINERY	88,403,732	31,701,458	-	53,775,033	6,841,710	-	59,488,447	34,628,699
FURNITURE & FIXTURES	4,588,878	1,462,086	-	3,260,233	258,428	-	2,532,303	1,328,645
TOTAL	2,878,132,097	1,113,428,354	511,136,389	1,892,759,200	143,909,657	9,747,855	2,026,921,002	985,372,897
PREVIOUS YEAR	2,734,423,217	225,723,457	82,014,577	1,822,363,345	144,600,742	74,204,887	985,372,897	912,059,872

1. Plant & Machinery includes :

- i) Borrowing cost capitalised during the year Rs.8,081,609/- (Previous Year Rs. 3,102,095/-)
- ii) Expenditure during construction period capitalised Rs. 2,001,238/- (Previous Year Rs. 501,032/-)

2. For details of Leasehold Rights refer Note 7 of Schedule 16.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 6 : INVESTMENTS

	31-03-2011 Rs.	31-03-2010 Rs.
Non Trade (At Cost) :		
Long Term Investments (Quoted) :		
257,392 (257,392) Units of Rs.10 each in Unit Trust of India -UTI G-SEC Fund	3,000,000	3,000,000
Less : Provision for decline in the value	<u>200,000</u>	<u>364,306</u>
	2,800,000	2,635,694
[Market Value Rs.2,801,866/- (Previous year Rs. 2,753,708/-)]		
Current Investments (Quoted) :		
- (2,008,704) Units of Rs, 10 each in SBI-SHF -Ultra Short Term Fund	-	20,099,095
	<u>-</u>	<u>20,099,095</u>
[Market Value Rs. Nil. (Previous year Rs.20,099,095/-)]		
Long Term Investments (Unquoted) :		
- (5) Shares of Rs.50 each fully paid-up in Nariman Bhavan Premises Co-op.Soc.Ltd.	-	250
TOTAL ...	<u>2,800,000</u>	<u>22,735,039</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

	31-03-2011 Rs.	31-03-2010 Rs.
CURRENT ASSETS :		
Inventories :		
Stores, Spares etc.	83,179,341	76,934,472
Raw Materials	328,053,431	296,083,430
Semi-Finished Products	153,392,462	137,905,618
Finished Products	615,411,628	344,173,312
Leasehold Rights*	498,450,000	—
	<u>1,678,486,862</u>	<u>855,096,832</u>
Sundry Debtors - (Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months	42,309,668	37,936,321
Considered Doubtful	2,903,109	3,512,562
Less : Provision	(2,903,109)	(3,512,562)
	<u>42,309,668</u>	<u>37,936,321</u>
Other Debts	1,658,964,366	1,330,309,804
	<u>1,701,274,034</u>	<u>1,368,246,125</u>
Cash and Bank Balances :		
Cash on Hand	1,860,790	1,464,818
Balances with Scheduled Banks :		
In Current Accounts	122,163,662	81,390,938
In Fixed Deposit Accounts	23,925,483	20,086,860
	<u>147,949,935</u>	<u>102,942,616</u>
Other Current Assets	<u>65,298,078</u>	<u>34,785,699</u>
	<u>3,593,008,909</u>	<u>2,361,071,272</u>
LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	74,486,082	57,335,021
	<u>74,486,082</u>	<u>57,335,021</u>
Income Tax Paid	1,077,478,011	889,416,227
Less: Provision for Tax	1,031,900,000	860,400,000
Income Tax Paid (Net)	45,578,011	29,016,227
Balances with Excise, Customs etc.	89,217,444	52,240,779
	<u>209,281,537</u>	<u>138,592,027</u>
TOTAL ...	<u>3,802,290,446</u>	<u>2,499,663,299</u>

* For details of Leasehold Rights refer Note 7 of Schedule 16.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

	31-03-2011 Rs.	31-03-2010 Rs.
CURRENT LIABILITIES :		
Acceptances	36,214,180	44,190,790
Sundry Creditors - For Capital Goods	3,636,286	2,767,880
- For Others	551,947,429	482,741,995
(Also refer Note - 10 of Schedule 16)		
Other Liabilities	466,681,583	357,700,519
* Unclaimed Dividend	2,172,192	1,024,829
* Unclaimed Matured Fixed Deposits	565,000	95,000
Interest accrued but not due on loans	3,743,038	980,428
	<u>1,064,959,708</u>	<u>889,501,441</u>
* The amount reflects the position as at 31st March, 2011. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.		
PROVISIONS :		
Proposed Dividend	86,534,063	86,534,063
Dividend Distribution Tax	14,037,990	14,372,230
Employee Benefits :		
Pension	44,055,309	36,681,874
Gratuity	-	587,741
Short Term Compensated Absence	34,189,680	31,619,653
	<u>178,817,042</u>	<u>169,795,561</u>
TOTAL ...	<u><u>1,243,776,750</u></u>	<u><u>1,059,297,002</u></u>

SCHEDULE 9 : MISCELLANEOUS EXPENDITURE

	31-03-2011 Rs.	31-03-2010 Rs.
Deferred Revenue Expenditure :		
Voluntary Retirement Scheme -		
Balance as per last Balance Sheet	-	23,056,891
Less : Amortisation for the year	-	23,056,891
	<u>-</u>	<u>-</u>
Preliminary Expenses -		
Balance as per last Balance Sheet	-	329,472
Less : Amortisation for the year	-	329,472
	<u>-</u>	<u>-</u>
TOTAL ...	<u><u>-</u></u>	<u><u>-</u></u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 10 : INCOME FROM OPERATIONS AND OTHER INCOME

	2010-2011 Rs.	2009-2010 Rs.
A. INCOME FROM OPERATIONS		
Sales :		
Gross Sales	7,672,863,041	6,227,982,853
Export Incentives	44,135,892	34,541,413
	<u>7,716,998,933</u>	<u>6,262,524,266</u>
Less: Excise duty	504,789,433	358,470,765
TOTAL ...	<u>7,212,209,500</u>	<u>5,904,053,501</u>
B. OTHER INCOME		
Miscellaneous Income	44,469,923	39,958,605
Interest earned on :		
Bank Deposits	1,508,125	1,827,967
Others	6,054,996	7,317,166
[T.D.S. Rs.1,982,131 (Previous Year Rs. 1,914,577/-)]		
Dividend	12,070	109,587
Foreign Exchange Difference (Net)	10,412,391	37,081,267
TOTAL ...	<u>62,457,505</u>	<u>86,294,592</u>

SCHEDULE 11 : INCREASE/(DECREASE) IN STOCKS

	2010-2011 Rs.	2009-2010 Rs.
Stocks at Commencement :		
Finished Products	344,173,312	372,173,515
Semi-Finished Products	137,905,618	107,968,883
	<u>482,078,930</u>	<u>480,142,398</u>
Less: Stocks at Close :		
Finished Products	615,411,628	344,173,312
Semi-Finished Products	153,392,462	137,905,618
	<u>768,804,090</u>	<u>482,078,930</u>
Increase/(Decrease) in Stocks..	<u>286,725,160</u>	<u>1,936,532</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 12 : CONSUMPTION OF RAW MATERIALS

	2010-2011 Rs.	2009-2010 Rs.
Opening Stocks	296,083,430	179,647,500
Add: Purchases	<u>4,270,732,067</u>	<u>3,221,773,064</u>
	4,566,815,497	3,401,420,564
Less: Closing Stocks	<u>328,053,431</u>	<u>296,083,430</u>
TOTAL ..	<u><u>4,238,762,066</u></u>	<u><u>3,105,337,134</u></u>

[Consumption includes cost of goods traded in Rs. 269,341,938/-
(Previous Year Rs. 200,599,111/-)]

SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES

	2010-2011 Rs.	2009-2010 Rs.
Payments to and Provisions for the Employees :		
Salaries, Wages, Bonus and Commission	546,868,758	458,039,774
Contribution to Provident and Other Funds	34,319,491	54,354,546
Employee Welfare Expenses	<u>7,207,040</u>	<u>7,021,170</u>
	588,395,289	519,415,490
Less: Transferred to Research and Development Expenses	<u>40,198,992</u>	<u>28,624,045</u>
	548,196,297	490,791,445
Stores, Spares and Consumables	193,732,169	157,103,555
Power and Fuel	462,989,314	336,592,817
Water Charges	65,755,758	53,011,251
Freight and Octroi	12,775,833	10,265,326
Packing Material	100,228,514	84,571,027
Repairs and Maintenance :		
Buildings	41,206,974	39,143,190
Plant and Machinery	88,084,260	80,536,418
Others	5,210,523	1,788,505
Insurance	11,164,717	8,850,073
Rates and Taxes	5,270,104	6,690,591
Rent / Lease Rent	8,174,159	8,087,914
Loss on Sale / Disposal of Assets (Net)	1,456,960	6,921,134
Licence Fees	3,459,725	4,804,781
Amortisation of Deferred Revenue Expenditure	-	23,056,891
Amortisation of Preliminary Expenses	-	329,472
Research & Development Expenses :		
Employee Cost	40,198,992	28,624,045
Stores, Spares and Consumables etc.	12,758,705	12,760,815
Other Expenses	<u>22,731,044</u>	<u>27,575,985</u>
	75,688,741	68,960,845
Other Manufacturing Expenses	<u>166,123,134</u>	<u>111,824,270</u>
TOTAL ...	<u><u>1,789,517,182</u></u>	<u><u>1,493,329,505</u></u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**SCHEDULE 14 : ADMINISTRATIVE AND SELLING EXPENSES**

	2010-2011 Rs.	2009-2010 Rs.
Printing, Stationery and Communication Expenses	20,415,060	17,338,931
Travelling and Conveyance	36,227,346	29,621,518
Advertisement	15,738,718	12,719,568
Legal, Professional and Consultancy Charges	103,015,961	72,278,036
Auditors' Remuneration :		
Audit Fees	785,000	745,000
Other Services	525,000	495,000
Reimbursement of Expenses	23,230	16,735
Directors' Sitting Fees	920,000	551,500
Bank Charges	18,210,625	11,149,934
ERP / Computer Related Expenses	6,846,391	5,375,037
Sales Tax Surcharge/Turnover Tax	4,456,246	1,581,611
General Expenses	66,797,732	36,751,940
Bad Debts Written Off	539,375	15,819,426
Selling and Distribution Expenses	58,265,559	39,027,500
Export Market Development Expenses :		
Commission on Exports	11,488,318	8,541,885
Travelling, Postage, Forwarding, etc.	68,200,127	79,474,778
Commission to Selling Agents	148,501,295	132,542,188
Discounts	90,630,729	73,908,405
TOTAL ...	<u>651,586,712</u>	<u>537,938,992</u>

SCHEDULE 15 : FINANCE COST

	2010-2011 Rs.	2009-2010 Rs.
Interest :		
Fixed period Loans	26,923,322	28,522,848
Other Loans	87,855,119	72,274,141
TOTAL ...	<u>114,778,441</u>	<u>100,796,989</u>

SCHEDULE 16 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Significant Accounting Policies :

(i) Basis for preparation of consolidated financial statements:

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

(ii) Basis of Accounting:

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

(iii) Fixed Assets:

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

(iv) Depreciation:

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

(v) Impairment of Assets:

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

(vi) Investments:

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

(vii) Inventories:

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

- (a) Raw materials, packing materials, stores and consumables are valued at weighted average cost.
- (b) The cost of Finished goods and Semi-finished goods is ascertained by weighted average of cost of raw material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Diminution in value on account of obsolescence etc; is provided.
- (d) Leasehold Rights are valued at conversion value.

(viii) Research and Development:

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

(ix) Foreign Currency Transactions:

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

(x) **Revenue Recognition:**

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

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

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

(xi) **Employee Benefits:**

(a) **Defined Contribution Plan:**

Contributions are made to approved Superannuation and Provident Fund.

(b) **Defined Benefit Plan:**

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

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

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

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

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

(xii) **Taxation:**

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

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

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

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

2. **Principles of Consolidation:**

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

3. **Secured Loans:**

- (a) The Term Loans from Export Import Bank of India (EXIM Bank) are secured by pari passu charge by way of hypothecation of all movable fixed assets (excluding assets exclusively charged to existing term lenders) and further secured by way of mortgage on all immovable fixed assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune.
- (b) The Term Loans from Bank of Maharashtra (BOM) are secured by exclusive / pari passu charge by way of hypothecation of all movable fixed assets and further secured by way of mortgage on all immovable fixed assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune.
- (c) Working Capital Borrowings are secured by hypothecation of stock-in-trade, book debts and receivables. These

are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune by creation of a joint mortgage by deposit of title deeds with EXIM Bank acting for itself and as agent of the other lenders.

- (d) The Term Loan from Standard Chartered Bank is secured by first charge by way of mortgage by deposit of title deeds of land and building at Pirangut.
- (e) Working Capital Borrowings from Standard Chartered Bank are secured by hypothecation of stock-in-trade, book debts and receivables. These are further secured by first charge on the immovable property of the Company at Pirangut in the State of Maharashtra and the movable property on the said immovable property created by way of mortgage.
- (f) The loan from Kotak Mahindra Prime Ltd. is secured by hypothecation of the vehicle procured out of the said loan.

4. Estimated amount of contracts remaining to be executed on capital account - **Rs. 82,500,980/-** (Previous Year Rs. 21,586,308/-).
5. The Foreign Subsidiary Company accounts have been prepared in conformity with the Companies Act, 1956 and Generally Accepted Accounting Practices in India, as applicable, and considered accordingly for the purpose of consolidation of accounts.
6. **Contingent Liabilities not provided for:**
- (a) Excise Duty – **Rs. 2,010,295/-** (Previous Year Rs. 370,601/-).
- (b) Income Tax – **Rs. 28,862,580/-** (Previous Year Rs. 27,876,347/-).
7. During the year under review, the Company has converted the leasehold rights of the Company in respect of land situated at Final Plot No.90, Sangamwadi, corresponding 'House No.162', Wellesley Road, Pune 411 001 into stock-in-trade and valued the same for a sum of Rs. 49.85 Crores and accordingly created a revaluation reserve.

8. Deferred Tax:

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

Particulars of timing difference	31-3-2011 Rs.	31-3-2010 Rs.
Liabilities :		
Depreciation	157,349,855	91,385,961
Expenditure considered fully deductible	-	1,952,361
Total ...	<u>157,349,855</u>	<u>93,338,322</u>
Assets :		
Expenditure accrued but not deductible for tax purpose, allowable on actual payment.	36,375,816	34,680,714
Total ...	<u>36,375,816</u>	<u>34,680,714</u>
Deferred Tax Liability (Net)	<u>120,974,039</u>	<u>58,657,608</u>

9. The following disclosures are made in accordance with Accounting Standard – 15 (Revised) pertaining to Defined Benefit Plans:

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Obligations at period beginning	121,942,061	90,358,588
Service cost	6,904,232	5,125,874
Interest cost	9,755,365	7,228,687
Actuarial (gain) / loss	1,109,469	24,270,565
Benefits paid	(13,530,629)	(5,041,653)
Obligations at period end	<u>126,180,498</u>	<u>121,942,061</u>

Change in plan assets :		
Plan assets at period beginning, at fair value	121,354,320	49,631,688
Expected return on plan assets	11,216,435	4,860,657
Actuarial (gain) / loss	–	–
Contributions	8,276,030	71,903,628
Benefits paid	(13,530,629)	(5,041,653)
Plan assets at period end, at fair value	127,316,156	121,354,320
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of the plan assets at the end of the year	127,316,156	121,354,320
Present value of the defined benefit obligations at the end of the period	126,180,498	121,942,061
Asset recognized in the balance sheet	1,135,658	(587,741)
Gratuity cost for the period:		
Service cost	6,904,232	5,125,874
Interest cost	9,755,365	7,201,187
Expected return on plan assets	(11,216,435)	(4,860,657)
Actuarial (gain) / loss	1,109,469	24,270,564
Net gratuity cost	6,552,631	31,736,968

Investment details of the plan assets:

Plan assets are invested in the debt instruments prescribed by IRDA.

Summary of Actuarial Assumptions:

	31-03-2011	31-03-2010
Interest / Discount Rate	8.00%	8.00%
Estimated rate of return on plan assets	9.40%	7.00%

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

10. Sundry Creditors:

- Outstanding to creditors other than Micro, Small & Medium Enterprise **Rs. 589,093,732/-** (Previous Year - Rs. 526,001,795/-) [(Interest Paid/Payable Rs. Nil) (Previous Year - Rs. Nil)].
- Outstanding to Micro, Small & Medium Enterprise : **Rs. 2,704,163/-** (Previous Year - Rs. 3,698,870/-).

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

	31-03-2011 Rs.	31-03-2010 Rs.
a) Principal amount due	2,704,163	3,698,870
b) Interest paid under MSMED Act, 2006	191,886	Nil
c) Interest due	405,573	398,991
d) Interest accrued and due	Nil	Nil
e) Interest due and payable till actual payment	405,573	398,991

11. Segment Reporting:

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

- Pigments
- Agro Chemicals

The above business segments have been identified considering:

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

Revenue and expenses have been accounted for, based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments

on a reasonable basis, have been included under “Unallocable Income/Expenses”. Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocable Assets/Liabilities”.

A) Primary Segment Information for the year ended 31st March, 2011:

Particulars	Year ended 31-03-2011 Rs.	Year ended 31-03-2010 Rs.
1 Segment Revenue		
a) Pigments	6,378,148,887	5,129,399,954
b) Agro Chemicals	834,060,613	774,653,547
	<u>7,212,209,500</u>	<u>5,904,053,501</u>
Less: Inter segment revenue	—	—
Net Sales / Income from Operations	<u>7,212,209,500</u>	<u>5,904,053,501</u>
2 Segment Results		
Profit/(Loss) Before Tax		
a) Pigments	882,511,324	868,373,096
b) Agro Chemicals	63,840,548	72,796,639
	<u>946,351,872</u>	<u>941,169,735</u>
Less: i. Interest	114,778,441	100,796,989
ii. Other Unallocable Expenditure (net of Unallocable Income)	115,590,140	230,091,483
Profit Before Tax	<u>715,983,291</u>	<u>610,281,263</u>
3 Other information		
Segment Assets (*)		
a) Pigments	4,300,986,800	3,125,805,652
b) Agro Chemicals	207,562,565	229,044,239
Segment Liabilities		
a) Pigments	865,535,875	688,660,705
b) Agro Chemicals	152,499,766	174,040,033
Capital Employed in Segments (*)		
a) Pigments	3,435,450,925	2,437,144,947
b) Agro Chemicals	55,062,799	55,004,206
	<u>3,490,513,724</u>	<u>2,492,149,153</u>
Add: Unallocable Corporate Assets less Liabilities	414,136,147	68,757,286
Total Capital Employed	<u>3,904,649,871</u>	<u>2,560,906,439</u>
4 Capital Expenditure (*)		
a) Pigments	567,152,585	221,587,971
b) Agro Chemicals	1,367,160	996,578
c) Unallocated	322,309,518	63,260,913
Total Capital Expenditure	<u>890,829,263</u>	<u>285,845,462</u>
(*) Does not include Leasehold Rights, treated as stock-in-trade.		
5 Depreciation		
a) Pigments	116,300,928	117,158,713
b) Agro Chemicals	8,924,740	11,578,473
c) Unallocated	18,683,989	15,863,556
Total Depreciation	<u>143,909,657</u>	<u>144,600,742</u>
B) Secondary Segment Disclosures:		
i) Revenue from External Customers		
Indigenous	4,779,826,981	4,036,575,308
Exports (including export incentives)	2,432,382,519	1,867,478,193
Total ...	<u>7,212,209,500</u>	<u>5,904,053,501</u>
ii) Carrying amount of Assets		
In India	3,846,979,073	1,970,390,998
Outside India	556,120,798	590,515,441
Total ...	<u>4,403,099,871</u>	<u>2,560,906,439</u>

12. Related Party Disclosures:

List of Related Parties and description of relationship:

i) Key Management Personnel	Mr. N. J. Rath	Mr. P. R. Rath	Dr. K. D. Inamdar	Mr. A. V. Vij
	Mr. K. L. Rath	Mr. R. B. Rath	Mr. K. R. Ambekar	
ii) Relatives of Key Management Personnel	Mrs. R. R. Rath	-	Wife of Mr. R. B. Rath	
	Mrs. A. N. Rath	-	Wife of Mr. N. J. Rath	
	Mr. R. P. Rath	-	Son of Mr. P. R. Rath	
	Mr. A. N. Rath	-	Son of Mr. N. J. Rath	
	Mrs. K. B. Rath	-	Mother of Mr. R. B. Rath	
	Mrs. K. R. Rath	-	Mother of Mr. P. R. Rath	
	Ms. S. R. Rath	-	Daughter of Mr. R. B. Rath	
	Mr. A. B. Rath	-	Brother of Mr. R. B. Rath	
	Mr. A. K. Ambekar	-	Son of Mr. K. R. Ambekar	
	Mrs. A. K. Rath	-	Wife of Mr. K. L. Rath	
	Mrs. S. P. Rath	-	Wife of Mr. P. R. Rath	
	Mr. R. K. Rath	-	Son of Mr. K. L. Rath	
iii) Associate Companies:	Rathi Brothers Poona Ltd., Rathi Brothers Madras Ltd., Rathi Brothers Calcutta Ltd. and Rathi Brothers Delhi Ltd.			

Transactions with Related Parties:

Nature of transactions	2010-2011			2009-2010		
	Key Management Personnel	Relatives of Key Management Personnel	Associates	Key Management Personnel	Relatives of Key Management Personnel	Associates
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
• Salary, Pension etc.	66,245,532	8,041,931	–	61,156,534	4,241,763	–
• Interest Paid	705,014	5,653,992	2,223,690	275,444	4,304,380	2,514,740
• Acceptance of Deposits	4,050,000	2,520,000	23,425,000	3,950,000	57,860,000	33,125,000
• Repayments of Deposits	3,330,000	3,000,000	32,575,000	1,800,000	7,140,000	19,525,000
• Commission Paid/Accrued	–	–	49,807,206	–	–	45,814,215

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

(a) Capacity and Production	Installed Capacity		Production	
	M.Tonnes		M.Tonnes	
(i) Inorganic Pigments	10,902		8,193	
	(10,422)		(7,971)	
(ii) Organic Pigments	11,791		13,770	
	(10,081)		(8,728)	
(iii) Intermediates	2,500		153	
	(2,500)		(85)	
(iv) Pesticides (100%)	3,520		1,386	
	(3,520)		(1,839)	
(v) Colour and Additive Masterbatch	2,750		1,703	
	(1,750)		(1,269)	

Licensed capacity per annum not indicated due to the abolition of Industrial Licenses as per Notification No.477(E) dated 25th July, 1991 issued under The Industries (Development and Regulations) Act, 1951.

Installed Capacity certified by the Vice Chairman & Managing Director

(b) Stocks :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
Finished Products :				
(i) Inorganic Pigments	368	79,361,855	279	88,380,843
	(274)	(62,027,811)	(368)	(79,361,855)
(ii) Organic Pigments	849	215,245,342	848	468,767,778
	(755)	(276,942,871)	(849)	(215,245,342)
(iii) Intermediates	7	2,500,928	7	3,126,550
	(10)	(5,560,233)	(7)	(2,500,928)
(iv) Pesticides (100%)	65	31,442,980	77	37,975,198
	(27)	(21,681,067)	(65)	(31,442,980)
(v) Colour and Additive Masterbatch	83	15,622,207	81	17,161,259
	(29)	(5,961,533)	(83)	(15,622,207)
TOTAL ...		344,173,312		615,411,628
		(372,173,515)		(344,173,312)

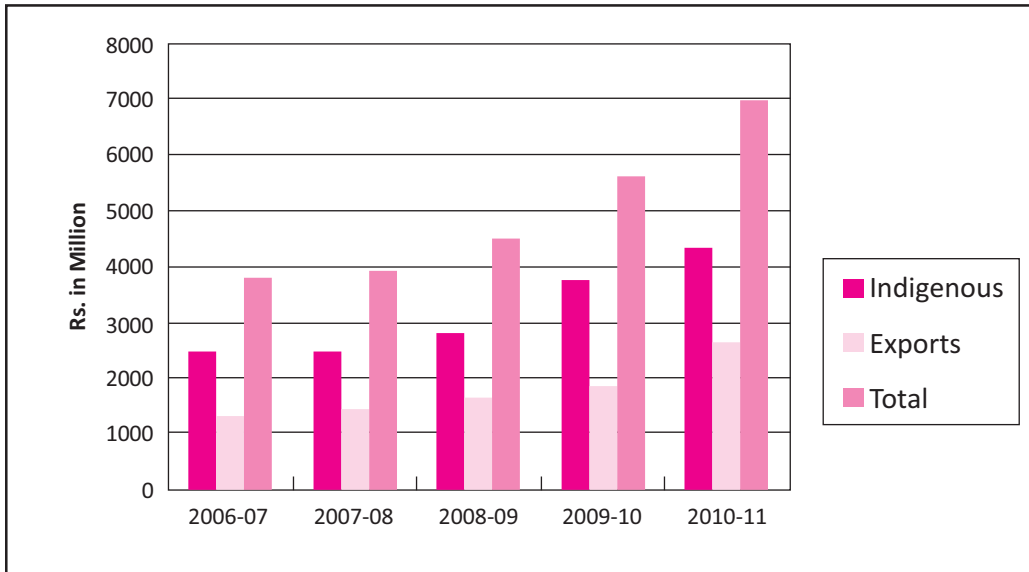
Semi Finished Products :	At Commencement		At Close	
	Quantity M.Tonnes	Value Rs.	Quantity M.Tonnes	Value Rs.
(i) Inorganic Pigments	130	43,422,869	183	36,013,929
	(120)	(26,498,173)	(130)	(43,422,869)
(ii) Organic Pigments	99	85,585,391	515	106,703,867
	(154)	(74,066,852)	(99)	(85,585,391)
(iii) Intermediates	–	1,685,254	–	1,764,267
	(–)	(192,766)	(–)	(1,685,254)
(iv) Pesticides (100%)	1	6,446,738	6	8,173,505
	(2)	(6,632,995)	(1)	(6,446,738)
(v) Colour and Additive Masterbatch	3	765,366	4	736,894
	(4)	(578,097)	(3)	(765,366)
TOTAL ...		137,905,618		153,392,462
		(107,968,883)		(137,905,618)
(c) Sales :		Quantity M.Tonnes *		Value Rs.
(i) Inorganic Pigments		7,831		1,826,926,185
		(7,605)		(1,670,490,892)
(ii) Organic Pigments		13,358		4,175,639,126
		(8,556)		(3,190,504,193)
(iii) Intermediates		–		1,203,443
		(–)		(1,975)
(iv) Pesticides (100%)		1,369		463,606,138
		(1,802)		(514,462,447)
(v) Trading Sales		–		362,529,944
		(–)		(257,473,827)
(vi) Colour and Additive Masterbatch		1,705		338,168,772
		(1,215)		(236,578,754)
TOTAL ...				7,168,073,608
				(5,869,512,088)
* Net of Captive consumption wherever applicable.				
(d) Raw Materials Consumed :		Quantity M.Tonnes		Value Rs.
(i) Litharge and Lead Metal		1,415		151,640,432
		(1,718)		(154,703,462)
(ii) Sodium Bichromate		761		63,174,390
		(1,067)		(75,196,902)
(iii) Organo Phosphorous Intermediates		800		93,497,867
		(846)		(95,743,572)
(iv) C P C Blue		1,505		326,274,437
		(1,259)		(214,788,263)
(v) C Acid		435		79,243,515
		(433)		(70,026,344)
(vi) Others				3,524,931,425
				(2,494,878,591)
TOTAL ...				4,238,762,066
				(3,105,337,134)
(e) Value of Imported and Indigenous Raw Materials consumed during the year :		Rs.		% to total consumption
(i) Value of Imported Raw Materials including duty, handling, clearance charges etc.		1,016,914,196		24%
		(657,066,068)		(21%)
(ii) Value of Indigenous Raw Materials		3,221,847,870		76%
		(2,448,271,066)		(79%)
TOTAL ...		4,238,762,066		100%
		(3,105,337,134)		(100%)

	Rs.	% to total consumption
(f) Value of Imported and Indigenous Stores, Spares and Components Consumed :		
(i) Value of Imported Stores, Spares and Components including duty, handling, clearance charges etc.	5,635,051 (6,692,551)	3% (4%)
(ii) Value of Indigenous Stores, Spares and Components	188,097,118 (150,411,004)	97% (96%)
TOTAL ...	193,732,169 (157,103,555)	100% (100%)
(g) Expenditure in Foreign Currencies on Account of :		Rs.
(i) Commission		8,044,100 (3,866,846)
(ii) Foreign Travel		7,818,544 (10,675,392)
(iii) Interest		4,655,307 (1,186,161)
(iv) Others		79,774,972 (74,714,103)
TOTAL ...		100,292,923 (90,442,502)
(h) C.I.F. Value of Imports :		Rs.
(i) Raw Materials (including through Canalising Agencies)		1,152,293,088 (756,492,922)
(ii) Stores and Components		4,734,368 (5,258,893)
(iii) Capital Goods		62,828,280 (8,249,892)
TOTAL ...		1,219,855,736 (770,001,707)
(i) Remittances during the year in foreign currencies on account of dividend to non-resident shareholders were as follows :		
Number of Shareholders		1 (1)
Number of Equity Shares (Shares of Rs.10/- each) for final dividend of 2009-10		557,989 (557,989)
Amount remitted for the year ended 31-3-2010 (Rs.)		6,974,863 (4,463,912)
The above information pertains to non-resident shareholder to whom direct remittance has been made by the Company.		
(j) Earnings in Foreign Exchange :		Rs.
a) Export of goods on F.O.B.Basis (inclusive of exports of Export House)		2,547,831,155 (1,526,252,381)
b) Others		- (-)
TOTAL ...		2,547,831,155 (1,526,252,381)

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

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

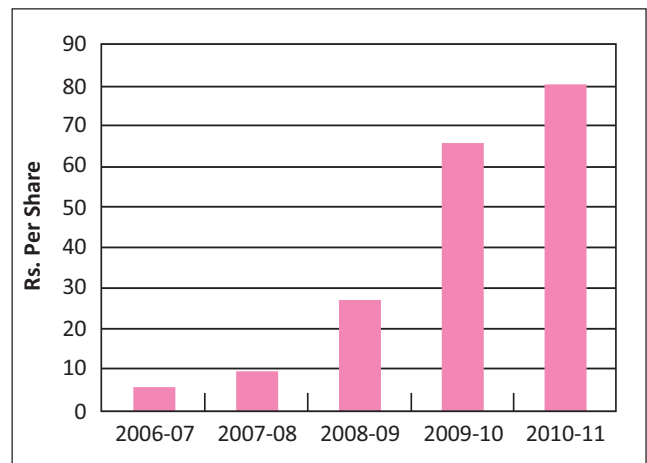
SALES



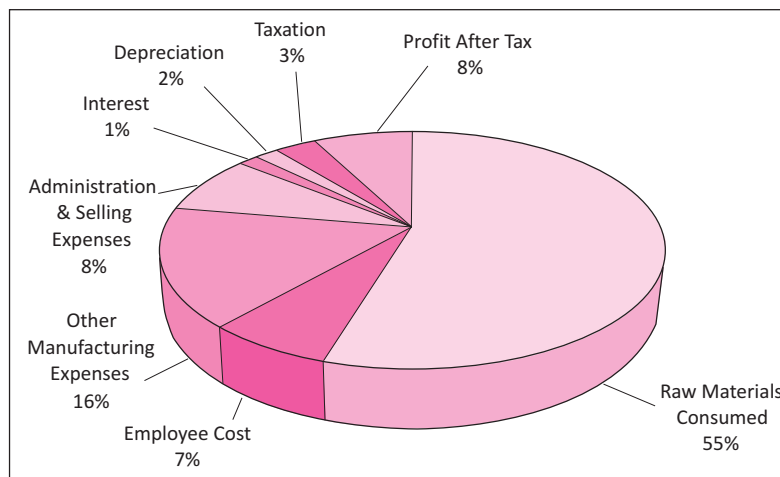
BOOK VALUE



EARNING PER SHARE



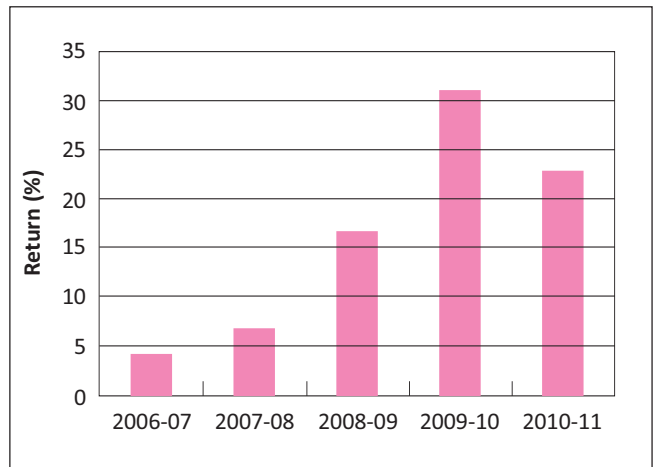
DISTRIBUTION OF REVENUE for the year ended 31st March, 2011



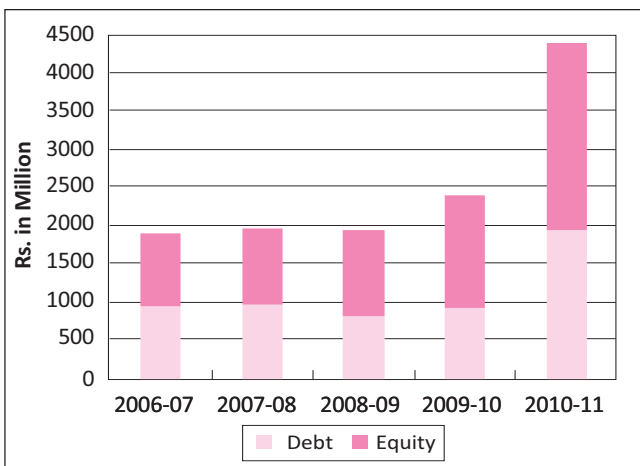
PROFIT BEFORE TAX



RETURN ON NET WORTH



DEBT - EQUITY



FIXED ASSETS TURNOVER & WORKING CAPITAL TURNOVER



FIXED ASSETS

