

## **Annual Report 2010-11**



**PODDAR PIGMENTS LTD.**

## **BOARD OF DIRECTORS**

Smt. Kusum Poddar  
Shri M.K. Sonthalia  
Shri N. Gopaldaswamy  
Shri R.K. Sureka, CEO  
Shri S.S. Poddar, Managing Director  
Shri V. K. Fogla

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## **AUDITORS**

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

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## **BANKERS**

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

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## **REGISTERED OFFICE & WORKS**

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

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## **CORPORATE OFFICE**

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

<b>CONTENTS</b>	<b>PAGES</b>
Notice	1-3
Directors' Report	4-8
Management Discussion and Analysis	9-10
Report on Corporate Governance	11-17
Auditors' Certificate on Corporate Governance	18
Auditors' Report	19-21
Balance Sheet	22
Profit & Loss Account	23
Schedules to the Accounts	24-36
Cash Flow Statement	37-38

**NOTICE**

**NOTICE** is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the Company will be held at the Registered Office of the Company at **E-10,11 & F-14 TO 16, RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR-302022 (RAJASTHAN)** on **Saturday, the 27th August, 2011 AT 11.00 A. M.** to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To confirm the payment of Interim Dividend and to declare a Final Dividend for the year 2010-11 on Equity Shares.
3. To appoint a Director in place of Shri V. K. Fogla, who retires by rotation.
4. To appoint the Auditors to hold office till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/S K. N. Gutgutia & Co., the retiring Auditors are eligible for re-appointment.

**SPECIAL BUSINESS****5. Appointment of Smt. Mahima P. Agarwal as a Director of the Company**

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that Smt. Mahima P. Agarwal who was appointed as an Additional Director of the Company at the meeting of Board of Directors held on 25th July, 2011 and whose appointment expires at the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act,

1956 from a shareholder of the Company proposing her candidature for the Directorship of the Company, be and is hereby appointed as a Director of the Company and that her appointment shall be liable to retirement by rotation."

**6. Appointment of Shri Kishore Rungta as a Director of the Company**

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that Shri Kishore Rungta who was appointed as an Additional Director of the Company at the meeting of Board of Directors held on 25th July, 2011 and whose appointment expires at the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder of the Company proposing his candidature for the Directorship of the Company, be and is hereby appointed as a Director of the Company and that his appointment shall be liable to retirement by rotation."

By order of the Board

**NAVIN JAIN**  
**COMPANY SECRETARY**

**Registered Office:**

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

**DATE : 25th July, 2011**

**NOTES:**

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
Proxies, in order to be effective, must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 20.08.2011 to 27.08.2011 (both days inclusive).



4. Details of Sh. V. K. Fogla, required to be provided pursuant to Clause 49 of Listing Agreement, are furnished in the Corporate Governance Report published elsewhere in the Annual Report.
5. Members are requested :
  - a. to bring their copy of the Annual Report at the Meeting.
  - b. to notify any change in their address to M/s Link Intime (R & T) / Company.
6. If the Final Dividend as recommended by the Board of Directors is approved at the 20th Annual General Meeting, payment of such dividend will be made on or after 09.09.2011 as under:
  - a. to all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 19.08.2011;
  - b. to all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 19.08.2011.
7. In case of transfer of physical shares, the instrument of Share Transfer complete in all respect, should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to the closure of the Register of Members as stated above.
8. The copies of relevant documents can be inspected at the Registered Office of the company on any working day between 10.30 A.M. to 12.30 P.M., till the date of Twentieth Annual General Meeting.

## ANNEXURE TO NOTICE

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

### Item No. 5

Pursuant to Section 260 of the Companies Act, 1956 and Articles 81 of Articles of Association of the Company, Smt. Mahirfa P. Agarwal, was appointed as an Additional Director of the Company at the Meeting of the Board of Directors held on 25th July, 2011 and her appointment as an Additional Director expires at the ensuing Annual General Meeting. Smt. Mahima P. Agarwal, aged about 36 years, holds a Degree in B. Tech.

A notice alongwith deposit of Rs. 500/- (Rs. five hundred only) has been received under Section 257 of the Companies Act, 1956, proposing candidature of Smt. Mahima P. Agarwal for the Directorship of the Company.

Therefore, the Directors recommend this Resolution for members' approval.

None of the Directors except Smt. Mahima P. Agarwal and Shri S. S. Poddar are concerned or interested in this Resolution.

The Resolution and Explanatory Statement be treated as an information to the Shareholders under Section 257 of the Companies Act, 1956.

### Item No. 6

Pursuant to Section 260 of the Companies Act, 1956 and Articles 81 of Articles of Association of the Company, Shri

Kishore Rungta, was appointed as an Additional Director of the Company at the Meeting of the Board of Directors held on 25th July, 2011 and his appointment as an Additional Director expires at the ensuing Annual General Meeting. Shri Kishore Rungta, aged about 59 years, holds a Bachelors Degree in Commerce. He has vast experience of Industry.

A notice alongwith deposit of Rs. 500/- (Rs. five hundred only) has been received under Section 257 of the Companies Act, 1956, proposing candidature of Sh. Kishore Rungta for the Directorship of the Company.

Therefore, the Directors recommend this Resolution for members' approval.

None of the Directors except Shri Kishore Rungta is concerned or interested in this Resolution.

The Resolution and Explanatory Statement be treated as an information to the Shareholders under Section 257 of the Companies Act, 1956.

**By Order of the Board**

**NAVIN JAIN  
COMPANY SECRETARY**

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

**DATE: 25th July, 2011**

**Details of Directors Seeking Appointment at the Annual General Meeting**

Particulars	Smt. Mahima P. Agarwal	Sh. Kishore Rungta
Date of Birth	9th November, 1974	24th September, 1951
Date of Appointment	25th July, 2011	25th July, 2011
Qualifications	B. Tech.	B. Com.
Expertise in specific functional area	Having 10 years experience in Administrative, Foreign Trade, Taxation & Accounting fields.	He is an industrialist having vast experience. He is on the governing Board and Chairman of Finance Committee of Kanodiya Mahila Mahavidyalaya for over 15 years, a post graduate college for girls with a strength of 2,300 students alongwith a hostel.
Directorships held in other public companies (excluding foreign companies and section 25 companies)	NIL	MAN Structural Pvt. Ltd. Indo MAN Structural Pvt. Ltd. Astha Prime Commodite Pvt. Ltd. Pukhraj Enterprises Pvt. Ltd. Bhavya Inductosteel Pvt. Ltd.
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)	NIL	NIL
Number of shares held in the Company	5 30 000	NIL

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors are pleased to present the Twentieth Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2011.

**FINANCIAL RESULTS**

[Rs. in Lacs]

Particulars	2010-2011	2009-2010
Revenue Receipts	20 056	16 241
Other Income (Excluding Income from Investments)	251	166
Total Revenue Receipts including other income	20 307	16 407
Operating Profit before Interest, Depreciation & Tax	1 781	1 329
Income From Investments	-	663
Less: Interest	148	61
Depreciation	233	215
Profit before tax	1 400	1 716
Less: Provision for Tax - Current	410	351
- Deferred	34	(39)
Profit after tax	956	1 404
Add: Tax adjustments for Prior years	-	15
Profit after Tax adjustments for Prior years	956	1 419
Balance brought forward from previous year	1 419	144
Profit available for appropriations	2 375	1 563
<b>APPROPRIATIONS</b>		
Interim Dividend on Equity Shares	159	-
Proposed Final Dividend on Equity Shares	80	-
Total Dividend on Equity Shares	239	-
Tax on Dividend	40	-
General Reserve	1 700	144
Balance Carried to Balance Sheet	396	1 419

**OPERATIONS**

Your Company has scaled new heights in overall performance and has set new benchmarks in terms of turnover (including export benefit). During the year, the Company has achieved a turnover of Rs. 20056 Lacs as against Rs. 16241 lacs in the previous year, registering

an increase of 23.49% over the previous year. The production capacity of the company has increased from 8400 M.T. to 11100 M.T. as a result of expansion at the company's existing plant. Production from the expanded capacity was started from third quarter of current Financial Year i.e. 2010-11.

The Company has also improved its performance in Exports and achieved direct export turnover of Rs. 4939 lacs as against Rs. 4056 lacs in previous year, registering an increase of 21.77%. Your Company Exports to over 20 countries around the Globe. The improved volume has enabled the Company to achieve significant improvement in EBITDA margin (i.e. 9.55% from 8.69% in 2009-10).

**DIVIDEND**

Considering the Company's financial performance, the company has declared & paid its maiden interim dividend of Rs. 1.50 per share.

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of Rs. 0.75 per share for the year 2010-11. The final dividend on the Equity Shares, if approved by the members would involve a cash outflow of Rs. 92.79 lacs including dividend tax. The total cash outflow on account interim & Final dividend including dividend tax on Equity Shares of the Company for the year 2010-11 is Rs. 278.37 lacs.

**MARKETING**

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

**RESEARCH AND DEVELOPMENT**

The R & D division of the Company, located at its plant, constantly endeavors to innovate and change the product mix/ process for creating higher value items at lower costs. The Company's full-fledged R&D Department makes constant efforts to widen its range of new generation masterbatches.

The R&D division of the company has testing equipments from world leaders. These equipments are used for dispersion, filterability, mechanical, rheological, thermal, optical & colorist properties of incoming raw materials and



outgoing furnished products. Tests are carried out conforming to internationally accepted test methods.

#### **QUALITY INITIATIVES**

Your Company is committed to produce and delivering zero-defect Masterbatches and also to achieve customer satisfaction on a continuous basis by implementing and meeting the ISO 9001 : 2008 QMS requirements. Constant interaction with Customers, Optimum utilization of resources and Training & Educating Employees.

#### **STAR EXPORT HOUSE STATUS AND CRISIL RATING**

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

The Company's Credit Rating is A / Stable / P1 assigned by CRISIL for its working capital borrowings which signifies strong degree of safety regarding timely payment.

#### **DIRECTORS**

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

#### **CORPORATE GOVERNANCE**

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

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

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

The Company had put in place a Code of Conduct for its Board Members and Senior Management Personnel from 23rd January, 2006 and has reaffirmed the same on 21st January, 2011. It is also available on the website of the Company. Declarations on compliance with the Code of Conduct have been received from all concerned. A certificate annexed to this effect forms a part of this Report.

#### **DEPOSITS**

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

#### **EMPLOYEES**

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

#### **AUDITORS**

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

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

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

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

Several initiatives were continued as part of energy saving measures. The drive for energy conservation is always a key priority and your Company continuously strives to achieve this through process improvements and through enhancement of equipment capabilities. Particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 217(1)(e) of the Companies Act 1956, are enclosed as a part of this report.

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

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



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

#### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such accounting policies and applied them consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2011 and of the profit of the Company for the period ended on that date;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors have prepared the Annual Accounts on a 'going concern' basis.

#### **ACKNOWLEDGEMENT**

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

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

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

**PLACE : JAIPUR**

**R. K. Sureka**

**S. S. Poddar**

**DATE : 25th July, 2011**

**DIRECTOR & CEO**

**MANAGING DIRECTOR**





## ANNEXURE TO THE DIRECTORS' REPORT

## I. ENERGY CONSERVATION

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

## Particulars with respect to conservation of energy:-

(A) Power & Fuel consumption	Current Year ended on 31.3.2011	Previous Year ended on 31.03.2010
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## Electricity

(a) Purchased:-		
Units (Nos.)	62 37 495	53 66 880
Total Amount (Rs.)	2 88 81 355	2 40 64 599
Rate/Unit (Rs.)	4.63	4.48
(b) Own generation:-		
Through Diesel		
Units (Nos.)	3 09 248	4 70 079
Units per Ltr of Diesel	3.31	3.49
Cost/Unit (Rs.)	10.24	8.99

## (B) Consumption per unit of production

Production of Masterbatches & Plastic Compounds. (M.T.)	10353.37	9260.54
Electricity per M.T. of production (Units)	632.97	633.65

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

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

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

- In the development of various functional masterbatches such as Flame Retardants, Antimicrobials, Bio-degradable and other functional properties to meet the end use requirements of the industry.
- To develop Tailor-made masterbatches for different end users as per the requirements of the fiber & plastic industries.
- To develop Masterbatches to improve performance and reduce cost.
- For product improvement, process optimization, environment and pollution control.

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

- Development of a new range of application masterbatches not being manufactured in the country, thus saving foreign exchange.
- Offering process flexibility and cost effective solutions.
- Better productivity, optimized cost, improved quality and innovative products.
- Reduction in environmental

## 3. Future plan of action

pollution by offering alternatives for dyed yarns & textiles.

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

## 4. Expenditure on R&amp;D

(a) Capital	Rs. 27.82 Lacs
(b) Recurring	Rs. 126.78 Lacs
(c) Total	Rs. 154.60 Lacs
(d) Total R&D expenditure as a percentage of total turnover	0.771%

## III TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

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

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

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



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

**V INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ ALONGWITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011**

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

Name	Designation	Remuneration	Qualification	Age (Years)	Experience (Years)	Date of Joining	Previous Employment
Shri S. S. Poddar	Managing Director	63.97.104	B.E. (Chem)	62	39	1.7.1994	Whole Time Director in Rajasthan Petro Synthetics Ltd.

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

For and on behalf of the Board of Directors

PLACE: JAIPUR R.K. Sureka S.S. Poddar  
DATE : 25th July, 2011 DIRECTOR & CEO MANAGING DIRECTOR

**IV FOREIGN EXCHANGE EARNED AND OUTGO**

[Rs. in Lacs]

	2010-2011	2009-2010
1. Foreign Exchange Earned from Export of Goods (on FOB)	4 837.58	3 990.44
2. Foreign Exchange Outgo		
- Import of Raw Material & Stores	8 124.89	6 918.00
- Import of Capital Goods	477.31	120.06
- Travelling Expenses	86.91	68.18
- Technical Consultancy	9.46	12.12
- Commission	18.47	12.70
- Interest	15.70	24.08
- Others	0.35	1.59

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

I, R. K. Sureka, Director & CEO of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and Senior Management, at a meeting of the Board of Directors held on 23rd January, 2006 and again reaffirmed on 21st January, 2011. The Board Members and Senior Management have affirmed compliance with the said Code of Conduct.

For PODDAR PIGMENTS LIMITED

R. K. SUREKA  
DIRECTOR & CEO

Date : 25th July, 2011