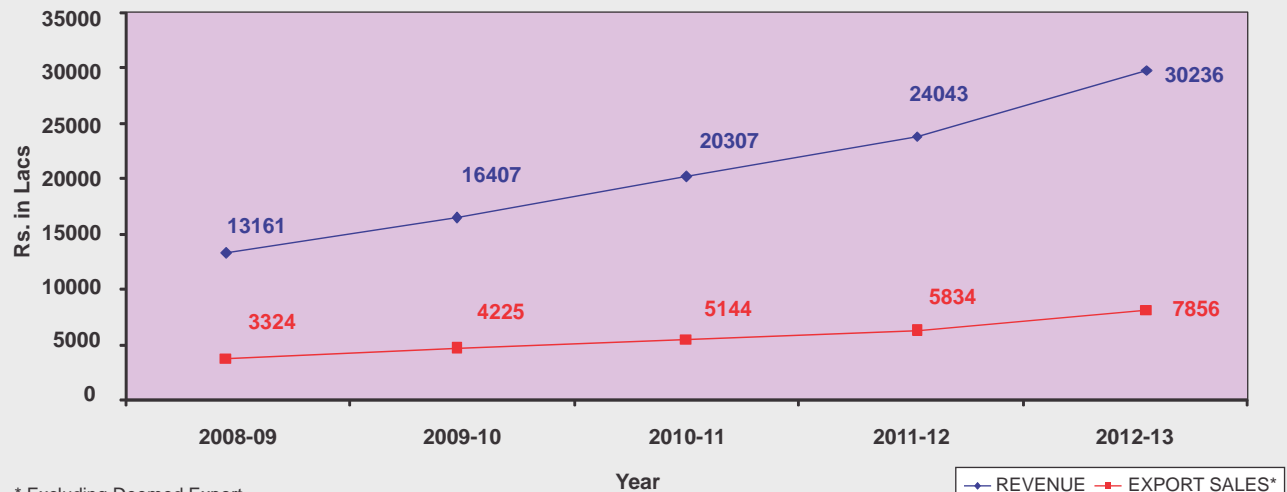


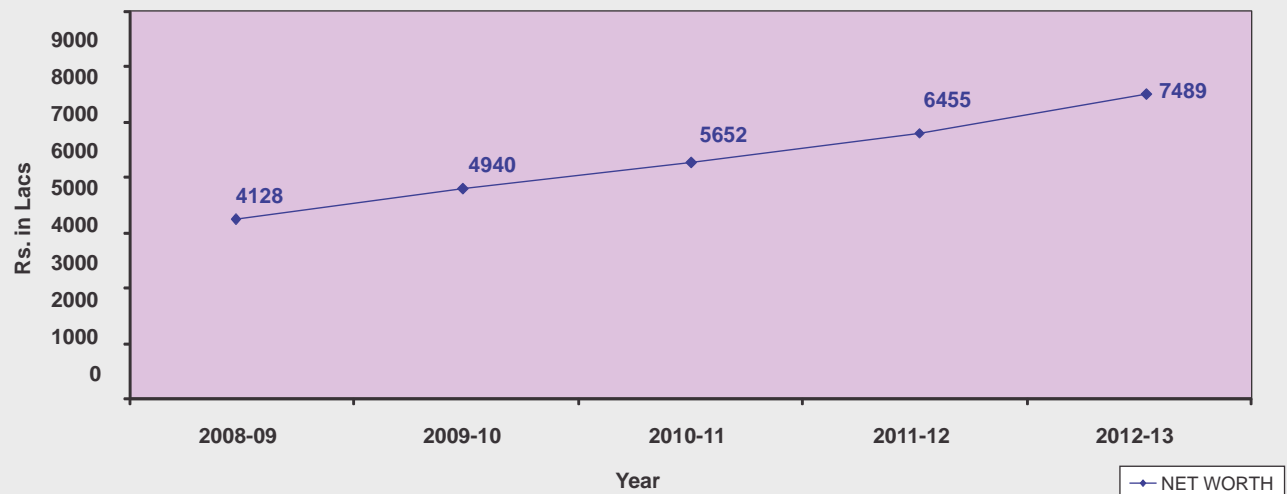


### REVENUE RECEIPTS & EXPORT

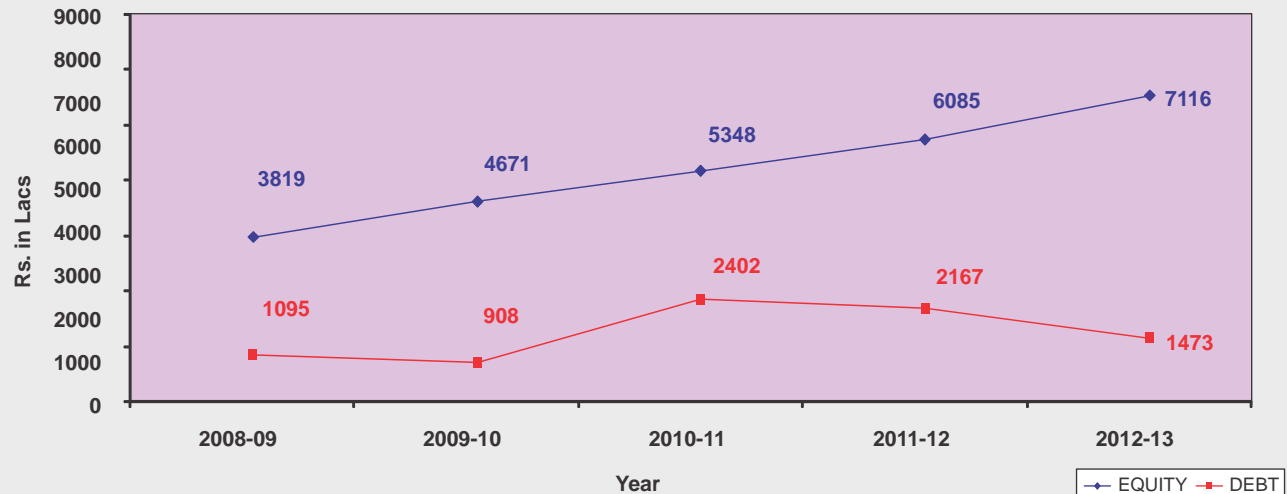


\* Excluding Deemed Export

### NET WORTH



### DEBT EQUITY





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## **BOARD OF DIRECTORS**

Shri Kishore Rungta  
Smt. Mahima P. Agarwal  
Shri M.K. Sonthalia  
Shri N. Gopalaswamy  
Shri R.K. Sureka, CEO  
Shri S.S. Poddar, Managing Director

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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



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## NOTICE

**NOTICE** is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company will be held at the Registered Office of the Company at **E-10,11 & F-14 TO 16, RIICO INDUSTRIAL AREA, SITAPURA, JAIPUR-302022 (RAJASTHAN) on Tuesday, the 17th September, 2013 AT 11.30 A.M.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2013 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To declare a Dividend for the year 2012-13 on Equity Share.
3. To appoint a Director in place of Smt. Mahima P. Agarwal, who retires by rotation and being eligible, offers herself for re-appointment.
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. To consider, and if thought fit, to pass with or without modification(s), the following resolution as Special resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (The Act) and subject to statutory approvals, if any, consent be and is hereby accorded for payment of revised remuneration for remaining term of appointment i.e. from 01.04.2013 to 30.09.2013 and for re-appointment of Shri S. S. Poddar, as Managing Director of the Company for a period of 3 years from 1<sup>st</sup> October, 2013 to 30<sup>th</sup> September, 2016 on the following terms and conditions:

The remuneration to the Managing Director, on account of Basic Salary & perquisites and additional remuneration are mentioned below:

- (i) Basic Salary : Rs. 275000/- Per Month
- (ii) Perquisites : In addition to the salary, the following perquisites will be allowed:

The perquisites are classified into three categories 'A', 'B' and 'C' as below:

#### CATEGORY - A

- (a) Rent Free Accommodation (furnished or otherwise) or House Rent Allowance up to a maximum of 60% of Basic Salary
- (b) Expenditure incurred on gas, electricity and water shall be paid / reimbursed by the company
- (c) Medical Expenses incurred for self and family
- (d) Leave Travel Concession for self & family once in a year to any destination in India or Abroad
- (e) Fee of Clubs (subject to maximum 2 nos)

- (f) Premium for Personal Accident Insurance
- (g) Premium for Personal Life Insurance
- (h) Any other perquisites as per Company's Rules within the ceiling perquisites of Rs. 75000/- Per Month

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

#### CATEGORY - B

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

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

#### CATEGORY - C

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

#### 2. Other Terms for additional remuneration:

In addition to the Salary and Perquisites, as specified above, the Managing Director shall be entitled to receive additional remuneration as Special Allowance of Rs. 800000/- per quarter and Commission at such percentage of the Net Profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 based on certain performance criteria to be laid down by the Remuneration Committee and the Board of Directors.

However, the total remuneration payable to him shall not exceed 5% of the Net Profits of the Company for the year and 10% of the Net Profits of the Company, computed in terms of the companies act, 1956, payable to all the Managerial Personnel taken together. The composition, mode and manner of payment of such additional remuneration shall be finalized in consultation with the Managing Director.

Where in any financial year during the currency of term of Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Managing Director, remuneration by way of Salary and Perquisites as specified above as minimum remuneration, subject however to the provisions of Schedule XIII to the Companies Act, 1956 and such approvals as may be required.



The Board of Directors of the Company be and is hereby authorized to alter, vary and modify the terms and conditions of appointment of Shri S. S. Poddar from time to time during the tenure of his appointment as Managing Director of the Company including salary, perquisites and additional remuneration, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Section 198, 309 and all other applicable provisions of the Companies Act, 1956.

The Board of Directors of the Company be and is hereby authorized to settle any questions, doubts or difficulties and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution without

being required to seek further approval of the Members and the approval of the Members shall be deemed to have been given thereto expressly by the authority of this resolution.

In the event of any amendment in Schedule XIII of the Companies Act, 1956 the limit as specified in revised schedule shall be applicable".

**Registered Office:**

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

**By order of the Board**

**NAVIN JAIN**  
COMPANY SECRETARY

**DATE: 6th August, 2013**

**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 11.09.2013 to 17.09.2013 (both days inclusive)
4. Details of Smt. Mahima P. Agarwal, 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 Dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or after 01.10.2013 as under:
  - a) To all Beneficial Owners in respect of shares held in dematerialized 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 10.09.2013;
  - 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 10.09.2013.
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 Twenty Second Annual General Meeting.
9. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 25, 2012 (date of last Annual General Meeting) on the website of the Company ([www.poddarpigments.com](http://www.poddarpigments.com)), as also on the Ministry of Corporate Affairs website.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Link Intime India Pvt. Ltd.



## ANNEXURE TO NOTICE

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

### Item No. 5

The present tenure of appointment of Shri S. S. Poddar, Managing Director expires on 30.09.2013 and the Remuneration Committee of the Board, at its meeting held on 23.07.2013, recommended the payment of revised remuneration for remaining term of appointment i.e. from 01.04.2013 to 30.09.2013 and for re-appointment of Shri S. S. Poddar as Managing Director for a further period of Three Years from 01.10.2013 to 30.09.2016.

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

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

### I GENERAL INFORMATION

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

Particulars for the financial year ended 31.03.2013	Rs. in lacs
Revenue Receipts including other Income	30236
Operating Profit (before finance cost, Depreciation and Tax)	2194
Profit Before Tax	1753

- Export Performance and net foreign exchange earning and collaborations :** The earning in Foreign Exchange by Exports & others for the year ended 31.03.2013 was Rs. 7655 lacs.
- Foreign investment of collaborators, if any :**  
Not Applicable

### II INFORMATION ABOUT THE MANAGING DIRECTOR

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

Shri S.S. Poddar, a graduate Engineer, aged 64 years is the Managing Director of Company since 01.07.1994. He has wide industrial experience spanning over 41 years. The company has progressed substantially under his leadership.

#### 2. Past Remuneration :

The last remuneration of Shri S.S. Poddar approved by the Members of the company at their Annual General Meeting held on 21.08.2010 is as under :

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

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

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

#### 4. Remuneration Proposed :

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 23.07.2013 and 06.08.2013 approved the terms of remuneration for remaining period of present appointment i.e. 01.04.2013 to 30.09.2013 and the re-appointment for a 3 years tenure of Shri S. S. Poddar commencing from 1st October, 2013 as under :

- Basic Salary : Rs. 275000/- P.M.
- Special Allowance : Subject to Maximum of Rs. 800000/- per quarter
- Commission : at such percentage of Net Profit as calculated under section 309(5) of the Companies Act, 1956.
- Perquisites : Rs. 75000/- P.M.

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

The executive' remuneration in the industry had risen substantially over past few years. Appreciating this, the Central Government had raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial person. The "Remuneration Committee" constituted by the Board in terms of the said Schedule perused the remuneration of managerial persons in the industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Shri S. S. Poddar before





approving the remuneration as proposed herein before.

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

Besides the remuneration proposed, Shri S. S. Poddar does not have any pecuniary relationship with the company. Smt. Mahima P. Agarwal, Director of the Company is daughter of Shri S. S. Poddar.

**III OTHER INFORMATION**

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

The Masterbatch Industry is high-tech in nature and requires continuous R&D, both on the existing product lines as well as on new product development to not just maintain, but also to expand its market share. Increased competition in the industry, coupled with the increase in cost of imported raw-materials and other inputs is creating pressure on margins. During the coming year, the Company may have inadequate profits in terms of Section 349 & 350 of the Companies Act, 1956.

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

With a view to improve overall profitability and the financial health of the company, major steps have been taken, which inter-alia include reduction in interest costs, major marketing re-structuring for exports, reduction in production cost through implementation of energy saving measures, sourcing of cheaper raw materials, increase in productivity through better combination of product mix, increase in the product range to cater to the requirements of different segments

and strengthening of the R&D division on continuous basis. The direct exports of the Company have increased by 35.86% in the year 2012-13 over the previous year. In current financial year, the company expects further increase in turnover and profits.

The proposed remuneration of Shri S. S. Poddar has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 23.07.2013. The Company has not made any default in payment of any of its debts specified or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person. The Company has no deposit / outstanding deposit. The specified information required to be given to the shareholders alongwith the Notice is given herewith in the preceding paragraphs. The Resolution is therefore recommended by the Board of Directors to the shareholders to be passed as a Special Resolution.

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

None of the Directors, except Shri S. S. Poddar, being the Managing Director and Smt. Mahima P. Agarwal being relative of Shri S. S. Poddar is concerned or interested in this resolution.

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

**By order of the Board**  
  
**NAVIN JAIN**  
COMPANY SECRETARY

**DATE: 6th August, 2013**





## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Twenty Second Annual Report on the business and operations of the Company, together with the Audited Financial Statement for the year ended 31st March, 2013.

### FINANCIAL RESULTS

[Rs. in Lacs]

Particulars	2012-2013	2011-2012
Revenue Receipts	30043	23930
Other Income	193	113
Total Revenue Receipts		
including other income	30236	24043
Operating Profit before Finance		
Cost, Depreciation & Tax	2194	2085
Loss on sale of Investments	(7)	(194)
Less : Finance Cost	169	179
Depreciation	265	270
<b>Profit before tax</b>	<b>1753</b>	<b>1442</b>
Less : – Current Tax	471	393
– Tax in respect of earlier years	(1)	-
– Deferred Tax	4	65
<b>Profit after tax</b>	<b>1279</b>	<b>984</b>
Balance brought forward from		
previous year	500	397
Profit available for appropriations	1779	1381
<b>APPROPRIATIONS</b>		
Proposed Dividend on Equity Shares	212	212
Tax on Dividend	36	35
General Reserve	955	634
Balance Carried to Balance Sheet	576	500

### OPERATIONS

The global economy in the Financial Year 2012-13 improved slowly, but was short of expectations. Several European economies experienced recession due to high unemployment, banking fragility, fiscal tightening and sluggish growth. Deceleration in industrial output and exports weakened India's economic growth significantly.

The economic environment in 2012-13 has been tough and the growth in India moderated for one more year. There were various internal and external factors that played a role. The effect of the uncertainty and recessionary trends in the global economies was compounded by the complexity in the domestic environment.

During the year under review the Company performed well in all areas of its operations with impressive top line growth and consistent earnings, reflecting the effective corporate strategy of creating multiple drivers of growth. The Company has maintained its leadership, due to continuous thrust on Research,

Development and Technology up-gradation and is expected to further improve its performance in forthcoming years.

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. 30043 lacs as against Rs. 23930 lacs in the previous year, registering an increase of 25.54% over the previous year. The growth in sales volume in spite of subdued economical scenario was made possible with more focus on value added products.

### EXPORT

Your Company has also improved its performance in Exports and achieved direct export turnover of Rs. 7580 lacs as against Rs. 5580 lacs in previous year, registering an increase of 35.84%. Your Company Exports to more than 25 countries around the Globe.

### DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend a dividend of Rs. 2/- per share for the year 2012-13, subject to the members' approval. The dividend on the Equity Shares, if approved by the members, would involve a cash outflow of Rs. 248.26 Lacs including dividend tax for the year 2012-13.

### MARKETING

Through consistent efforts in maintaining and improving the international quality standards, your Company has found satisfactory demand for its products. 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 in the current year. Your Company will continue to seek new markets while consolidating its hold over the existing customers.

### RESEARCH AND DEVELOPMENT

Your company continues to benefit from the strong foundation and long tradition of Research and Development (R&D) which differentiate us from many others.

In an increasingly competitive business environment, your Company recognizes the importance of Research & Development (R&D) to maintain its leadership position. Your Company has, over the years, invested significantly in its Research & Development (R&D) facility, as a key source of sustainable competitive advantage.

The R & D division of your Company, located at its plant (recognized by the Department of Science and Industrial Research (DSIR), Government of India, as an In-House R&D Unit), constantly endeavors to innovate and change the product-mix/process, to create higher value items at lower costs and to widen its range of new generation masterbatches. Its R&D efforts aim at ensuring cost optimization and environment protection. It strives to leverage modern advances in science and technology and blend the same with classical concepts of product development.

The R&D division of your company is equipped with state-of-the-



art testing equipments. These equipments are used to test dispersion, filterability, mechanical, rheological, thermal, optical & colorist properties of incoming raw materials and outgoing finished products. Tests are carried out conforming to internationally accepted test methods.

### QUALITY INITIATIVES

Your Company is committed to produce and deliver zero-defect Masterbatches. It also endeavors to achieve consistent customer satisfaction by implementing and meeting the ISO 9001:2008 QMS requirements. Constant Interaction with Customers, Optimum utilization of resources and Training & Education of Employees are carried out in order to ensure that your company attains its goals.

### 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/A1 assigned by CRISIL for its working capital borrowings which signifies strong degree of safety regarding timely payment.

### DIRECTORS

Smt. Mahima P. Agarwal, retires by rotation at the ensuing Annual General Meeting pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company and, being eligible, offers herself for re-appointment.

### CORPORATE GOVERNANCE

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

The report on Corporate Governance (in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges), 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 Director and Senior Management Personnel have reaffirmed their compliance with the code of conduct

### DEPOSITS

The company has neither accepted any deposits during the year under review, nor does it have 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 are eligible for re-appointment. They have furnished a Certificate to the effect that the re-

appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956 and have confirmed their eligibility and willingness to accept office, if re-appointed.

### COST AUDITORS

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circular No. 15/2011 dated April 11, 2011, (as amended vide General Circular No. 36/2012 dated 6th November, 2012) subject to the approval of the Central Government, the Audit Committee has recommended and the Board of Directors had appointed M/s. K. G. Goyal & Associates, Cost Accountants, Jaipur (Registration No. 000024) being eligible and having sought appointment, as Cost Auditors of the Company to carry out the Cost Audit of all the products manufactured by the Company for the year ended March, 2013.

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

Your Company is continuously on the lookout 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 compliance with applicable laws and regulations.

Your Company has Safety Committee, 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. Your company attaches utmost importance to safety. The only acceptable standard of safety performance for your company is "zero accidents". Safety education and training is 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 the 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.

### GO GREEN INITIATIVE

The Ministry of Corporate Affairs, Government of India, through its Circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send the Annual Reports and other official documents to their shareholders electronically as part of its green initiatives, provided that the email addresses of the shareholders are obtained by the Company from the shareholders. This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a greener environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping the above in view, your Company proposes to send