

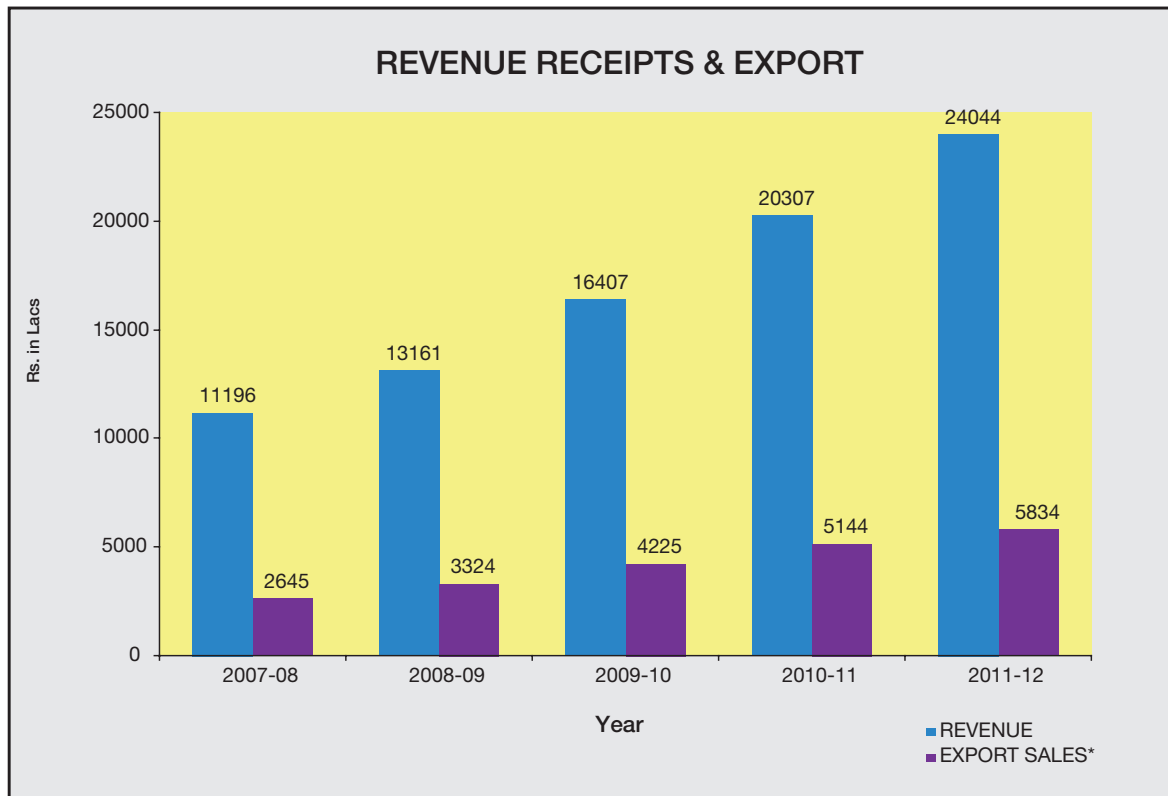


**Poddar Pigments Ltd.**

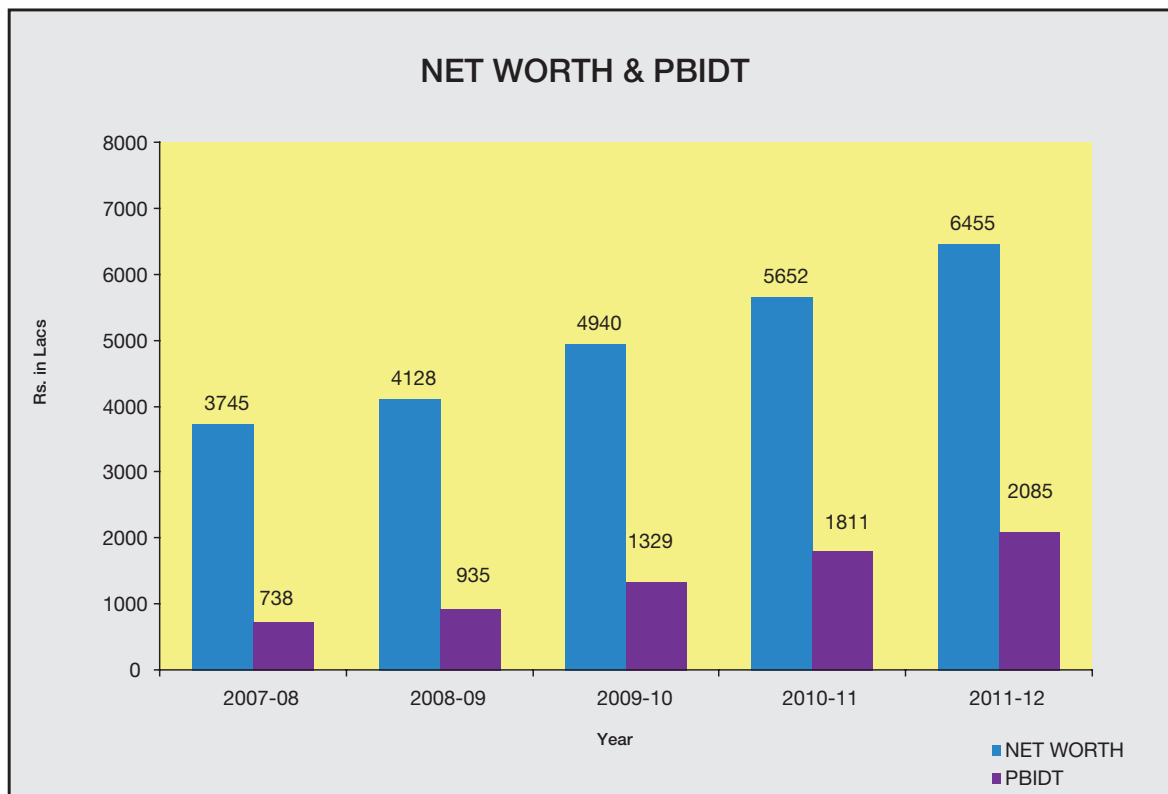
**Annual Report 2011 - 2012**

**Taking a leap  
into a new  
growth curve**





\* Excluding Deemed Export





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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 FIRST 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-302 022 (RAJASTHAN)** on **Tuesday, the 25th September, 2012 at 11:00 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, 2012 and the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To declare a Dividend for the year 2011-12 on Equity Share.
3. To appoint a Director in place of Shri M. K. Sonthalia, who retires by rotation and being eligible, offers himself 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 01.04.2012 to 30.09.2012 and for re-appointment of Shri R. K. Sureka, as Director & CEO of the Company for a period of 3 years from 1st October, 2012 to 30th September, 2015 on the following terms and conditions:

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

1. (i) Basic Salary : Rs. 250000/- 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 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
- (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.100000/- Per Month

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

#### CATEGORY - B

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

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

#### CATEGORY-C

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

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

In addition to the Salary and Perquisites, as specified above, the Director & CEO shall be entitled to receive additional remuneration as Special Allowance of Rs.112500/- per quarter.

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 Director & CEO.

Where in any financial year during the currency of term of Director & CEO, the Company has no profits or its profits are inadequate, the Company shall pay to Director & CEO, 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 R. K. Sureka from time to time during the tenure of his appointment as Director & CEO 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: 7th August, 2012**

**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 19.09.2012 to 25.09.2012 (both days inclusive).
4. Details of Shri M. K. Sonthalia, 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 10.10.2012 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 18.09.2012;
  - 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 18.09.2012.
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 First Annual General Meeting.



## 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 R. K. Sureka, Director & CEO expires on 30.09.2012 and the Remuneration Committee of the Board, at its Meeting held on 11th May, 2012, recommended the payment of revised remuneration for remaining term of appointment i.e. from 01.04.2012 to 30.09.2012 and for the re-appointment of Shri R.K.Sureka as Director & CEO for a further period of Three Years from 01.10.2012 to 30.09.2015.

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

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

Particulars for the financial year ended 31.03.2012	Rs. in lacs
Revenue Receipts including other Income	24044
Operating Profit (before finance cost, Depreciation and Tax)	2085
Profit Before Tax	1442

- Export Performance and net foreign exchange earnings and collaborations:** The earning in Foreign Exchange by Exports & others for the year ended 31.03.2012 was Rs. 5463 lacs.

#### 6. Foreign investment of collaborators, if any:

Not Applicable

### II INFORMATION ABOUT THE DIRECTOR & CEO

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

Shri R. K. Sureka, aged 55 years, is the Director & CEO of Company since 01.06.1999. He is a Fellow member of the Institute of Chartered Accountants of India and the

Institute of Company Secretaries of India. He has vast managerial and Industrial experience of more than 33 years and has worked in very senior positions as a part of his professional career. He has been working with the company for 18 years, controlling the all key functions of the company. The Company has progressed substantially during his tenure.

#### 2. Past Remuneration:

The last remuneration of Shri R. K. Sureka approved by the Members of the Company at their Annual General Meeting held on 04.08.2009 is as under:

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

#### 3. Job Profile and Suitability:

The Director & CEO shall carry-out such duties as may be entrusted to him by the Managing Director and / or the Board from time to time. The Director & CEO shall exercise such powers as may be assigned to him subject to superintendence, control and direction of the Managing Director and/or the Board in connection with and in the best interest of the business of the Company. He is already taking care of all key functions of the organization and has been at the helm of the company for about 18 years, reporting to the Managing Director and to the Board of Directors.

#### 4. Remuneration Proposed:

The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 11th May, 2012 and 7th August, 2012 approved the terms of remuneration for remaining period of present appointment i.e. 01.04.2012 to 30.09.2012 and the re-appointment for a 3 year tenure of Shri R. K. Sureka commencing from 1st October, 2012 as under:

A. Basic Salary	:	Rs. 250000/- P.M.
B. Perquisites	:	Rs. 100000/- P.M.
C. Special Allowance	:	Rs. 112500/- per Quarter

#### 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 R. K. Sureka before approving the remuneration as proposed herein before.



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

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

**III OTHER INFORMATION**

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

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 12.98% in the year 2011-12 over the previous year. In current financial year, the company expects further increase in turnover & profits.

The proposed remuneration of Shri R.K.Sureka has been approved by the Remuneration Committee in terms of Schedule XIII to the Companies Act at its meeting held on 11th May, 2012. 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 R.K.Sureka, being the Director & CEO, 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: 7th August, 2012**





## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Twenty First Report on the business and operations of the Company, together with the Audited Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS

[Rs. in Lacs]

Particulars	2011-2012	2010-2011
Revenue Receipts	23931	20056
Other Income	113	251
Total Revenue Receipts including other income	24044	20307
Operating Profit before Finance Cost, Depreciation & Tax	2085	1811
Loss on sale of Investments	(194)	–
Less: Finance Cost	179	178
Depreciation	270	233
<b>Profit before tax</b>	<b>1442</b>	<b>1400</b>
Less: – Current Tax	393	410
– Deferred Tax	65	34
<b>Profit after tax</b>	<b>984</b>	<b>956</b>
Balance brought forward from previous year	397	1420
Profit available for appropriations	1381	2376
<b>APPROPRIATIONS</b>		
Interim Dividend on Equity Shares	–	159
Proposed Dividend on Equity Shares	212	80
Total Dividend on Equity Shares	212	239
Tax on Dividend	35	40
General Reserve	634	1700
Balance Carried to Balance Sheet	500	397

### OPERATIONS

The global economy has witnessed lower economic growth, barely a year after recession. FY 2011-12 was a challenging year. Despite these constraints and the challenging environment, your company performed reasonably well.

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. 23931 lacs as against Rs. 20056 lacs in the previous year, registering an increase of 19.32% over the previous year.

Your Company has also improved its performance in Exports and achieved direct export turnover of Rs. 5580 lacs as against Rs. 4939 lacs in previous year, registering an increase of 12.98%. Your Company Exports to over 20 countries around the globe.

Your Company posted yet another year of high performance, with impressive top line growth and consistent earnings, reflecting the effective corporate strategy of creating multiple drivers of growth.

### DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval by the members, a dividend of Rs. 2/- per share for the year 2011-12. The dividend on the Equity Shares, if approved by the members, would involve a cash outflow of Rs. 246.63 Lacs, including dividend tax for the year 2011-12.

### 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

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, 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.

**The R & D division of the Company has been recognized by the Department of Science and Industrial Research (DSIR), Government of India, as an In-House R&D Unit on 06.06.2012.**

### 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**

During the year Smt. Kusum Poddar resigned from Directorship w.e.f. 21.07.11 and Shri V.K. Fogla has vacated the office of director w.e.f. 27.08.11. The Board places on record its appreciation for their valuable contribution to the Company.

Further, Smt. Mahima P. Agarwal and Shri Kishore Rungta have been appointed Additional Director of the Company w.e.f. 25.07.11 and confirmed Directors w.e.f. 27.08.11.

Shri M. K. Sonthalia, 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 7th February 2012. 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 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 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 on the look-out 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 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. 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**

Recently, 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.

As a first step, your Company is Printing Annual Report using recycled paper. Keeping the above in view, your Company also proposes to send documents such as the Notice of the Annual General Meeting and Annual Reports henceforth to the shareholders by electronic means, to the e-mail address provided by them and/or made available to the Company by the Depositories. In absence of any communication from the shareholders, the email id in the records of depositories shall be considered as the registered email id of the respective shareholder.

All the shareholders who hold their shares in physical form and whose e-mail address are not available with the Company, may, if they wish to receive the Annual Report in electronic form, please send their email id to njain@poddarpigments.com.