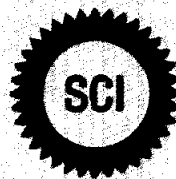


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SUDARSHAN CHEMICAL INDUSTRIES LIMITED

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Registered Office : 162 Wellesley Road, Pune 411 001

NOTICE

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of the Company will be held on Thursday the 20th day of September 2001 at 10.30 a.m. at Pudumjee Hall, Maharashtra Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune 411 002 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended on 31st March 2001 and the Balance Sheet as at that date together with Auditors' Report thereon and the Report of the Board of Directors.
2. To declare dividend for the year ended on 31st March 2001.
3. To appoint a Director in place of Mr. T. Miyashita who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Bansi S. Mehta who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary resolution :

RESOLVED THAT pursuant to the provisions of section 262 of the Companies Act, 1956, Mr. H. Asano who was appointed as a Director to fill in the casual vacancy caused by the withdrawal of nomination of Mr. H. Ando, Director by Dainippon Ink and Chemicals Inc., Japan and who holds office until the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company.

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Explanatory Statement as required by Section 173 of the Companies Act, 1956 for the Special Business mentioned in this notice is given below.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 1st September 2001 to 20th September 2001 (both days inclusive).
- (d) Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed dividends upto the Accounting Year ended on 30th June 1994 have been transferred to the General Revenue Account of the Central Government. Members are requested to claim the same from the Registrar of Companies, Pune, Maharashtra.
- (e) It may be in the interest of Members to hold securities in joint names.
- (f) The Companies Act, 1956 has been amended by inserting Section 109A to facilitate nomination by member/s (only individuals) holding shares singly or jointly. Member/s desirous of registering his/her/their nomination is/are requested to send the nomination in Form No.2B in duplicate duly filled and signed.
- (g) Members holding shares in different folios may approach the Company for consolidation of ledger folios into one.
- (h) Members are requested to notify immediately their Bank details and any change in their address.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

- (i) Members/Proxies are requested to bring their copies of the Annual Report as extra copies of the Annual Report will not be available at the time of the Annual General Meeting.

that the information required can be readily made available at the meeting, to the best extent possible.

By Order of the Board of Directors
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

- (j) Members desirous of getting any information about the accounts of the Company are requested to address their queries to the Vice President & Secretary of the Company at least seven days before the date of the meeting, so

N. J. RATHI
VICE PRESIDENT & SECRETARY

Pune, 29th June 2001

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

In conformity with the provisions of Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to the special business mentioned in the Notice and should be taken as forming part of the Notice.

Mr. H. Asano is Production General Manager at DIC. The knowledge and experience of Mr. H. Asano are of immense benefit to the Company. Resolution at item no. 6 is therefore proposed for the appointment of Mr. H. Asano as Director of the Company.

Item No. 6 :

All the Directors of DIC may be deemed to be concerned or interested in the passing of the above resolution.

The nomination of Mr. H. Ando , Director was withdrawn by Dainippon Ink and Chemicals Inc., Japan (DIC) . The resultant casual vacancy was filled by the appointment of Mr. H. Asano as Director. Mr. H. Asano holds office until the conclusion of this Annual General Meeting.

By Order of the Board of Directors
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Notice under section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member signifying his intention to propose the candidature of Mr.H. Asano to the office of Director.

N. J. RATHI
VICE PRESIDENT & SECRETARY

Pune, 29th June 2001

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

FIFTIETH ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Dr. Ramwilas Jagannath Rath	Executive Chairman
Mr. Takeshi Kumagai	
Alternate - Mr. Jun Sakai	
Dr. Koji Oe	
Alternate - Mr. Tsuguo Tomiyama	
Mr. Takashi Miyashita	
Alternate - Mr. Masayoshi Takahashi	
Mr. Hironobu Asano	
Alternate - Mr. Toshio Tanaka	
Dr. Neelkanth Annappa Kalyani	
Mr. Bansibhai Sunderlal Mehta	
Mr. Pralhad Parsram Chhabria	
Mr. Dara Nadirshaw Damania	
Mr. Shrikrishna Narhar Inamdar	
Mrs. Anupama Vinay Ranade	Nominee of ICICI
Mr. Balkrishna Jagannath Rath	Vice Chairman
Mr. Kishor Laxminarayan Rath	Managing Director
Mr. Pradeep Ramwilas Rath	Managing Director

VICE PRESIDENT & SECRETARY

Mr. Narayandas Jagannath Rath

BANKERS

Bank of Maharashtra
State Bank of India
Bank of Baroda
Sumitomo Mitsui Banking Corporation
ICICI Bank Ltd.
HDFC Bank Ltd.

AUDITORS

M/s. B. K. Khare & Company
Chartered Accountants

REGISTERED OFFICE

162 Wellesley Road,
Pune 411 001 (India)
Phone : (020) 6127334
Gram : RANGSUNDAR, PUNE
Email : scil@giaspn01.vsnl.net.in
Fax : (020) 6125900

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS : 2000-2001

Your Directors have pleasure in presenting their 50th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March 2001.

1. FINANCIAL HIGHLIGHTS :

	2000-2001 (Rupees in million)	1999-2000 (Rupees in million)
Gross Sales and Other Income	2347.59	2359.70
Gross Profit	153.41	195.51
Less: Depreciation	112.40	98.34
Profit before Tax and contingencies written back	41.01	97.17
Add : Provision for contingencies written back as no longer required	10.86	—
	51.87	97.17
Less: Provision for Taxation	5.00	20.00
Profit after Tax	46.87	77.17
Add :		
(i) Surplus in Profit & Loss Account as per last Balance Sheet	102.44	83.32
(ii) Transferred from Investment Allowance (utilised) Reserve	15.00	10.00
(iii) Transferred from Debenture Redemption Reserve	77.50	15.00
Net Profit available for appropriation	241.81	185.49
Appropriations		
(i) Interim Dividend (Previous year @ 30%)	—	20.77
(ii) Proposed Dividend (Previous year nil)	20.77	—
(iii) Income Tax on Dividend	2.12	2.28
(iv) General Reserve	80.00	60.00
	102.89	83.05
Balance to be carried forward	138.92	102.44

2. THE YEAR IN RETROSPECT :

(A) Sales :

The year under review saw a decrease in revenues and profitability of the Company. Gross Revenue for the year ended on 31st March 2001 was Rs.2348 million as compared to Rs. 2360 million for the previous year. The Net Profit after tax for the year under review has also decreased from Rs.77.17 million to Rs.46.87 million. In case of Agro Chemicals division, the Company had adopted strict credit control measures. This, coupled with erratic monsoon in A.P., Gujarat, W.Bengal and parts of Maharashtra and M.P. adversely affected the profitability of Agro Chemicals Division.

The Company could record satisfactory performance, despite the complex economic scenario characterized by stagnant sales, falling

prices coupled with irregular rainfall, thanks to the stringent internal controls resulting in among others, reduction in costs including interest costs.

(B) Exports :

Revenues from Exports for the year ended on 31st March 2001 amounted to Rs. 589 million as against Rs. 576 million for the previous year.

The Chinese threat continues to loom large over the export market with their aggressive product pricing and credit terms. The Company has evolved a strategy to enter into strategic tie ups with overseas companies for exporting the Company's products. Plans are also on the anvil to develop new value added products aimed at the export market.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**3. DIVIDEND :**

Your Directors are pleased to recommend Annual Dividend at 30%. This entails an outflow of Rs.20.77 million. In addition the Company will bear 10% income tax and surcharge thereon on the proposed dividend.

4. DIRECTORS :

Mr. T. Miyashita and Mr. Banshi S. Mehta, Directors of the Company are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Dr. Koji Oe and Mr. H Asano were appointed as Directors in the casual vacancy caused by the withdrawal of nomination of Mr. Y. Kawamura and Mr. H. Ando respectively by Dainippon Ink and Chemicals Inc., Japan (DIC). Dr. Koji Oe is Director of DIC and Mr. H. Asano is Production General Manager at DIC. Their long standing experience and knowledge are of advantage to the Company.

Mr. H. Ando, in whose place Mr. H. Asano was appointed as a Director was due to retire at the Annual General Meeting. Notice has been received from a member proposing the candidature of Mr. H. Asano for the office of a Director.

The Board of Directors, therefore, recommend his appointment as a Director of the Company.

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 :

- (i) that in the preparation of accounts for the financial year ended on 31st March 2001, 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 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 at the end of financial year and of the Profit and Loss Account of the Company for the year under review;
- (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 for the year under review on a going concern basis.

6. AUDIT COMMITTEE :

Pursuant to the provisions of section 292A of the Companies Act, 1956, the Board of Directors have constituted an Audit Committee comprising of the following Directors:

- | | | | |
|-------|---------------------|---|-------------------|
| (i) | Mr. Banshi S. Mehta | - | Chairman |
| (ii) | Mr. S. N. Inamdar | - | Director |
| (iii) | Dr. N. A. Kalyani | - | Director |
| (iv) | Mr. P. R. Rath | - | Managing Director |

7. CORPORATE GOVERNANCE :

Pursuant to clause 49 of the Listing Agreement, the Company is required to comply with the provisions relating to Corporate Governance not later than 31st March 2002. Steps are being taken to ensure that the Company is fully compliant by the end of the current financial year.

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

Information in accordance with Section 217(1) 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.

9. HUMAN RESOURCES & EMPLOYEE RELATIONS:

During the year under review your Company undertook a number of programmes aimed at improving the quality of human resources available within the Company. The objective is to develop a learning culture by developing technical and non technical competence with a view to facilitate people to sharpen their core competence skills. The Company has also introduced Performance Review Management System at all levels with the aim of improving individual performance. Increasing thrust is also being given to the use of Information Technology to improve productivity.

Particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 are annexed and forms an integral part of this Report.

10. FIXED DEPOSITS :

During the year under review, the Company accepted deposits amounting to Rs. 20.12 million from the public. The total amount of deposits at the end of March 2001 stood at Rs. 85.35 million.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Out of the deposits amounting to Rs.0.86 million from 101 Depositors, which fell due for repayment but were unclaimed before 31st March 2001, an amount of Rs.0.36 million was subsequently renewed/claimed by the Depositholders. Balance amount of Rs.0.50 million from 64 Depositors remains unclaimed.

11. AUDITORS :

M/s. B.K. Khare & Co., Auditors of the Company are due to retire at the ensuing Annual General Meeting. Members are requested to reappoint them and to fix their remuneration.

12. QUALITY, SAFETY & ENVIRONMENT :

In these difficult and competitive times what differentiates a Company from others is the ability to produce quality goods that satisfy customer preferences and that too at affordable prices. Today as we cross the milestone of Fifty golden and eventful years, we reaffirm our commitment to customers to deliver cost effective quality products that are acceptable to them. Keeping in mind the need to reposition itself closer to customers and suppliers, the Company plans to extend the SAP R/3 Enterprise Resource Planning version to cover Customer Relationship Management and Supply Chain Management modules.

The Board of Directors are also pleased to inform that during the year, your Company has received the prestigious ISO 9001 re-certification in respect of its Pigment Division by Bureau Veritas Quality International (BVQI). This is due to the dedicated efforts of the employees and continuous stress laid by the Company on Total Quality Management (TQM).

Safety and Environment aspects continue to be a focal area for your Company. Members will appreciate that last year the Mahad factory was bestowed with the "Top Excellence Safety Award" from about 150 companies all over the country. To follow it up, this year Mahad factory has been awarded the coveted ISO 14000 certification by Bureau Veritas Quality International (BVQI), which reconfirms the emphasis given by the Company to safety and environment aspects and strict

adherence to safety and environment standards. This is a creditable achievement for the Company for which we are indeed very proud. Plans are in progress to go in for ISO 14000 certification for our Pune and Roha factories.

13. OUTLOOK FOR THE FUTURE :

The first quarter of the current year points towards a downturn in the manufacturing sector with a negative growth in terms of GDP. However, India primarily being an agrarian economy and monsoon centric, the forecast of a normal monsoon holds promise. Your Company is fully geared up to face the challenges thrown up by a vibrant economy. In furtherance of this objective, the Company is focussing on economy at all levels of operations, research and development and at the same time emphasising on product quality and total customer satisfaction. This along with other planned measures and a favourable economic situation, should help the Company post better result.

14. APPRECIATION :

Your Directors acknowledge with thanks the valuable technical assistance and guidance of our Joint Venture partner Dainippon Ink & Chemicals Inc., Japan in the working of the Company. Your Directors also record its appreciation of the commitment and support of Employees at all levels and not the least the support of Agents, Distributors and Dealers of the Company.

Your Directors also acknowledge with thanks the co-operation and the assistance given by Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank, HDFC Bank, EXIM Bank, Sumitomo Mitsui Banking Corporation, The Fuji Bank Ltd., ABN Amro Bank, Banque Nationale De Paris, Financial Institutions viz. ICICI, GIC, NIC, OIC, NIA, UII, LIC, UTI, and Army Group Insurance Fund.

For and on behalf of the Board of Directors
For SUDARSHAN CHEMICAL INDUSTRIES LTD.

Pune, 29th June 2001

DR. R. J. RATHI
CHAIRMAN

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

ANNEXURE TO DIRECTORS' REPORT : 2000-2001

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

A. Power and Fuel Consumption :

	2000-2001	1999-2000
1. Electricity		
(a) Purchased		
Units ('000 KWH)	25822	25159
Total Amount (Rs. in million)	105.11	108.93
Rate per unit (Rs.)	4.07	4.33
(b) Own Generation		
Units ('000 KWH)	252	350
Units per litre of diesel oil	3.04	3.63
Cost per unit (Rs.)	5.52	4.56
2. (a) Furnace Oil		
Quantity (K.Litres)	9090	10229
Total Amount (Rs. in million)	86.71	79.97
Average Rate (Rs./K.L.)	9539	7818
(b) LDO/HSD		
Quantity (K. Litres)	448	406
Total Amount (Rs.in million)	6.36	4.04
Average Rate (Rs./K.L.)	14197	9942

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 by the Company are :

- Existing Pigments - Improvement in the quality and modifications to meet the customer's changing requirements.
- New grade of Pigments - Development and market introduction.

(c) Pearl Pigments - Development and introduction of newer grades especially for export.

(d) Pesticides - Newer formulations and pilot plant trials of newer technical Pesticides and Intermediates.

(e) Speciality Chemicals - Development of speciality chemicals.

(f) Cost Reduction by Process improvement and energy saving work.

(g) Pollution Reduction - Specific projects to reduce pollution.

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

- Improvement in productivity and product quality.
- Export promotion and Import substitution.
- Improvement in safety, environment protection and energy saving.
- Cost reduction.
- Introduction of 25 new products.

3. Future plan of action :

Continued stress and efforts in R & D to achieve improvement in productivity, efficiency, quality and reduction in manufacturing cost and pollution.

R & D will be concentrated on Export market requirement in speciality chemicals.

4. Expenditure on R & D for 2000-2001 :

- Capital : Rs. 9.56 million
- Recurring : Rs. 22.17 million
- Total : Rs. 31.73 million
- Total R & D expenditure as a percentage of Total Turnover : 1.35%.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

The technology absorbed from the collaborators and other available sources has been absorbed and effected after making modifications wherever necessary.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**2. Benefits derived as a result of above efforts :**

Benefits derived include improved quality, development of new products, import substitution and cost reduction.

3. Information concerning imported technology :

Technology imported	Year of Import	Status of absorption
For Organic Pigments and Intermediates from M/s. Dainippon Ink & Chemicals Inc., Japan.	1990-91	Absorption on a continuous basis.

4. Foreign Exchange Earnings & Outgo:

- (a) Total Foreign Exchange Earned : Rs. 587.94 million
- (b) Total Foreign Exchange Used : Rs. 131.53 million
- (c) Net Foreign Exchange Earned : Rs. 456.41 million

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

Pune, 29th June 2001

DR.R.J.RATHI
CHAIRMAN



SUDARSHAN CHEMICAL INDUSTRIES 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, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board 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, we report that :
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report, are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 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 Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as on 31st March, 2001
 - and
 - (ii) in so far as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.

For B. K. KHARE & COMPANY
Chartered Accountants

Pune : 29th June, 2001

U. B. JOSHI
Partner