

Notice to Shareholders

61st Annual General Meeting

**on Friday, 10th August, 2012 at Pudumjee Hall,
Maharatta Chamber of Commerce, Industries and Agriculture,
Tilak Road, Pune 411 002.**

NOTICE

NOTICE IS HEREBY GIVEN THAT the 61st Annual General Meeting of the Company will be held on Friday, 10th August, 2012 at 11.30 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 Balance Sheet as at 31st March, 2012, the Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the Company for the year ended 31st March, 2012.
3. To appoint a director in place of Mr. D.N.Damania, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. Sanjay K. Asher, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

NOTES :

- (a) Mr. D.N.Damania, Director and an eminent technocrat and Mr. Sanjay K. Asher, Director and Partner of renowned law firm, Crawford Bayley & Co., Mumbai, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Mr. D.N.Damania, Director holds 93 equity shares of the Company. Mr. Sanjay K. Asher, Director does not hold any equity shares of the Company.

As required under Clause 49 of the Listing Agreement, the information / data to be provided for the retiring Directors are given below :

Mr. D.N.Damania - Other directorships :

Sr. No.	Name of the Company	Board position held
1	ThyssenKrupp Industries (India) Private Limited	Director
2	ThyssenKrupp Fordertechnik GmbH, Germany	Director
3	ThyssenKrupp Elevator (India) Private Limited	Director
4	ThyssenKrupp Engine Components India Private Limited	Director
5	ThyssenKrupp System Engineering India Private Limited	Director
6	Uhde India Private Limited	Director
7	Berco Undercarriages (India) Private Limited	Director
8	KSB Pumps Limited	Director
9	Sanghvi Movers Limited	Director
10	Finolex Industries Limited	Director
11	Poona Medical Foundation	Member of Board of Trustees
12	Sardar Dastur Schools Trust	Trustee and Member of the Board of Management

Mr.D.N.Damania - Committee positions held :

Sr.No.	Name of the Company	Name of the Committee	Position held
1	Sudarshan Chemical Industries Limited	Audit Committee Remuneration Committee Selection Committee	Member Member Member
2	KSB Pumps Limited	Audit Committee Share Transfer Committee	Member Member
3	Sanghvi Movers Limited	Audit Committee Remuneration Committee Shareholders' Grievance Committee	Member Member Member
4	Symbiosis Institute of International Business	Advisory Committee	Chairman

Mr. Sanjay K. Asher - Other directorships :

Sr. No.	Name of the Company	Board position held
1	Bajaj Allianz General Insurance Company Limited	Director
2	Bajaj Allianz Life Insurance Company Limited	Director
3	Finolex Cables Limited	Director
4	Finolex Industries Limited	Director
5	Kryfs Power Components Limited	Director
6	Hoganas India Private Limited	Alternate Director
7	Repro India Limited	Director
8	Sharp India Limited	Director
9	Shree Renuka Sugars Limited	Director
10	Sanghvi Movers Limited	Director
11	Finolex Plasson Industries Private Limited	Director
12	Indofill Elastomer Private Limited	Director
13	Indian Cookery Private Limited	Director
14	Enam Infrastructure Trusteeship Services Private Limited	Director
15	Orbit Electricals Private Limited	Director
16	Innoventive Industries Limited	Director
17	Siporex India Private Limited	Director
18	ValueQb Consulting Private Limited	Director
19	Zinser Textile Systems Private Limited	Director
20	Tribhovandas Bhimji Zaveri Limited	Director
21	Ashok Leyland Limited	Director
22	Balkrishna Industries Limited	Director
23	Paess Industrial Engineers Private Limited	Director
24	LR Scandpower Risk Consultancy Private Limited	Director
25	A.L. Movers Private Limited	Director
26	A.L. Records Management Private Limited	Director

Sr. No.	Name of the Company	Board position held
27	Allied Pickfords India Private Limited	Director
28	Diamant Boart Marketing Private Limited	Director
29	Master Voss International Project Private Limited	Director
30	ArjoHuntleigh Healthcare India Private Limited	Director
31	NV Advisory Services Private Limited	Director
32	Schlafhorst Machines Private Limited	Director
33	Morgan Stanley Investment Management Private Limited	Director
34	Golden Turtle Real Estates Private Limited	Director
35	Mandhana Industries Limited	Director
36	Liza Real Estates Private Limited	Director
37	Royal Orchid Conreal Private Limited	Director
38	HH Print Management India Private Limited	Director

Mr. Sanjay K. Asher - Committee positions held :

Sr.No.	Name of the Company	Name of the Committee	Position held
1	Finolex Cables Limited	Audit Committee Remuneration Committee Share Transfer and Investor Grievance Committee	Member Member Member
2	Repro India Limited	Audit Committee Remuneration Committee	Member Chairman
3	Shree Renuka Sugars Limited	Audit Committee Share Transfer and Investor Grievance Committee Remuneration Committee	Chairman Chairman Member
4	Sharp India Limited	Audit Committee Share Transfer and Investor Grievance Committee Remuneration Committee	Member Chairman Member
5	Ashok Leyland Limited	Audit Committee Shareholders' and Investor Grievance Committee	Member Chairman
6	Mandhana Industries Limited	Audit Committee Remuneration Committee	Member Member
7	Tribhovandas Bhimji Zaveri Limited	Remuneration Committee	Member

- (b) 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.

Annual Report 2011-12

- (c) **The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 30th July, 2012 to Friday, 10th August, 2012 (both days inclusive).**

Pursuant to Section 205A(5) of the Companies Act, 1956 all unclaimed dividends for the Accounting Years ended upto 31st March, 2005 have been transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956. Unclaimed dividends, for subsequent years will also be transferred to the Investor Education and Protection Fund of the Central Government if they remain unclaimed for a period of seven years from the date they became due for payment. **Kindly note that after such date/s i.e. after transfer of unclaimed dividends to the Investor Education and Protection Fund of the Central Government, the members shall not be entitled to claim such dividend.**

- (d) It may be in the interest of Members to hold securities in joint names.
- (e) Members who are still holding the shares in physical form may consider surrendering the shares with the concerned Depository Participant since it is advantageous to hold the shares in demat form.
- (f) Members who hold shares in physical form and wish to avail of the Electronic Credit Services (ECS) facility for payment of dividend are requested to fill the attached form and send the same either to the Company / Link Intime India Private Limited (LIPL) for necessary processing. **The information required should reach the Company / LIPL invariably on or before 28th July, 2012 failing which physical dividend warrants will be issued to the Members for the Financial Year 2011-12.**
- (g) Based on the records available with the Depositories, the Company has tied up with HDFC Bank Limited, 4th Floor, Millenium Towers, Bhandarkar Road, Pune 411004 for payment of dividend for the Financial Year 2011-12 by ECS at all ECS enabled Centres.
- (h) Members who do not wish to avail of the ECS are requested to avail the facility of Dividend mandate to enable despatch of Dividend warrants directly to their bankers for credit of dividend to their accounts.
- (i) Members who wish to dematerialize the shares or seek any information regarding transfer of shares are requested to contact the Company's Registrar and Share Transfer Agents at the following address :

Link Intime India Private Limited
 "Akshay Complex", Block No. 202, 2nd Floor,
 Near Ganesh Temple, Off Dhole Patil Road,
 Pune - 411 001
 Tel.No. 020 – 26160084, 020 – 26161629
 Telefax 020-26163503
 E-mail : pune@linkintime.co.in
 Website : www.linkintime.co.in

- (j) The Company has designated an e-mail address - grievance.redressal@sudarshan.com for timely action on investor complaints. Members are requested to forward their complaints, if any, at the designated e-mail address.
- (k) 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 who are holding the shares in physical form and are desirous of registering his/her/their nomination is/are requested to send the nomination in Form No. 2B duly filled and signed.
- (l) Members holding shares under different folios may approach the Company for consolidation of ledger folios under one folio.
- (m) Members are requested to notify immediately any change in their address / bank account details.
- (n) As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), 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 official documents to their Members electronically. In line with Circular issued by MCA, we are sending the Annual Report, i.e., Notice convening the Annual General Meeting, Financial Statements, Directors' Report, Auditors' Report, etc. for the year ended 31st March, 2012, in electronic form, to the e-mail address registered by Members with us. However, physical copies of Annual Report for the year ended 31st March, 2012 will also be mailed to such Members as a special case.

In case, if the Member has not registered his/her e-mail id with the Company, we once again request you to register the same with us so that we can send you Annual Report and other official documents electronically in the near future.

E-mail for Communication – shares@sudarshan.com

Members are also informed that the full text of these reports shall also be made available in an easily navigable format on our website, www.sudarshan.com. Notwithstanding the electronic communication, in case you wish to receive the reports mentioned above in physical form, please write to us at shares@sudarshan.com. Physical copies of the Annual Report will also be available at our Registered Office in Pune with our Secretarial Department for inspection during office hours up to the date of Annual General Meeting.

- (o) Members / Proxies are requested to bring their copies of the Annual Report as extra copies of the Annual Report will not be made available at the time of the Annual General Meeting.
- (p) Members desirous of getting any information about the accounts of the Company are requested to address their queries to the Company Secretary of the Company. Such requests should be received at least seven days before the date of the meeting, so 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

Pune, May 25, 2012

P.S.RAGHAVAN
COMPANY SECRETARY

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. P. S. Raghavan

BANKERS

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

AUDITORS

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

REGISTERED OFFICE / GLOBAL HEAD OFFICE

162 Wellesley Road,
Pune 411 001, Maharashtra State (India)
Phone : +91 020 26058888
Fax : +91 020 26058222

FACTORIES

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

FINANCIALS AT A GLANCE

Rs. in Lacs

	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008
Income from Operations (Excluding Excise)	74,423	70,712	56,797	45,290	39,579
Profit Before Tax	5,018	7,919	6,579	2,836	1,062
Profit After Tax	3,615	5,581	4,591	1,884	687
Equity share capital	692	692	692	692	692
Net Worth	27,016	24,407	14,847	11,265	10,031
Net Fixed Assets	21,715	13,295	8,663	7,890	7,403
Key financial ratios					
Current Ratio	1.41	1.57	1.55	1.36	1.36
Debt Equity Ratio	1.04	0.80	0.72	0.73	0.97
PBDIT (% to Gross Sales)	11.14	13.79	14.73	11.15	7.69
PAT (% to Gross Sales)	4.56	7.47	7.67	3.84	1.57
Return (PBIT) on Capital Employed %	13.86	19.85	28.67	20.83	10.49
Dividend (Per Share) (Rs)	12.50	12.50	12.50	8.00	3.00
Earnings (Per Share) (Rs)	52.22	80.62	66.32	27.21	9.93

DIRECTORS' REPORT TO THE SHAREHOLDERS : 2011 - 2012

Your Directors are pleased to present the 61st Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2012.

1. FINANCIAL HIGHLIGHTS :

Particulars	2011-2012 (Rupees in million)	2010-2011 (Rupees in million)
Sales and Other Income	7522.18	7120.11
Gross Profit	673.33	924.07
Less : Depreciation	171.48	132.14
Profit before Tax and Contingencies Written Back	501.85	791.93
Less : Provision for Taxation	140.34	233.82
Profit after Tax	361.51	558.11
Add : Surplus in Profit & Loss Account as per last Balance Sheet	421.73	364.19
Net Profit available for appropriation	783.24	922.30
Appropriations		
(1) Dividend proposed @ 12.50 per share on the face value of Rs. 10/- (125 %) (previous year dividend paid @ 125%)	86.53	86.53
(2) Tax on Dividend	14.04	14.04
(3) General Reserve	200.00	400.00
Total	300.57	500.57
Balance to be carried forward	482.67	421.73

2. THE YEAR IN RETROSPECT :

BACKGROUND :

The domestic business environment was challenging. Slowdown in demand coupled with high inflation led to higher input costs affecting growth and profitability. The global Pigment market continued to be under pressure resulting in a slump in demand which led to a reduction in exports and profits.

Given the challenging economic conditions, the results achieved for the year ended 31st March, 2012 are considered satisfactory.

(A) SALES :

Gross Revenue for the year ended 31st March, 2012 amounted to Rs. 7522 million as against Rs. 7120 million achieved during the previous year. Profit after tax for the year ended 31st March, 2012 was Rs. 361 million as against Rs. 558 million earned during the previous year. Profitability was under pressure on account of higher interests costs owing to the ongoing capital expenditure programme and on account of rising input costs, part of which had to be absorbed by the Company.

Pigment sales rose from Rs. 6237 million in the previous year to Rs. 6647 million in the year under review. Profits from the Pigment Division for the year under review amounted to Rs. 869 million as compared to Rs. 950 million of the previous year.

Agro Sales for the year ended 31st March, 2012 amounted to Rs. 795 million as against Rs. 834 million achieved during the previous year. Profits from the Agro Division for the year under review amounted to Rs. 34.58 million as compared to Rs. 64 million of the previous year.

(B) EXPORTS :

The Company's subsidiaries in The Netherlands and North America continue to make aggressive efforts to tap new markets and key customers. The Company has also recently set up a Representative Office in China to tap new markets in the Asia Pacific region and also provide better service to key customers.

Members are aware that the Company has acquired from Eckart, GmbH and its Affiliates the natural mica based pearlescent business for cosmetics sold under the brand "Prestige" and "Flonac C" giving a boost to the cosmetic products portfolio.

All these measures are expected to give a fillip to the Company's efforts to further consolidate its position in the export market.

Revenue from exports for the year ended 31st March, 2012 amounted to Rs. 2746 million as against Rs. 2667 million for the previous year registering a marginal growth.

3. DIVIDEND :

Considering the overall performance of the Company, the Directors recommend maintaining, subject to approval of the members, a dividend of Rs. 12.50 per share on the face value of Rs. 10/- (125%) for the year ended 31st March, 2012. The total outgo on account of dividend @ 125% and dividend distribution tax @ 16.22% will be Rs. 100.57 million for the year under review.

4. DIRECTORS :

Mr.D.N.Damania and Mr.S.K.Asher, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) in the preparation of accounts for the Financial Year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and have applied them consistently, made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the Profit of the Company for the year under review ;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts for the year under review on a going concern basis.

6. SUBSIDIARY COMPANIES :

During the year under review, the Company's overseas subsidiaries have shown an improved performance in sales. With continued focus on staffing, building an efficient sales and distribution network and tapping key customers, the subsidiaries are expected to record better performance.

The other Wholly Owned Indian Subsidiary, Prescient Color Ltd., has recorded improved financial performance with good growth in Sales and Profit. The present scenario looks encouraging with indications of Prescient Color Limited recording a better performance in the current year.

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

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

The Annual Accounts of the aforesaid Subsidiary Companies for the year ended 31st March, 2012 will be made available to shareholders of the Company on request and will also be available for inspection at the Registered Office of the Company during working hours till the date of the Annual General Meeting. The Annual Accounts of the aforesaid Subsidiary Companies and the related detailed information will also be made available to the investors seeking such information at any point of time.

8. CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with the requirements of Accounting Standard AS-21, the Consolidated Financial Statements of the Company and it's Subsidiaries are annexed and forms part of the Annual Report.

9. CORPORATE GOVERNANCE :

Your Company has always endeavoured to set up appropriate standards of Corporate Governance keeping in mind the requirements of the statute. The Board is pleased to inform you that the Company has complied with the mandatory requirements of Corporate Governance as detailed in Clause 49 of the Listing Agreement.

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

10. COST AUDIT :

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

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

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

12. INDUSTRIAL RELATIONS :

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

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

13. HUMAN RESOURCES :

The key to the success of the Company lies in its people whose skills, expertise and talent help the Company to achieve and sustain its market position. The Company involves its employees at all levels in personal development programmes and provides requisite training at regular intervals. The process of improving organizational and human capability continues through competency mapping, development of leadership skills and building of talent for the future. HR systems were also improved, refined and upgraded to align with organizational objectives.

14. FIXED DEPOSITS :

During the year under review, the Company accepted deposits amounting to Rs. 4.75 million from the public. The total amount of deposits at the end of 31st March, 2012 stood at Rs. 175.25 million.

Out of the deposits an amount of Rs. 0.01 million from 1 Depositor, which fell due for repayment, but which remained unclaimed before 31st March 2012, still remains unclaimed as on date of this report.

15. AUDITORS :

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

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

The Company attaches the highest priority to the safety of employees, independent contractors who work within Company premises and above all, the safety of the neighbouring community. The Company believes that protection of the environment is of utmost importance and has made environmental protection initiatives an integral part of it's corporate culture.

In order to uphold commitments to the Environment, Health & Safety (EHS) of employees and the community around the factory, the Company has upgraded and implemented EHS standards. These standards have been used to support the implementation of EHS Policy and the Responsible Care Management System (RCMS).

The Board is pleased to inform you that Roha & Mahad sites have achieved successful up-gradation and implementation of Safety Management Systems as per the British Safety Council's guidelines, as well as, OHSAS 18001:2007 & ISO 14001:2004 standards.

In order to continuously improve EHS related activities, internal audits are regularly carried out at the plants for effecting improvements and initiating new measures.

During the year, the Company has further consolidated its position through compliance of recommendations arising out of various national & international safety audits conducted in the financial year. Safety audits by BVC, BMG & other statutory bodies were also conducted. This has further strengthened the existing safety management system at the plants.

A three-year EHS Improvement Plan has been formulated by EHS Leadership Team in consultation with senior business leaders. The highlights of this plan are integrated into the business plan and are an essential part of specific business goals. The EHS Improvement Plan and business goals are reviewed annually and upgraded in order to achieve continuous improvement.

17. CORPORATE SOCIAL RESPONSIBILITY :

As a responsible corporate citizen, the Company continues its efforts to meet the Environmental, Health & Safety expectations of its neighbours. Tree plantation, waste management (vermiculture), self employment development, emergency preparedness & response plan & environment control initiatives continue to be an integral part in the overall objective to make the neighbourhood and the community a better place to live.

Another initiative in this direction is the SUDHA movement started by the Company to involve its people and the community around, to create better living conditions. SUDHA is mainly driven by woman power within the Company aimed at reaching out to women, children and the under privileged sections of society. The initiative was launched in August, 2011. Around 150 spouses of employees from Roha participated in the official launch on August 11, 2011. A team of dedicated volunteers have been enrolled in four different projects viz. Jagruti, Udaan, Phulora and Jivika. All these projects have taken off successfully.

18. RESEARCH AND DEVELOPMENT :

The Company recognizes the need to have well equipped R & D Facilities to meet customer requirements and to develop cutting edge products. Members are aware that the Company has spruced up its R & D facilities at Sutarwadi, Dist. Pune and Roha, Dist. Raigad. The Company has spent Rs. 101.48 million during the year under report on research and development. The Ministry of Science and Technology, New Delhi, on behalf of Govt. of India vide letter dated 2nd April, 2012 has recognized our in house R & D facilities at Roha, Dist. Raigad and Ambadvet, Amrlevadi, Tal. Mulshi, Dist. Pune for a further period of 4 years i.e. upto 31st March, 2016.

19. RECOGNITION :

The Board is pleased to announce that the Company has received the following awards :

1. Roha unit has been recognized by the Federation of Indian Chambers of Commerce & Industry (FICCI) for its excellent performance in Safety by awarding the Silver prize in the large scale category - 'Safety Excellence Award 2011'.
2. Roha unit has also been recognized by the National Safety Council – Maharashtra Chapter for meritorious performance in industrial safety for the year 2010.
3. The Five Star Safety Award for the Company's Roha and Mahad plants from the British Safety Council, U.K.
4. Receipt of Awards from the Dyestuffs Manufacturers Association of India (DMAI) for the year 2011-12 for :
 - i. Excellent performance in Pollution Control for Large Scale Unit.
 - ii. Excellent performance in Safety and Hazards Control (2nd Award for Large Scale Unit).
 - iii. Excellent performance in respect of Export of Pigments of a Large Scale Unit.

20. OUTLOOK FOR THE FUTURE :

The domestic demand for Pigments continues to be sluggish and the rising input costs on account of inflationary conditions, coupled with the adverse foreign currency situation does not augur well for the Company. The Pigment export market even though still reeling under sluggish demand prevailing in the US and European markets looks promising as the Company's overseas subsidiaries and the China Representative Office are fully geared up to overcome the market complexities by tapping into new markets.

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

21. APPRECIATION :

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

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

Pune, 25th May, 2012

K.L.RATHI
EXECUTIVE CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT : 2011 - 2012

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

A. Power and Fuel Consumption :

Particulars	2011-2012	2010-2011
1. Electricity		
(a) Purchased		
Units('000 KWH)	44794	44437
Total amount (Rs. in million)	297.22	256.66
Rate per unit (Rs)	6.64	5.78
(b) Own Generation		
Units('000KWH)	230.34	124
Units per litre of diesel oil	3.30	3.34
Cost per unit (Rs.)	12.57	12.06
2. (a) Furnace Oil		
Quantity (Tonnes)	1077	1477
Total amount (Rs. in million)	38.72	39.67
Average Rate(Rs./Ton)	35946	26851
(b) LDO		
Quantity(K. Litres)	44	38
Total amount (Rs. in million)	2.32	1.55
Average Rate(Rs. K.L.)	52432	40386
(c) Coal		
Quantity (Tonnes)	30083	28410
Total amount (Rs.in million)	182.99	153.28
Average Rate (Rs./Ton)	6083	5395
(d) HSD		
Quantity (K.Litres)	24.39	62
Total amount (Rs.in million)	1.06	2.49
Average Rate (Rs./Ton)	43475	40293
(e) LPG		
Quantity (Tonnes)	30	33
Total amount (Rs.in million)	1.64	1.48
Average Rate (Rs./Ton)	52432	44937

B. Consumption per unit of Production :

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

FORM B – DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :**RESEARCH & DEVELOPMENT (R & D)****1. Specific areas in which R & D has been carried out are :**

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

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

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

3. Future plan of action :

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

4. Expenditure on R & D for 2011- 2012 :

(a) Capital	:	Rs.	25.03	million
(b) Recurring	:	Rs.	76.45	million
(c) Total	:	Rs.	101.48	million

5. Foreign Exchange Earnings & Outgo :

(a) Total Foreign Exchange Earned	:	Rs.	3129.66	million
(b) Total Foreign Exchange Used	:	Rs.	1244.79	million
(c) Net Foreign Exchange Earned	:	Rs.	1884.87	million

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

Pune, 25th May, 2012

K.L.RATHI
EXECUTIVE CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS 2011-12

Business Overview

The Economic downturn which affected developed economies has not shown any significant signs of improvement. The Business environment continues to be extremely challenging on account of a slump in demand, fall in industrial production and above all the Euro debt crisis which seems to engulf the whole of the European Union with its cascading effect, threatening to derail other developed economies. The Indian economy continues to battle rising input costs, adverse foreign exchange situation, tight credit conditions and a slump in demand, all of which have had a negative impact on growth.

Financial and Operational Performance

The Company, in the background of difficult market conditions, both international and domestic, could only post marginal improvement in Sales. Profits were also under pressure on account of rising input costs, primarily on account of the rise in crude oil prices, increase in interest costs on account of ongoing capital expenditure and other operating costs. Of the total sales revenue of Rs. 7522 Million achieved during the year, 36% is contributed by exports of Pigments.

During the year under review the Company has acquired from Eckart GmbH and its Affiliates its natural mica based pearlescent pigment business for cosmetics and personal care, related to the trademarks "Prestige" and "Flonac C". This will give a boost to the cosmetic products portfolio.

The Company's overseas subsidiaries viz. Sudarshan Europe B.V., Sudarshan North America, Inc. and the Indian subsidiary, Prescient Color Limited have posted improved results in the year under review, as can be seen from the Company's consolidated financial results. The Company has also opened a Representative Office in China to further its interests in the Asia Pacific region.

The certification of ISO 9001 and ISO 14001 and OHSAS-ISO 18001 from BVQI is a testimony to the Company's commitment towards quality, safety and sustainable environment friendly approach. The Roha and Mahad factories of the Company have received the British Five Star Rating which acknowledges the efforts taken by the Company to achieve operational excellence in Environment, Health and Safety. The Company has also well established R & D laboratories recognized by the Department of Scientific & Industrial Research (DSIR). Also our Labs are ISO 17025:2001 certified by National Accreditation Board for Testing and Calibration Laboratories (NABL), Government of India. The Ministry of Science and Technology, New Delhi, acting on behalf of Government of India has recognised the Company's in house R & D Units at Roha, Dist. Raigad and Ambadvet, Amrablevadi, Tal. Mulshi, Dist. Pune for a further period of 4 years i.e. upto 31st March, 2016.

Business of the Company

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

As the largest producer of pigments in India, Sudarshan manufactures an extensive range of Organic, Inorganic and Pearlescent pigments and dispersions catering to the Coatings, Plastics, Inks and Cosmetics Industries worldwide. The product offerings of Sudarshan's recognized brands include Sudaperm^R, Sudafast^R, Sudacolor^R, Sumica^R and Sumicos^R. Sudarshan's development focus is on high performance pigments mainly for automotive coatings and engineering plastics that are produced in state of the art manufacturing facilities.

Segmental overview

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

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

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

Segment I –Pigments

1. Industry Structure and Developments

The Pigment Industry worldwide is one of the dominant industries with collective revenues of over a USD 5 billion. The growth of the Pigment Industry has more or less moved in tandem with the growth of Global economy. Growth in per capita income leading to growth in per capita spending fuels demand for pigments ranging from paints to plastics to polymers, inks to cosmetics and more, encompassing every sphere of life.

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

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

2. Opportunities and Threats

There exist opportunities for growth in the Pigment Industry considering the low per capita income spending as compared to the developed economies. The Indian Paint industry in particular has undergone sophistication in the last couple of years in terms of high-end product range and technological competence. This along with growing domestic housing needs holds promise for varied Pigment applications. Automotive paints and Personal care segment and increasing disposable income of a growing middle class provides opportunity for growth. Inks and Plastics market also holds lot of promise as the Paper and Printing Industry is poised to record growth.

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

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

Escalation of crude oil prices responsible for the rise and fall of price of inputs and the depreciation of the Rupee vis a vis the US Dollar is a matter of concern and needs to be tackled if the Indian Pigment Industry has to remain competitive. Another matter of concern is the gestation period involved in evaluation and acceptability of the Company's products by overseas customers, and the costs associated with it.

3. Performance

The Pigment Division increased its sales in the year 2011 - 12 to Rs. 6647 million from Rs. 6237 million in 2010-11, recording an increase of 7% over the previous year. Sales from exports for the year under review amounted to Rs. 2746 million as against Rs. 2667 million achieved during the previous year.

4. Outlook

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

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

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

5. Risks and Concerns

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

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

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

Segment II – Agro Chemicals

1. Industry Development

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

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

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

2. Opportunities and threats

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

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

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

3. Performance

During the year under review, the agro division achieved a turnover of Rs. 795 million as against Rs. 834 million in the previous year. The Company expects to improve its performance by concentrating on the sale of Technical and Bulk pesticides.

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

4. Outlook

Notwithstanding availability constraints of key raw materials and some difficult market conditions, the current year should end on a positive note.

5. Risks and concerns

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

Internal Control Systems

The Company has an internal control system commensurate with the size and nature of business. The Company is committed to ensuring a comprehensive internal control structure to ensure that all assets are adequately safeguarded and protected. The Company has established well defined written policies and processes across the organization covering all major activities, including authority for approvals. In all cases where monetary decisions are involved, various limits and authorities have been put in place. Structured management information and reporting system together with an exhaustive budgetary control process for all major operational activities form part of the overall control mechanism to ensure that requisite information related to operations is being reported and is available for control and review.

The Company has obtained the services of independent firms of professionals to conduct internal audits and provide reports on various activities covering observations and pertinent comments on adequacy of internal controls and the recommendations. Findings of internal audit reports and effectiveness of internal control measures are reviewed by the top management, Audit Committee and the Board.

The Company has established a risk management policy to maintain the highest standards of environment, safety and health as also in other functional and operational areas which is strictly adhered to.

Human Resource Development

The Company continued its efforts to face the challenging business environment by upgrading the capability of its Human Resources through various initiatives in development and training of employees at all levels. For more details refer to the Director's Report. As on 31st March, 2012 a total of 1123 persons were employed by the Company.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance :

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

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

Compliance with the requirements of Clause 49 of the Listing Agreement relating to Corporate Governance are set out below :

II. Board of Directors :

II.1. Composition :

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

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

Notes:

- None of the Non-Promoter Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2011-2012 which in the judgment of the Board may affect independence of judgment of the Directors.
- The Directors mentioned at Serial No.2 above fall within the expression of "Independent Directors" as mentioned in Clause 49 (I) (A) (iii) of the Listing Agreement.

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

Profile of Promoter Directors :

- Mr. K.L.Rathi**, Executive Chairman, is B.Sc, B.Sc.(Tech) and M.A.(Chem) from Columbia University, USA and has been associated with the Company for more than four decades. Mr. K.L. Rathi is also the Chairman of Roha Manufacturers Association.

2. **Mr. P.R. Rathi**, Vice Chairman and Managing Director, is MS in Chemical Engineering from MIT, USA and MBA from Columbia University, USA and has been associated with the Company for more than three decades.
3. **Mr. R.B.Rathi**, Director, is B.E.Mech. Engg from MIT, Pune, B.S.Chem. Engg. from Ohio University USA and M.B.A. from Pittsburgh University, USA and has been associated with the Company for the past two decades.
4. **Mr. N.J.Rathi**, Non Executive Director, is M.Com from University of Pune and M.B.A. from USA.

Profile of Non Executive, Independent Directors :

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

II.2 Meetings and Attendance:

During the Financial Year 2011-2012, four meetings of the Board of Directors were held on : 27th May, 2011, 12th August, 2011, 5th November, 2011 and 9th February, 2012.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2011-2012 and at the last Annual General Meeting held on 12th August, 2011 are given below :-

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

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

(No. of companies)

Name of the Director	Directorship *	Committee Membership **
Mr. K.L. Rathi	12	1
Mr. P.R. Rathi	21	11
Mr. R.B. Rathi	12	2
Mr. N.J. Rathi	12	3
Mr. B.S. Mehta	17	13
Mr. S.N. Inamdar	14	13
Mr. P.P. Chhabria	6	4
Mr. D.N. Damania	11	6
Mr. S. Padmanabhan	12	8
Mr. S.K. Asher	39	16

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

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

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

III. Delegation of Authority and Responsibilities :

The Company has established a system of Delegation of Authority to define the limits of authority delegated to specified positions of responsibility within the Company and to establish the obligations that are to be performed by individuals. The approval of commitments and responsibilities outlined in this system are approved by the Managing Director and noted by the Board of Directors.

The Working Directors of the Company have delegated responsibilities coupled with necessary authorities to Officials of the Company so as to designate them as "Responsible Persons" and to vest in them the Authority and Responsibility to ensure that all statutory compliances as applicable are complied. The Board periodically reviews compliance report in relation to all laws applicable to the Company.

IV. Information placed before the Board of Directors :

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

V. Audit Committee :

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

The Audit Committee comprises of the following Directors :

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

During the Financial Year 2011-2012, four meetings of the Audit Committee were held on : 27th May, 2011, 12th August, 2011, 5th November, 2011 and 9th February, 2012.

Mr. P.S.Raghavan, Company Secretary is Secretary to the Audit Committee.

Mr. B.S.Mehta, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 12th August, 2011.

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

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

VI. Remuneration Committee :

The company has constituted a Remuneration Committee.

The Remuneration Committee of the Board comprises of following Directors :

Name of the Members	Category	No. of Meetings attended during the year 2011-2012
Mr. P.P. Chhabria, Chairman	Independent, Non Executive Director	1
Mr. S.N. Inamdar, Member	Independent, Non Executive Director	1
Mr. D.N. Damania, Member	Independent, Non Executive Director	1

During the Financial Year 2011-2012, one meeting of the Remuneration Committee was held on 27th May, 2011.

Terms of Reference :

- To appraise the performance of Managing and Executive Directors and
- To determine and recommend to the Board, commission, compensation payable to Managing and Executive Directors.

Criteria for payments to Executive Directors :

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

Criteria for payments to Non executive Directors :

The Board of Directors has set up mandatory and non mandatory committees for discharging various functions with Non Executive Directors also being member of such committees. Such Directors attending Board and Committee meetings are remunerated by payment of sitting fees.

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

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

No. of shares held by Non Executive Directors : (As on 31st March, 2012)

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

Remuneration to Executive Directors : (As on 31st March, 2012)

(Amount in Rs.)

Particulars	Mr. K.L.Rathi Executive Chairman	Mr. P.R.Rathi Vice Chairman and Managing Director	Mr. R.B.Rathi Director
Salary & Other allowances	68,67,900/-	1,17,60,445/-	90,15,323/-
Contribution to Provident Fund & other Funds	13,87,530/-	15,43,334/-	10,00,269/-
Other Perquisites	7,28,400/-	8,30,797/-	6,33,691/-
Commission	55,00,000/-	55,00,000/-	55,00,000/-
Total	1,44,83,830/-	1,96,34,576/-	1,61,49,283/-

Remuneration to Non-Executive Directors: (As on 31st March, 2012)

(Amount in Rs.)

Name of the Director	Sitting Fees	Others (Professional Fees)	Total
Mr. B.S. Mehta	1,60,000/-	-	1,60,000/-
Mr. S.N. Inamdar	3,35,000/-	5,00,000/-	8,35,000/-
Mr. P.P. Chhabria	1,60,000/-	-	1,60,000/-
Mr. D.N. Damania	2,00,000/-	-	2,00,000/-
Mr. S.Padmanabhan	40,000/-	-	40,000/-
Mr. S.K.Asher	1,00,000/-	-	1,00,000/-
Mr. N.J. Rathi	1,00,000/-	-	1,00,000/-
Total	10,95,000/-	5,00,000/-	15,95,000/-

In addition to sitting fees, Mr. S.N. Inamdar is also paid fees for rendering professional services. However these are not material in nature.

VII. Selection Committee :

The Selection Committee of the Board consists of following members:

Name of the Members	Category	Remarks
Mr. P.P. Chhabria, Chairman	Independent, Non Executive Director	During the Financial Year 2011-2012, one meeting of the Selection Committee was held on 27 th May, 2011.
Mr. S.N. Inamdar, Member	Independent, Non Executive Director	
Mr. D.N. Damania, Member	Independent, Non Executive Director	
Mr. K.L. Rath, Member	Executive Chairman	
Mr. P.R. Rath, Member	Vice Chairman and Managing Director	
Mr. V. Desai, Outside Member	Consultant, HRD	

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

VIII. Shareholders' / Investors' Grievance Committee :

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

Name of the Members	Category	No. of Meetings attended during the year 2011-2012
Mr. P.P. Chhabria, Chairman	Independent, Non Executive Director	1
Mr. P.R. Rath, Member	Executive Director	1
Mr. N.J. Rath, Member	Non Executive Director	1

Terms of Reference :

To redress investor complaints in relation to share transfers, dematerialization of shares, non-receipt of annual reports, interest/dividend payments, issue of duplicate share certificates, transmission (with and without legal representation) of shares and other miscellaneous complaints.

During the Financial Year 2011-2012, one meeting of the Shareholders' / Investors' Grievance Committee Committee was held on 9th February, 2012. All the members of this Committee attended the meeting.

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

Name, Designation and address of Compliance Officer :

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

IX. Other Committees constituted by the Company :

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

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

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

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

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

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

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

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

X Risk Management :

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

XI General Body Meeting :

Details of last three Annual General Meetings are given below :

Financial Year	Date	Venue	No. of Directors present
2010-2011	12/08/2011	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	10
2009-2010	14/08/2010	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	9
2008-2009	31/07/2009	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	9

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

Date of AGM	Details of Special Resolution/s passed	Remarks
12/08/2011	For obtaining the consents of shareholders for payment of remuneration to Mr. Anuj N.Rathi, relative of Mr.N.J.Rathi, Non Executive Director and Mr.Rahul P.Rathi, relative of Mr.P.R.Rathi, Vice Chairman and Managing Director w.e.f. 1 st August, 2011 under Section 314(1-B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011.	Passed by three fourth's majority
14/08/2010	NIL	NIL
31/07/2009	For obtaining the consents of shareholders for payment of remuneration to Mr. Anuj N.Rathi, relative of Mr.N.J.Rathi, Director and Company Secretary and Mr.Rahul P.Rathi, relative of Mr.P.R.Rathi, Vice Chairman and Managing Director w.e.f. 1 st August, 2009 under Section 314(1-B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003.	Passed by three fourth's majority

XIII Disclosures :

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

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

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company. The Audit Committee also reviews presentation made on significant issues in audit, internal control, risk management etc. relating to subsidiaries.

The minutes of the Board Meetings of Wholly Owned Subsidiary Companies i.e. Prescient Color Limited and Sudarshan Europe B.V. and Sudarshan North America, Inc., wholly owned subsidiary of Sudarshan Europe B.V. and first level step down subsidiary of the Company were tabled before the Board at respective Board meetings and noted.

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

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

XIV Means of Communication :

The Quarterly, Half-Yearly, Nine Monthly (Unaudited) and Yearly Consolidated Audited financial results of the Company are announced / published within the prescribed time period stipulated under the listing agreement. The Quarterly, Half-Yearly, Nine Monthly (Unaudited) financial results were published in The Economic Times (Mumbai & Pune - English Newspaper) and in Maharashtra Times (Mumbai & Pune – Marathi Newspapers). The yearly consolidated Audited Financial Results were published in The Financial Express (English Newspaper) and Loksatta (Marathi Newspaper), both Pune Editions.

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

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

XV Shareholders Information :

Shareholders information is separately provided in the Annual Report.

XVI Code of Conduct :

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

All the Board members and senior management personnel have affirmed compliance to the Code of Conduct of the Company for the period 1st April, 2011 to 31st March, 2012. The declaration dated 2nd May, 2012 received from Mr. P.R.Rathi, Vice Chairman and Managing Director in this regard is given below :

“I hereby declare that all board members of the Company and senior management personnel have affirmed compliance to the Code of Conduct for the period from 1st April, 2011 to 31st March, 2012.”

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

Pune, 25th May, 2012

K.L.RATHI
EXECUTIVE CHAIRMAN

AUDITOR'S CERTIFICATE

To,

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

We have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited for the year ended 31st March 2012 as stipulated in Clause 49 of the listing agreement of the Company with stock exchanges.

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

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

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

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

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

P. V. Paranjape
Partner
Membership No – 047296

Pune : 25th May 2012

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Day and Date	Friday, 10 th August, 2012
Time	11.30 A.M.
Venue	Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune 411 002

2. Financial Calendar (Tentative) :

April, 2012 to March, 2013

Sr.No.	Particulars of Meetings	Date
1	Audited Financial Results for the year ended 31 st March, 2012	25 th May, 2012
2	Unaudited Quarterly Results for the Quarter ended 30 th June, 2012	10 th August, 2012
3	61 st Annual General Meeting	10 th August, 2012
4	Unaudited Quarterly Results for the Quarter ended 30 th September, 2012	3 rd November, 2012
5	Unaudited Quarterly Results for the Quarter ended 31 st December, 2012	8 th February, 2013
6	Unaudited Quarterly Results for the Quarter ended on 31 st March, 2013 / Audited Annual Results for the year ended on 31 st March, 2013	On or before 30 th May, 2013/ Last week of May, 2013

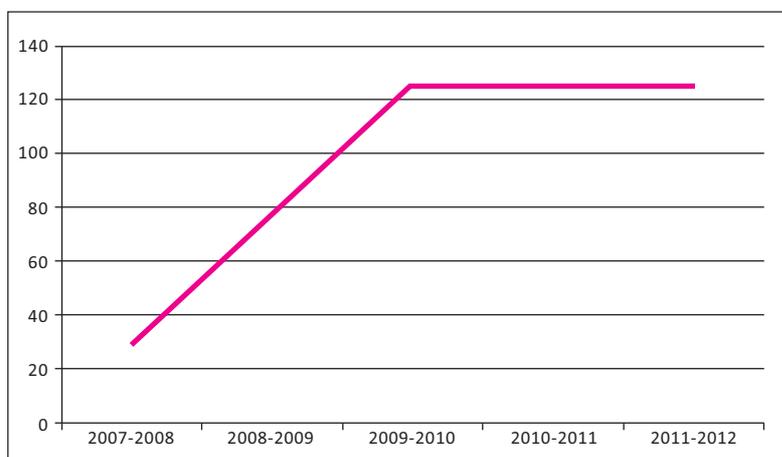
3. Date of Book Closure :

30th July, 2012 to 10th August, 2012 (both days inclusive).

4. Dividend payment date :

The Board of Directors at its meeting held on 25th May, 2012 have recommended dividend of Rs. 12.50 per equity share (@125%) on a face value of Rs. 10/- for the year ended 31st March, 2012 subject to the approval of the shareholders in the Annual General Meeting. The dividend, if approved by the shareholders at the Annual General Meeting, will be paid on or before 8th September, 2012 to those members whose names appear on the Register of Members of the Company / beneficial owners as on 10th August, 2012.

5. Dividend Trend for past five years:



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

6. Listing on Stock Exchanges & Stock Code :

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

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

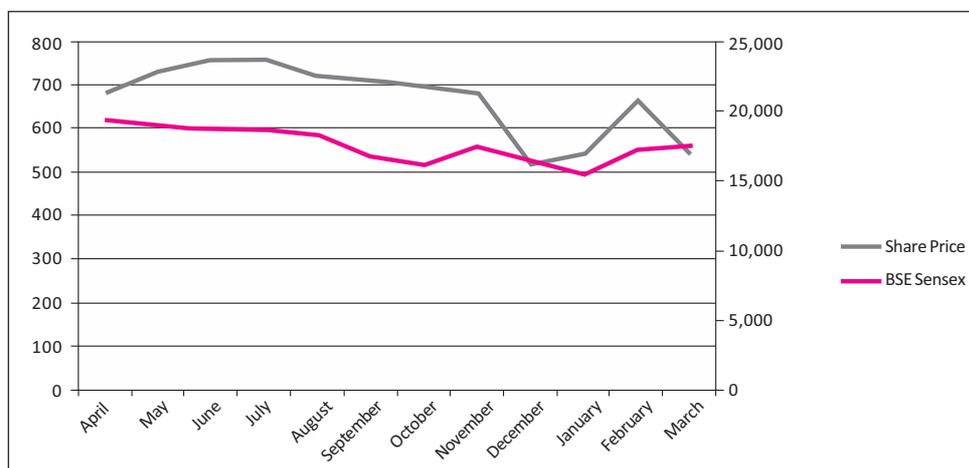
The Company has paid the Annual Listing fees in respect of Bombay Stock Exchange Limited and The National Stock Exchange of India Limited for the Financial Year 2012-2013. The Company has also paid the Annual Custodial fees to NSDL and CDSL for the Financial Year 2012-2013.

7. Stock Prices :

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	795.00	657.15	794.00	651.50
May, 2011	789.70	715.00	803.95	630.00
June, 2011	790.90	735.00	786.00	730.25
July, 2011	795.00	715.00	784.00	716.00
August, 2011	779.90	667.00	748.00	651.15
September, 2011	798.40	670.50	755.00	650.35
October, 2011	797.90	661.00	725.00	679.00
November, 2011	711.90	492.15	702.00	480.00
December, 2011	568.00	480.00	587.00	482.55
January, 2012	719.00	519.80	692.00	511.65
February, 2012	689.90	520.00	680.05	511.00
March, 2012	552.50	480.00	550.00	476.00

(Source: BSE and NSE - Websites)

Comparison of Sudarshan share price with BSE Sensex - April, 2011 to March, 2012 :



8. Registrar and Transfer Agents :

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

9. Share Transfer System :

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

10. Distribution of shareholding :

(As on 31st March, 2012)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	10,673	98.94	12,83,498	18.54
3001 – 5000	25	0.23	96,994	1.40
5001 & Above	89	0.83	55,42,233	80.06
Total	10,787	100.00	69,22,725	100.00

11. Shareholding pattern :

(As on 31st March, 2012)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	36,52,103	52.76
Foreign Companies / NRI's / Foreign Individuals	5,86,226	8.47
FII's / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	2,55,930	3.70
Corporate Bodies	2,10,795	3.04
Non Promoter Directors / Resident Individuals	22,17,671	32.03
Total	69,22,725	100.00

12. Dematerialisation of shares and liquidity :

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

100% Promoters holding is now held in dematerialized form.

As on 31st March, 2012, 86.35% of the total shareholding in the Company is held in dematerialized form which includes the promoters shareholding of 52.76%.

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

Not applicable as not issued.

14. Plant locations :

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

15. Address for Correspondence :

- (1) The Company Secretary
Sudarshan Chemical Industries Limited,
162 Wellesley Road,
Pune 411 001
Tel. No. 020 - 26058888
Email: grievance.redressal@sudarshan.com
- (2) Link Intime India Private Limited
"Akshay Complex"
Block No. 202, 2nd Floor
Off Dhole Patil Road
Near Ganesh Temple
Pune - 411 001
Tel. No. 020 - 26160084, 020 - 26161629
Telefax 020 - 26163503
E-mail : pune@linkintime.co.in
Website : www.linkintime.co.in

Disclosure under Regulation 10(1)(a)(ii) of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011 :**Persons named as Promoters in the shareholding pattern filed by the Company pursuant to Clause No. 35 of the Listing Agreement.**

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

AUDITORS' REPORT

TO THE MEMBERS OF SUDARSHAN CHEMICAL INDUSTRIES LIMITED

We have audited the attached balance sheet of SUDARSHAN CHEMICAL INDUSTRIES LIMITED as at 31st March 2012, the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance sheet, the Statement of Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
 - ii) in the case of the Statement of Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

P. V. Paranjape
Partner
Membership No – 047296

Pune : 25th May 2012

ANNEXURE TO THE AUDITORS' REPORT

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

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major portion of the fixed assets as at 31st March, 2012 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the operations of the Company and nature of its fixed asset.
- (c) During the year, the Company has not disposed of any substantial or major part of fixed assets.
- ii. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- iii. 1) (a) According to the information and explanations given to us, the Company has granted unsecured loans to wholly owned subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 428,806,056 and the year-end balance of loan granted to such companies is Rs. 428,743,000.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above unsecured loans granted by the Company are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us the company to whom loans and advances in the nature of loan have been given is repaying the principal amount as stipulated and is also regular in payment of interest.
- (d) There is no overdue amount of loan granted to the companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- 2) (a) According to the information and explanations given to us, the Company has taken unsecured loans and fixed deposits from 32 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 310,500,950 and the year-end balance of loan taken from such companies is Rs. 170,370,000.
- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above unsecured loans and fixed deposits taken by the Company are not prima facie, prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the company is regular in repayment of principal and interest.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets, and with regard to the sale of goods and services. During the course of our audit, no continuing failure to correct major weakness has been noticed in the internal controls.
- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act 1956,
 - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that needed to be entered into the register maintained under Section 301 have been so entered.
 - (b) According to the information and explanations given to us, transactions of purchase of goods and services exceeding the value of Rs. 5 lakhs during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder in respect of the deposits accepted from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, in respect of Pesticides and Pigments and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix. (a) According to the records of the Company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Service Tax, Sales-Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and information and explanation given to us, details of dues of Excise Duty, Sales Tax and Income Tax which have not been deposited on account of any dispute are given below :

Name of the Statute	Nature of Dues	Amount (Rs.)	Financial Years to which it pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty	597,791	1999-00	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	227,682	2002-03	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	3,954,881	2004-05	Custom Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty	26,032	2004-05	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	2,355	2005-06	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	487,912	2006 to 2010	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	17,550	2007-08	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	123,369	2009-10	Custom Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty	1,855,594	2010-11	Assistance Collector of Central Excise
The Central Excise Act, 1944	Excise duty	185,943	2011-12	Commissioner Appeals
The Income Tax Act, 1961	Income Tax	653,233	2007-08	Dy. Commissioner Income Tax
Total		8,132,342		

- x. The Company does not have accumulated losses as at the end of the financial year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except for the corporate guarantee issued on behalf of its wholly owned subsidiary Prescient Color Limited and its step down subsidiary Sudarshan North America, Inc. amounting to Rs. 12,25,00,000 and USD 1.5 Million respectively and terms and conditions thereof are not prejudicial to the interest of the company.
- xvi. Based on the information and explanation given to us by the management term loans availed by the company were, prima facie, applied by the company during the year for the purpose for which loans were obtained.
- xvii. According to the Cash Flow Statement on the balance sheet date and records examined by us and according to the information and explanations given to us, on overall basis, we report that no funds raised on short term basis have, prima facie, been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
- xix. The Company has not issued any debentures and hence the question of creation of any securities does not arise.
- xx. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

P. V. Paranjape
Partner
Membership No – 047296

Pune : 25th May 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	69,227,250	69,227,250
(b) Reserves and Surplus	2	2,632,395,626	2,371,457,036
		<u>2,701,622,876</u>	<u>2,440,684,286</u>
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	1,233,222,000	1,037,716,000
(b) Deferred tax liabilities (Net)	4	212,310,169	120,974,039
(c) Other Long term liabilities	5	27,770,460	28,190,855
(d) Long term provisions	6	53,391,511	44,055,309
		<u>1,526,694,140</u>	<u>1,230,936,203</u>
(3) Current Liabilities			
(a) Short-term borrowings	7	1,051,553,640	797,664,912
(b) Trade payables	8	948,512,434	656,130,672
(c) Other current liabilities	9	823,157,861	448,978,417
(d) Short-term provisions	10	139,504,688	132,589,622
		<u>2,962,728,623</u>	<u>2,035,363,623</u>
	Total...	<u><u>7,191,045,639</u></u>	<u><u>5,706,984,112</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	2,048,033,829	1,309,502,231
(ii) Intangible assets	12	123,441,550	19,972,737
(iii) Capital work-in-progress		167,466,556	311,836,799
(b) Non-current investments	13	251,769,915	218,574,915
(c) Long term loans and advances	14	274,096,279	195,614,805
(d) Other non-current assets	15	5,500,000	5,500,000
		<u>2,870,308,129</u>	<u>2,061,001,487</u>
(2) Current assets			
(a) Inventories	16	1,569,123,196	1,374,554,262
(b) Trade receivables	17	1,842,772,784	1,746,882,158
(c) Cash and cash equivalents	18	338,335,313	117,998,124
(d) Short-term loans and advances	19	504,363,951	333,744,580
(e) Other current assets	20	66,142,266	72,803,501
		<u>4,320,737,510</u>	<u>3,645,982,625</u>
	Total...	<u><u>7,191,045,639</u></u>	<u><u>5,706,984,112</u></u>
See accompanying Notes to The Financial Statements	29		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

S.N.INAMDAR
Director & Member
of Audit Committee

K.L.RATHI
Executive Chairman

P.R.RATHI
Vice-Chairman &
Managing Director

P.V.PARANJAPE
Partner
Membership No.:047296

N.J.RATHI
Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	2011-2012 Rs.	2010-2011 Rs.
I. Revenue from operations	21	7,948,628,374	7,542,451,023
Less : Excise Duty		506,284,685	471,294,731
		7,442,343,689	7,071,156,292
II. Other Income	22	79,836,089	48,959,538
III. Total Revenue (I +II)		7,522,179,778	7,120,115,830
IV. Expenses:			
Cost of materials consumed	23	4,042,208,210	3,707,309,025
Purchase of Stock-in-Trade	24	284,850,597	267,105,645
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(133,618,686)	(49,222,361)
Employee benefit expense	26	536,333,316	505,426,635
Finance Cost	27	213,109,639	113,420,128
Depreciation and amortization expense	11, 12	171,485,036	132,144,020
Other expenses	28	1,905,964,893	1,745,145,483
Total Expenses		7,020,333,005	6,421,328,575
V. Profit before exceptional and extraordinary items and tax (III - IV)		501,846,773	698,787,255
VI. Exceptional Items		—	93,145,184
VII. Profit before extraordinary items and tax (V + VI)		501,846,773	791,932,439
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII - VIII)		501,846,773	791,932,439
X. Tax expense :			
(1) Current tax		96,000,000	171,500,000
(2) MAT		(47,000,000)	—
(3) Deferred tax		91,336,130	62,316,431
XI. Profit(Loss) from the period from continuing operations		361,510,643	558,116,008
XII. Profit/(Loss) from discontinuing operations		—	—
XIII. Tax expense of discounting operations		—	—
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		—	—
XV. Profit/(Loss) for the period (XI + XIV)		361,510,643	558,116,008
XVI. Earning per equity share, Basic & Diluted (Rs. Per Equity Share of Rs. 10 each) (Ref. Note No. 22 of Note No. 29)		52.22	80.62
See accompanying Notes to The Financial Statements	29		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

S.N.INAMDAR
Director & Member
of Audit Committee

K.L.RATHI
Executive Chairman

P.R.RATHI
Vice-Chairman &
Managing Director

P.V.PARANJAPE
Partner
Membership No.:047296

N.J.RATHI
Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	March 31, 2012 Rs.	March 31, 2011 Rs.
Cash flow from operating activities		
Profit/(Loss) before tax from operations	501,846,773	791,932,439
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	171,485,036	132,144,020
Loss/(profit) on sale or write off of fixed assets	(11,256)	(91,690,642)
Unrealized foreign exchange loss	4,754,773	(3,137,414)
Employees Benefit Provisions	11,114,141	9,443,162
Provision for doubtful debt	2,695,954	2,903,109
Interest expense	213,109,639	113,420,128
Interest income	(43,475,508)	(31,971,461)
Dividend income	—	(12,070)
Operating profit before working capital changes	861,519,552	923,031,271
Movements in working capital :		
Increase/(decrease) in trade payables	293,907,117	(26,219,858)
Increase/(decrease) in long-term provisions	5,137,127	—
Increase/(decrease) in short-term provisions	(100,572,053)	(100,906,293)
Increase/(decrease) in other current liabilities	377,677,264	199,221,939
Increase/(decrease) in other long-term liabilities	(420,395)	110,164
Decrease/(increase) in trade receivables	(112,788,115)	(472,948,811)
Decrease/(increase) in inventories	(194,568,934)	(110,949,850)
Decrease/(increase) in long-term loans and advances	(78,481,474)	(68,407,420)
Decrease/(increase) in short-term loans and advances	(170,619,369)	(147,437,743)
Decrease/(increase) in other current assets	6,661,234	(37,543,748)
Decrease/(increase) in other non-current assets	—	(5,500,000)
Cash generated from /(used in) operations	887,451,954	152,449,651
Direct taxes paid (net of refunds)	(49,000,000)	(171,500,000)
Net cash flow from/ (used in) operating activities (A)	838,451,954	(19,050,349)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(871,932,653)	(807,155,798)
Proceeds from sale of fixed assets	2,828,707	95,700,289
Proceeds of non-current investments	(33,195,000)	(13,550,961)
Interest received	43,475,508	31,971,461
Dividends received	—	12,070
Net cash flow from/(used in) investing activities (B)	(858,823,438)	(693,022,939)
Cash flows from financing activities:		
Proceeds from long-term borrowings	195,506,000	489,541,907
Proceeds from short-term borrowings	258,312,312	364,209,061
Interest paid	(213,109,639)	(113,420,128)
Net cash flow from/(used in) in financing activities (C)	240,708,673	740,330,840
Net increase/(decrease) in cash and cash equivalents (A + B + C)	220,337,189	28,257,552
Cash and cash equivalents at the beginning of the year	117,998,124	89,740,572
Cash and cash equivalents at the end of the year	338,335,313	117,998,124
Components of cash and cash equivalents		
Cash on hand	1,703,627	1,662,607
With banks:		
on current account	101,092,075	97,223,924
on deposit account	234,498,067	16,939,393
unpaid dividend accounts*	1,041,544	2,172,200
Total cash and cash equivalents (note 18)	338,335,313	117,998,124

* The company can utilise these balances only towards settlement of the respective unpaid dividend

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

S.N.INAMDAR
Director & Member
of Audit Committee

K.L.RATHI
Executive Chairman

P.R.RATHI
Vice-Chairman &
Managing Director

P.V.PARANJAPE
Partner
Membership No.:047296

N.J.RATHI
Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.		As at 31-03-2011 Rs.	
	SHAREHOLDER'S FUNDS				
1	SHARE CAPITAL				
	Equity share capital :				
	AUTHORISED :				
	8,000,000 (8,000,000) Equity Shares of Rs.10 each	<u>80,000,000</u>		<u>80,000,000</u>	
	ISSUED :				
	* 6,922,775 (6,922,775) Equity Shares of Rs.10 each	<u>69,227,750</u>		<u>69,227,750</u>	
	SUBSCRIBED AND PAID UP :				
	6,922,725 (6,922,725) Equity Shares of Rs.10 each fully paid up.	<u>69,227,250</u>		<u>69,227,250</u>	
	* Allotment of 50 Rights Equity Shares of Rs.10/- each is kept in abeyance, matter being subjudice.				
	a) Reconciliation of the shares outstanding at the beginning and at the end of the year :				
		<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
	At the beginning of the year	<u>6,922,725</u>	<u>69,227,250</u>	<u>6,922,725</u>	<u>69,227,250</u>
	Add: Allotted during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less: Shares bought back during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Outstanding at the end of the year	<u>6,922,725</u>	<u>69,227,250</u>	<u>6,922,725</u>	<u>69,227,250</u>
	b) Terms/ Rights attached to equity shares :				
	The Company has only one class of equity share having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
	During the Financial Year ended 31st March 2012, the amount of per share dividend recognised as distribution to the equity shareholders is Rs. 12.50/- (Previous Year Rs. 12.50/-)				
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
	c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates :				
	The Company does not have any holding or ultimate holding company.				
	d) Details of shareholders holding more than 5% shares in the company :				
		<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
	Mr.Pradeep R. Rathi	<u>382,345</u>	<u>5.52</u>	<u>3,39,707</u>	<u>4.89</u>
	Mr.Rahul P. Rathi	<u>475,454</u>	<u>6.87</u>	<u>470,454</u>	<u>6.87</u>
	Mr.Anuj N. Rathi	<u>377,762</u>	<u>5.46</u>	<u>377,762</u>	<u>5.46</u>
	DIC Corporation, Japan	<u>557,989</u>	<u>8.06</u>	<u>557,989</u>	<u>8.06</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.		As at 31-03-2011 Rs.	
2	RESERVES & SURPLUS				
	a) CAPITAL RESERVE - II				
	Balance at the beginning of the year	5,044,100		5,044,100	
	Additions during the year	—		—	
	Less: Deduction during the year	—		—	
	Balance at the end of the year	<u>5,044,100</u>	<u>5,044,100</u>	<u>5,044,100</u>	5,044,100
	b) SECURITIES PREMIUM ACCOUNT				
	Balance at the beginning of the year	132,115,000		132,115,000	
	Additions during the year	—		—	
	Less: Deduction during the year	—		—	
	Balance at the end of the year	<u>132,115,000</u>	<u>132,115,000</u>	<u>132,115,000</u>	132,115,000
	c) REVALUATION RESERVE				
	<i>Ref. Note No. 4 of Note No. 29</i>				
	Balance at the beginning of the year	498,450,000		—	
	Additions during the year	—		498,450,000	
	Less: Deduction during the year	—		—	
	Balance at the end of the year	<u>498,450,000</u>	<u>498,450,000</u>	<u>498,450,000</u>	498,450,000
	d) GENERAL RESERVE				
	Balance at the beginning of the year	1,314,115,720		914,115,720	
	Add : Amount transferred from Surplus balance in statement of profit and loss	200,000,000		400,000,000	
	Less: Deduction during the year	—		—	
	Balance at the end of the year	<u>1,514,115,720</u>	<u>1,514,115,720</u>	<u>1,314,115,720</u>	1,314,115,720
	e) Surplus in the Statement of Profit and Loss				
	Surplus at the beginning of the year	421,732,216		364,188,261	
	Add : Current Year Profit After Tax	361,510,643		558,116,008	
	Less: Appropriations				
	Proposed Equity Dividend	86,534,063		86,534,063	
	Tax on Proposed Equity Dividend	14,037,990		14,037,990	
	Amount transferred to General Reserve	200,000,000		400,000,000	
		<u>482,670,806</u>	<u>482,670,806</u>	<u>421,732,216</u>	421,732,216
	Total...		<u><u>2,632,395,626</u></u>		<u><u>2,371,457,036</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	NON CURRENT LIABILITIES :		
3	LONG-TERM BORROWINGS :		
a)	SECURED LOAN FROM BANKS :		
	HDFC Bank <i>Ref. Note Nos. i) & viii) below</i>	320,000,000	—
	Export-Import Bank of India <i>Ref. Note Nos. ii), iii) & viii) below</i>	290,000,000	320,000,000
	Bank Of Maharashtra <i>Ref. Note Nos. iv) to viii) below</i>	556,247,000	374,051,000
		1,166,247,000	694,051,000
b)	UNSECURED LOANS :		
	Loans & Advances from Related Parties :		
i)	Intercorporate Deposits <i>Ref. Note No. ix) below</i>	32,045,000	153,025,000
ii)	Fixed Deposits : <i>Ref. Note No. x) below and Ref. Note No. 8 of Note No. 29</i>	7,890,000	55,400,000
	Loans & Advances from Others :		
	Fixed Deposits : <i>Ref. Note No. x) below and Ref. Note No. 8 of Note No. 29</i>	27,040,000	135,240,000
		66,975,000	343,665,000
	Total...	1,233,222,000	1,037,716,000

- i) Term loan from HDFC Bank - 36 Crores (outstanding Rs.320,000,000 (P.Y Nil)) was taken in Financial Year 2011-12 and carries interest @ 11.70% p.a. The loan is repayable in 45 monthly installments of Rs. 80.00 Lacs from November 2012. Moratorium period of 12 months from the date of first disbursement.
- ii) Term loan from EXIM Bank - 15 Crores (outstanding Rs. 50,000,000 (P.Y 80,000,000)) was taken in Financial Year 2008-09 and carries interest @ 11.20% p.a. The loan is repayable in 60 monthly installments of Rs. 25.00 Lacs from December 2009.
- iii) Term loan from EXIM bank of Rs. 36 Crores (outstanding Rs. 240,000,000 (P.Y. 240,000,000)). was taken in parts till March 31,2012 and carries interest @ 11.70% p.a. The loan is repayable in 48 monthly installments of Rs. 75 Lacs from Feb. 2012.
- iv) Term loan from Bank of Maharashtra of Rs.7 Crores (outstanding Rs. 7,000,000 (P.Y. 21,000,000)) was taken in Financial Year 2007-08 and carries interest @ 11.50% p.a. The loan is repayable in quarterly installments of Rs. 35.00 Lacs from October 2010.
- v) Term loan from Bank of Maharashtra of Rs.3.10 Crores (outstanding Rs. 4,147,000 (P.Y. Rs. 10,351,000)) was taken in Financial Year 2008-09 and carries interest @ 11.50% p.a. The loan is repayable in monthly installments of Rs. 5.17 Lacs from April 2009.
- vi) Term loan from Bank of Maharashtra of Rs.35 Crores (outstanding Rs. 255,100,000 (P.Y. Rs. 342,700,000)) was taken in Financial Year 2010-11 and carries interest @ 11.10% p.a. The loan is repayable in 46 monthly installments of Rs. 73 Lacs from March 2012 & 1 installment is of Rs. 69 Lacs.
- vii) Term loan from Bank of Maharashtra bank of Rs. 42 Crores (outstanding Rs. 290,000,000 (P.Y. Rs. Nil) was taken in parts till March 31,2012 and carries interest @ 10.60% p.a. The loan is repayable in 20 quarterely installments of Rs. 210 Lacs from May 2013. Moratorium period of 12 months from the date of first disbursement.
- viii) The Term Loans from Export Import Bank of India (EXIM Bank), Bank of Maharashtra (BOM) & HDFC Bank are secured by first pari passu charge by way of hypothecation of all movable fixed assets and further secured by way of mortgage on all immovable fixed assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune. The term loan of Rs. 42 Crores from Bank of Maharashtra is to be secured by first pari passu charge of hypothecation of movable fixed assets and first pari passu mortgage charge on the entire immovable assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune.
- ix) Intercorporate Deposits are accepted for period of 3 years, Rate of Interest varies from 9 - 11% pa.
- x) Fixed Deposits are accepted for period of 1-3 years, Rate of Interest varies from 9 - 11% pa.
- xi) Above loans are excluding maturity within 12 months (Ref. Note No. 9 a)).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
4	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liabilities :		
	Depreciation	239,924,911	157,349,855
		<u>239,924,911</u>	<u>157,349,855</u>
	Deferred Tax Assets :		
	Expenditure accrued but not deductible for tax purpose, allowable on actual payment	27,614,742	36,375,816
		<u>27,614,742</u>	<u>36,375,816</u>
	Deferred tax liabilities (Net) Total...	<u><u>212,310,169</u></u>	<u><u>120,974,039</u></u>
5	OTHER LONG TERM LIABILITIES		
	Security Deposits	27,770,460	28,190,855
	Total...	<u><u>27,770,460</u></u>	<u><u>28,190,855</u></u>
6	LONG TERM PROVISIONS		
	PROVISION FOR EMPLOYEE BENEFITS :		
	Pension	48,254,384	44,055,309
	Provision for Tax :	1,127,600,000	-
	Less : Income Tax Paid	<u>1,122,462,873</u>	-
	Income Tax Paid (Net)	<u>5,137,127</u>	-
	Total...	<u><u>53,391,511</u></u>	<u><u>44,055,309</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	CURRENT LIABILITIES :		
7	SHORT-TERM BORROWINGS		
	LOAN REPAYABLE ON DEMAND :		
	FROM BANKS -		
	i) SECURED LOANS :		
	Working Capital Borrowings From Banks <i>Ref. Note No.i) to viii) below</i>	559,444,960	670,442,582
	ii) UNSECURED LOANS :		
	Short Term Loan <i>Ref. Note No.ix) to xiii) below</i>	492,108,680	127,222,330
	Total...	<u><u>1,051,553,640</u></u>	<u><u>797,664,912</u></u>

- i) Working Capital loan (Cash Credit) Rs. 73,709,103 (P.Y. 28,092,005) from Bank of Maharashtra carries interest @ 11.60% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.
- ii) Working Capital loan (Cash Credit) Rs. 44,645,691 (P.Y. 3,353,460) from State Bank of India carries interest @ 12.90% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.
- iii) Working Capital loan (Cash Credit) Rs. 13,543,728 (P.Y. 46,224,375) from Bank of Baroda carries interest @ 13.75% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.
- iv) Working Capital loan (Cash Credit) Rs. 76,811,922 (P.Y. (-)12,550,776) from HDFC Bank carries interest @ 13% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.
- v) Working Capital loan (Cash Credit) Rs. 54,505,295 (P.Y. 53,766,448) from ICICI Bank carries interest @ 13.50 % p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.
- vi) Working Capital loan (PCFC) Rs.73,399,165 (P.Y. 142,677,262) from Bank of Maharashtra carries interest @ LIBOR + 300 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing. The Loan is secured by inventories for exports.
- vii) Working Capital loan (FOBN) Rs. 108,420,625 (P.Y. 307,697,262) from Bank of Maharashtra carries interest @ 11.85% p.a. The Loan is repayable within 90 days from the date of borrowing. The Loan is secured by charge on export bills.
- viii) Working Capital loan (FOBN) Rs. 114,409,431 (P.Y. 101,182,546) from State Bank of India carries interest @ 11.75% p.a. The Loan is repayable within 90 days from the date of borrowing. The Loan is secured by charge on export bills.
- ix) Short Term Loan Rs. 100,000,000 (P.Y. NIL) from State Bank of India carries interest @ 11% p.a. The Loan is repayable within 90 days from the date of borrowing.
- x) Short Term Loan Rs. 300,000,000 (P.Y. NIL) from Bank of Maharashtra carries interest @ 10.60 % p.a. The Loan is repayable within 90 days from the date of borrowing.
- xi) Buyer's Credit Loan Rs. 36,466,278 (P.Y. 16,592,761) from HSBC Bank carries interest @ LIBOR + 235 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing.
- xii) Buyer's Credit Loan Rs. 55,642,402 (P.Y. NIL) from CITI Bank carries interest @ LIBOR + 250 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing.
- xiii) Buyer's Credit Loan Rs. Nil (P.Y. 110,629,569) from Standard Chartered Bank.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
8	(a) TRADE PAYABLES <i>Ref. Note No. 6 of Note No. 29</i>	901,530,051	616,280,206
	Acceptances	43,866,203	36,214,180
	(b) OTHERS Trade Payable - For Capital Goods <i>Ref. Note No. 6 of Note No. 29</i>	3,116,180	3,636,286
	Total...	<u>948,512,434</u>	<u>656,130,672</u>
9	OTHER CURRENT LIABILITIES		
	a) Current maturities of long term debt :		
	- SECURED LOAN FROM BANKS :		
	HDFC Bank	40,000,000	—
	Export-Import Bank of India	120,000,000	60,000,000
	Bank Of Maharashtra <i>(For security & other terms Ref. Note Nos. i) to viii) of Note No. 3 a)</i>	107,804,000	27,504,000
	- UNSECURED LOANS :		
	Loans & Advances from Related Parties :		
	i) Intercompany Deposits <i>Ref. Note No ix) of Note 3 b)</i>	96,075,000	5,960,000
	ii) Fixed Deposits : <i>Ref. Note No x) of Note 3 b) and Note No. 8 of Note No. 29</i>	25,330,000	—
	Loans & Advances from Others :		
	Fixed Deposits : <i>Ref. Note No x) of Note 3 b) and Note No. 8 of Note No. 29</i>	114,980,000	6,820,996
	b) Interest accrued but not due on borrowings	5,443,770	3,743,038
	c) Unpaid dividends :		
	* Unclaimed Dividend	1,041,544	2,172,192
	d) Unpaid matured deposits and interest accrued thereon :		
	* Unclaimed Matured Fixed Deposits <i>Ref. Note No. 8 of Note No. 29</i>	15,000	565,000
	e) Other payables :		
	Statutory Dues	25,960,749	21,365,226
	Other Liabilities	286,507,798	320,847,965
	Total...	<u>823,157,861</u>	<u>448,978,417</u>
	* The amount reflects the position as at 31st March, 2012. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.		
10	SHORT-TERM PROVISIONS		
	a) PROVISION FOR EMPLOYEE BENEFITS :		
	Short Term Compensated Absence	38,932,635	32,017,569
	b) OTHERS :		
	i) Proposed Equity Dividend	86,534,063	86,534,063
	ii) Tax on Proposed Equity Dividend	14,037,990	14,037,990
	Total...	<u>139,504,688</u>	<u>132,589,622</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NON-CURRENT ASSETS

FIXED ASSETS

Note No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Balance As on 01-04-2011 Rs.	Additions Rs.	Deductions Rs.	Balance As on 31-03-2012 Rs.	Balance As on 01-04-2011 Rs.	For the Year Rs.	Deductions Rs.	Balance As on 31-03-2012 Rs.	Balance As on 31-03-2011 Rs.	Balance As on 31-03-2012 Rs.	
11	TANGIBLE ASSETS:											
	FREEHOLD LAND	29,767,840 (17,336,025)	- (12,431,815)	94,552 (-)	29,673,288 (29,767,840)	- (-)	- (-)	- (-)	- (-)	29,673,288 (29,767,840)	29,767,840 (17,336,025)	
	LEASEHOLD LAND	12,740,447 (12,740,447)	- (-)	- (-)	12,740,447 (12,740,447)	- (-)	145,999 (145,999)	- (-)	1,882,405 (1,736,406)	10,858,042 (11,004,041)	11,004,041 (11,150,040)	
	LEASEHOLD RIGHTS	- (-)	- (498,450,000)	- (498,450,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	
	BUILDINGS	399,623,449 (263,467,934)	55,028,563 (136,463,819)	137,446 (308,304)	454,514,566 (399,623,449)	11,388,268 (8,479,840)	44,705 (173,488)	44,705 (173,488)	143,457,514 (132,113,951)	311,057,052 (267,509,498)	267,509,498 (139,660,335)	
	PLANT & MACHINERY	2,559,189,489 (2,216,506,725)	806,238,623 (350,397,702)	6,016,765 (7,714,938)	3,359,411,347 (2,559,189,489)	127,003,454 (100,206,681)	5,527,800 (7,007,200)	5,527,800 (7,007,200)	1,858,912,359 (1,737,436,705)	1,500,498,988 (821,752,784)	821,752,784 (572,269,501)	
	VEHICLES	45,763,228 (44,314,984)	3,174,019 (5,578,058)	3,321,100 (4,129,814)	45,516,147 (45,763,228)	4,130,442 (3,965,512)	1,730,788 (2,330,140)	1,730,788 (2,330,140)	15,029,427 (12,629,773)	30,586,720 (33,133,455)	33,133,455 (33,320,583)	
	FURNITURE & FIXTURES	36,290,481 (31,723,651)	4,300,669 (4,918,221)	882,820 (351,391)	39,708,330 (36,290,481)	2,130,963 (1,969,194)	338,462 (168,960)	338,462 (168,960)	15,615,118 (13,822,617)	24,093,212 (22,467,864)	22,467,864 (19,701,268)	
	OFFICE EQUIPMENTS	9,561,549 (8,406,215)	2,572,696 (1,327,492)	15,650 (172,158)	12,118,595 (9,561,549)	4,908,777 (4,575,041)	459,146 (401,155)	459,146 (401,155)	5,358,794 (4,908,777)	6,759,801 (4,652,772)	4,652,772 (3,831,174)	
	FIXED ASSETS - R&D											
	BUILDINGS	82,587,500 (31,134,400)	13,923,388 (51,453,100)	- (-)	96,510,888 (82,587,500)	7,935,285 (6,789,615)	2,797,502 (1,145,670)	- (-)	10,732,787 (7,935,285)	85,778,101 (74,652,215)	74,652,215 (24,344,785)	
PLANT & MACHINERY	99,663,871 (72,391,687)	11,109,824 (27,272,184)	- (-)	110,773,695 (99,663,871)	6,602,382 (4,959,182)	- (-)	- (-)	64,236,797 (57,634,415)	46,536,898 (42,029,456)	42,029,456 (19,716,454)		
FURNITURE & FIXTURES	6,050,964 (4,588,878)	- (1,462,086)	- (-)	6,050,964 (6,050,964)	340,579 (258,428)	- (-)	- (-)	3,859,237 (3,518,658)	2,191,727 (2,532,306)	2,532,306 (1,328,648)		
INTANGIBLE ASSETS:												
COMPUTER SOFTWARES	9,686,250 (4,185,710)	12,016,117 (5,500,540)	- (-)	21,702,367 (9,686,250)	1,728,666 (711,495)	- (-)	- (-)	2,819,124 (1,090,458)	18,883,243 (8,595,792)	8,595,792 (3,806,747)		
OTHER THAN COMPUTER SOFTWARES	31,178,679 (29,702,609)	107,938,997 (1,476,070)	- (-)	139,117,676 (31,178,679)	14,757,635 (9,900,864)	- (-)	- (-)	34,559,369 (19,801,734)	104,558,307 (11,376,945)	11,376,945 (19,801,739)		
TOTAL	3,322,103,747 (2,736,499,265)	1,016,302,896 (1,096,731,087)	10,468,333 (511,126,605)	4,327,938,310 (3,322,103,747)	171,485,036 (132,144,020)	7,650,884 (9,747,207)	7,650,884 (9,747,207)	2,156,462,931 (1,992,628,779)	2,171,475,379 (1,992,628,779)	1,329,474,968 (1,329,474,968)		

Plant & Machinery includes :

1. Borrowing cost (interest) capitalised during the year Rs.31,197,827/- (Previous Year Rs. 8,081,609/-)
2. Expenditure (salary) during construction period capitalised Rs. 2,025,330/- (Previous Year Rs. 2,001,238/-)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
13	NON-CURRENT INVESTMENTS		
	Long Term & Non Trade Investments		
	a) Investments in Equity Instruments (unquoted) :		
	Investment in subsidiaries :		
	6,000,000 (6,000,000) Equity shares of Rs.10/- each fully paid up in Prescient Color Ltd.	60,000,000	60,000,000
	23,100 (18,100) Equity shares of Euro 100/- each fully paid up in Sudarshan Europe B.V.	148,974,915	115,774,915
	b) Investments in preference shares (unquoted) :		
	Investment in subsidiaries :		
	400,000 (400,000) 10% Non cumulative, redeemable & with a right of call & put option Preference shares of Rs.100/- each fully paid up in Prescient Color Ltd.	40,000,000	40,000,000
		<u>248,974,915</u>	<u>215,774,915</u>
	c) Investment in Government securities (quoted) -		
	Aggregate amount of quoted investments and market value thereof :		
	257,392 (257,392) Units of Rs.10 each in Unit Trust of India-UTI G-SEC Fund	3,000,000	3,000,000
	Less : Aggregate provision for diminution in value of investments	205,000	200,000
	[Market Value Rs. 2,795,045/- (Previous Year Rs. 2,801,866/-)]		
		<u>2,795,000</u>	<u>2,800,000</u>
	Aggregate amount of quoted investments	3,000,000	3,000,000
	Aggregate amount of unquoted investments	248,974,915	215,774,915
	Less : Aggregate provision made for diminution in value of investments	205,000	200,000
	Total...	<u>251,769,915</u>	<u>218,574,915</u>
		<u>251,769,915</u>	<u>218,574,915</u>
14	LONG TERM LOANS & ADVANCES		
	Unsecured, considered good :		
	a) Capital Advances	69,238,031	73,716,729
	b) Security Deposits :		
	Deposit with government etc.	11,356,534	11,305,585
	Tender Deposits	855,562	500,862
	Deposit with others	5,370,395	4,257,182
	c) Loans and Advances to related parties	139,500,000	59,700,000
	d) Other Loans and Advances :		
	Housing loan to employees	775,757	1,085,643
	e) MAT Credit Entitlement	47,000,000	—
		<u>274,096,279</u>	<u>150,566,001</u>
	Income Tax Paid	—	1,076,648,804
	Less : Provision for Tax	—	1,031,600,000
	Income Tax Paid (Net)	—	45,048,804
	Total...	<u>274,096,279</u>	<u>195,614,805</u>
		<u>274,096,279</u>	<u>195,614,805</u>
15	OTHER NON-CURRENT ASSETS :		
	Margin Money with Banks with maturity of more than 12 months	5,500,000	5,500,000
	Total...	<u>5,500,000</u>	<u>5,500,000</u>
		<u>5,500,000</u>	<u>5,500,000</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	CURRENT ASSETS		
16	INVENTORIES		
	(a) Raw Materials	255,194,128	299,726,497
	Goods in Transit	83,419,855	20,642,735
	(b) Work-in-progress	209,900,657	152,655,569
	(c) Finished goods	399,940,426	323,566,828
	(d) Stores, Spares	110,544,364	70,293,059
	(e) Packing Materials	11,673,766	9,219,574
	(f) Leasehold Rights	498,450,000	498,450,000
	<i>For Leasehold Rights Ref. Note No. 4 of Note No. 29</i>		
	<i>For breakup of inventories Ref. Note No. 12 of Note No. 29</i>		
	Total...	<u>1,569,123,196</u>	<u>1,374,554,262</u>
17	TRADE RECEIVABLES		
	Unsecured considered good :		
	(i) Outstanding for a period exceeding six months from the due date (Considered good)	48,203,293	14,441,804
	Considered doubtful	2,695,954	2,903,109
	Less : Provision for doubtful debt	<u>(2,695,954)</u>	<u>(2,903,109)</u>
	(ii) Others (Considered good)	<u>1,794,569,491</u>	<u>1,732,440,354</u>
	Total...	<u>1,842,772,784</u>	<u>1,746,882,158</u>
18	CASH AND CASH EQUIVALENTS		
	(a) Balances with banks		
	In Current Accounts	101,086,522	97,218,371
	In Fixed deposit Accounts		
	Fixed Deposits with maturity for less than 3 months	200,000,000	—
	(b) Cash on hand	1,703,627	1,662,607
	(c) Earmarked balances with banks :		
	Lien Account	5,553	5,553
	Dividend Account	1,041,544	2,172,200
	(d) Balances with banks to the extent held as margin money		
	Margin Money with maturity Less than 12 months	34,498,067	16,939,393
	Margin Money with maturity more than 12 months	5,500,000	5,500,000
	Less : Amount disclosed under non current assets	<u>(5,500,000)</u>	<u>(5,500,000)</u>
	<i>(Ref. Note No. 15)</i>		
	Total...	<u>338,335,313</u>	<u>117,998,124</u>
19	SHORT-TERM LOANS AND ADVANCES		
	Unsecured, considered good :		
	Loans & Advances to Related Parties	288,967,556	175,000,000
	Others:		
	Housing Loan to Employees	368,600	368,600
	Advances recoverable in cash or in kind or for value to be received	49,778,807	46,818,096
	Deposit with Excise, Customs etc.	45,036,667	50,769,358
	VAT Refund Receivable	120,212,321	60,788,526
	Total...	<u>504,363,951</u>	<u>333,744,580</u>
20	OTHER CURRENT ASSETS		
	Export Incentives Receivable	16,713,085	33,993,177
	Service Tax Receivable	6,092,543	7,582,274
	Prepaid Expenses	20,497,260	12,071,626
	Gratuity Paid in Advance	8,188,849	2,395,433
	<i>Ref. Note No. 5 of Note No. 29</i>		
	Others	14,650,529	16,760,991
	Total...	<u>66,142,266</u>	<u>72,803,501</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	2011-2012 Rs.	2010-2011 Rs.
21	REVENUE FROM OPERATIONS		
	(a) Sale of products <i>Ref. Note No. 13 of Note No. 29</i>	7,890,355,143	7,473,823,907
	(b) Sale of services	592,517	1,836,228
	(c) Other operating revenues		
	Export Incentives	29,085,122	44,110,297
	Miscellaneous Operating Income	28,595,592	22,680,591
	(d) Less: Excise duty	506,284,685	471,294,731
		<u>7,442,343,689</u>	<u>7,071,156,292</u>
	Total...	<u>7,442,343,689</u>	<u>7,071,156,292</u>
22	OTHER INCOME		
	(a) Interest Income		
	Interest earned on :		
	Bank Deposits	2,696,295	1,481,385
	Others [T.D.S. Rs. 1,702,009/- (Previous Year Rs. 1,982,131/-)]	40,779,213	30,490,076
	(b) Dividend Income	–	12,070
	(c) Other Non-Operating Income :		
	Miscellaneous Income	2,887,765	13,567,754
	Provision for doubtful debts written back	207,155	270,839
	Foreign Exchange Difference (Net)	33,254,405	3,137,414
	Profit on sale/disposal of Assets (Net)	11,256	–
	Total...	<u>79,836,089</u>	<u>48,959,538</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	2011-2012 Rs.	2010-2011 Rs.
23	COST OF MATERIALS CONSUMED		
	Opening Stock	320,369,232	262,820,189
	Add: Purchases	4,060,452,961	3,764,858,068
		<u>4,380,822,193</u>	<u>4,027,678,257</u>
	Less Closing Stock	338,613,983	320,369,232
	Consumption of Raw Materials <i>Ref. Note No. 14 of Note No. 29</i>	<u>4,042,208,210</u>	<u>3,707,309,025</u>
	Total...		
24	PURCHASE OF STOCK-IN-TRADE		
		<u>284,850,597</u>	<u>267,105,645</u>
	Total...	<u>284,850,597</u>	<u>267,105,645</u>
25	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
	Stocks at Commencement :		
	Finished Products	323,566,828	289,859,784
	Semi-finished Products	152,655,569	137,140,252
		<u>476,222,397</u>	<u>427,000,036</u>
	Less:		
	Stocks at Close :		
	Finished Products	399,940,426	323,566,828
	Semi-finished Products	209,900,657	152,655,569
		<u>609,841,083</u>	<u>476,222,397</u>
	<i>Ref. Note No. 12 of Note No. 29</i>	<u>(133,618,686)</u>	<u>(49,222,361)</u>
	Total...		
26	EMPLOYEE BENEFIT EXPENSE		
	Salaries, Wages :		
	Other Than Research & Development	451,481,228	432,228,542
	For Research & Development	38,441,911	36,673,944
	Contribution to Provident and Other Funds	29,095,391	24,447,050
	Staff Welfare Expenses	12,088,522	6,229,010
	Gratuity Expenses (<i>Ref. Note No. 5 of Note No. 29</i>)	5,226,264	5,848,089
	Total...	<u>536,333,316</u>	<u>505,426,635</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	2011-2012 Rs.	2010-2011 Rs.
27	FINANCE COSTS		
	(a) Interest expenses	204,903,954	106,546,277
	(b) Other borrowing costs (include Bank charges for B.G., Loan Processing etc.)	4,307,833	6,873,851
	(c) Applicable net gain/loss on foreign currency transactions & translation	3,897,852	–
	Total...	<u>213,109,639</u>	<u>113,420,128</u>
28	OTHER EXPENSES		
	Consumption of stores and spare parts	183,583,914	193,271,864
	Consumption of Packing Material	96,997,425	97,955,765
	Power and fuel	529,596,427	454,359,171
	Water Charges	70,039,790	65,496,083
	Rent	6,814,196	6,631,311
	Repairs to buildings	53,145,147	41,090,094
	Repairs to machinery	85,803,606	85,632,604
	Repairs to others	3,649,448	2,486,843
	Insurance	12,004,063	10,609,616
	Rates and taxes, excluding taxes on income	6,808,092	5,238,954
	Advertisement	19,112,713	13,551,072
	Auditors' Remuneration (Ref. Note No. 7 of Note No. 29)	1,324,250	958,230
	Bad Debts Written Off	–	539,375
	Bank Charges	10,294,314	10,006,251
	Export Market Development Expenses : Commission on Exports	11,911,648	11,488,318
	Export Market Development Expenses : Travelling, Postage, Forwarding, etc.	83,338,357	67,840,688
	Commission to Selling Agents	161,451,327	148,465,598
	Directors' Sitting Fees	1,095,000	920,000
	Discounts	85,659,921	87,041,305
	ERP/Computer related expenses	8,042,405	6,846,391
	Freight and Octroi	7,764,577	9,169,346
	General Expenses	31,256,330	62,315,151
	Legal, Professional and Consultancy Charges	83,449,098	86,058,490
	Licence Fees	2,943,922	3,429,170
	Loss on sale/disposal of Assets (Net)	–	1,454,542
	Other Manufacturing Expenses	217,373,927	157,114,393
	Printing, Stationery and Communication Expenses	19,882,103	18,042,691
	Sales Tax Surcharge/Turnover Tax	2,061,086	4,456,246
	Selling and Distribution Expenses	41,790,095	38,531,282
	R & D Exp. : Stores, Spares and Consumables etc.	15,267,860	6,829,588
	R & D Exp. : Other Expenses	22,744,001	22,731,044
	Travelling and Conveyance	30,759,851	24,584,007
	Total...	<u>1,905,964,893</u>	<u>1,745,145,483</u>

NOTE NO. 29 : NOTES TO THE FINANCIAL STATEMENTS

1. Significant Accounting Policies :

(i) Basis of Preparation :

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on assumptions of going concern, consistency, accrual basis & under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(ii) Presentation and disclosure of financial statements :

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(iii) Use of Estimates :

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(iv) Fixed Assets :

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

(v) Depreciation :

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

(vi) Impairment of Assets :

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

(vii) Investments :

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

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

(viii) Inventories :

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

- (a) Raw materials, packing materials, stores and consumables are valued at weighted average cost.
- (b) The cost of Finished goods and Semi-finished goods is ascertained by weighted average of cost of raw material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Provision is made for obsolete and non-moving items.
- (d) Leasehold Rights are valued at conversion value.

(ix) Research and Development :

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

(x) Foreign Currency Transactions :

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

(xi) Revenue Recognition :

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

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

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

(xii) Employee Benefits :

(a) Defined Contribution Plan :

Contributions are made to approved Superannuation and Provident Fund.

(b) Defined Benefit Plan :

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

(c) Non-Contributory Pension Scheme :

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

(d) Short Term Compensated Absences (Leave Encashment) :

Liability on account of short term compensated absences (Leave Encashment) is provided on actuals.

(xiii) **Taxation :**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss shown as "MAT Credit Entitlement". The company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

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

(a) A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(b) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

(xv) **Earning Per Share :**

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity Shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xvi) **Cash and cash equivalents :**

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

(xvii) **Segment Reporting :**

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

- i) Pigments
- ii) Agro Chemicals

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

2. Estimated amount of contracts remaining to be executed on capital account – **Rs. 60,058,051/-** (Previous Year Rs. 82,500,980/-).
3. **Contingent liabilities not provided for :**
- (a) Excise Duty – **Rs. 4,560,996/-** (Previous Year Rs. 2,010,295/-).
 - (b) Corporate Guarantee issued on behalf of the wholly owned subsidiary company Prescient Color Limited – **Rs. 122,500,000/-** (Previous Year Rs.122,500,000/-).
 - (c) Corporate Guarantee issued on behalf of Sudarshan North America, Inc., wholly owned subsidiary company of Sudarshan Europe B.V. – **1.50 million USD** (Previous Year Rs. Nil/-).
 - (d) Income Tax – **Rs. 28,862,580/-** (Previous Year Rs. 28,862,580/-)
4. In the financial year 2010-11, the Company has converted the leasehold rights of the Company in respect of land situated at Final Plot No. 90, Sangamwadi, corresponding 'House No.162', Wellesley Road, Pune 411 001 into stock-in-trade and valued the same for a sum of Rs. 49.85 Crores and accordingly created a revaluation reserve.

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

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Obligations at period beginning	124,628,825	121,118,811
Service cost	6,772,913	6,607,036
Interest cost	9,472,427	9,689,505
Actuarial (gain) / loss	324,199	744,102
Benefits paid	(12,446,974)	(13,530,629)
Obligations at period end	128,751,390	124,628,825
Change in plan assets		
Plans assets at period beginning, at fair value	127,024,258	121,118,811
Expected return on plan assets	11,367,955	11,192,554
Actuarial (gain) / loss	(24,680)	–
Contributions	11,019,680	8,243,522
Benefits paid	(12,446,974)	(13,530,629)
Plans assets at period end, at fair value	136,940,239	127,024,258
Reconciliation of present value of the obligation and the fair value of the plan assets :		
Fair value of the plan assets at the end of the year	136,940,239	127,024,258
Present value of the defined benefit obligations at the end of the period	128,751,390	124,628,825
Asset recognized in the balance sheet	8,188,849	2,395,433
Gratuity cost for the period :		
Service cost	6,772,913	6,607,036
Interest cost	9,472,427	9,689,505
Expected return on plan assets	(11,367,955)	(11,192,554)
Actuarial (gain) / loss	348,879	744,102
Net gratuity cost	5,226,264	5,848,089
Investment details of the plan assets :		
Plan assets are invested in the debt instruments prescribed by IRDA		
Summary of Actuarial Assumptions :	31-03-2012	31-03-2011
Discount Rate	8.50%	8.00%
Estimated rate of return on plan assets	9.00%	9.40%

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

6. Trade Payables (Creditors) :

- a) Outstanding to creditors other than Micro, Small & Medium Enterprise **Rs. 948,512,434/-** (Previous Year Rs. 656,130,672/-) [Interest Paid/Payable is **Rs. Nil** (Previous Year Rs. Nil)].
- b) Outstanding to Micro, Small & Medium Enterprise: **Rs. Nil** (Previous Year Rs. Nil).

The identification of suppliers under “Micro, Small and Medium Enterprises Development Act, 2006” was done on the basis of the information to the extent provided by the suppliers to the company. Total Outstanding

dues of Micro and Small Enterprises, which were outstanding for more than stipulated period, are given below :

	Rs. 31-03-2012	Rs. 31-03-2011
a) Principal amount due	Nil	Nil
b) Interest paid under MSMED Act, 2006	Nil	191,886
c) Interest due	336,995	264,464
d) Interest accrued and due	Nil	Nil
e) Interest due and payable till actual payment	336,995	264,464

7. Auditor's Remuneration :

	Rs. 31-03-2012	Rs. 31-03-2011
a) Audit Fees	540,000	490,000
b) Tax Audit Fees	180,000	150,000
c) Other Services – Certification & Limited Review Stock Verification	460,000	175,000
d) Reimbursement of Expenses	24,250	23,230
Total...	<u>1,324,250</u>	<u>958,230</u>

8. Fixed Deposits :

	Rs. 31-03-2012	Rs. 31-03-2011
a) Fixed Deposits with Maturity less than 12 months	140,310,000	6,820,996
b) Fixed Deposits with Maturity more than 12 months	34,930,000	190,640,000
c) Unclaimed Matured Fixed Deposits	15,000	565,000
Total...	<u>175,255,000</u>	<u>198,025,996</u>

9. Research and Development Expenditure :

Expenditure incurred on in-house research and development facility by the Company.

Expenditure (charged out through the natural heads of the accounts) in respect of eligible facilities at Roha and Pune.

a. Revenue Expenditure		Rs. 31-03-2012	Rs. 31-03-2011
Roha Unit		24,876,858	19,279,620
Pune Unit		51,576,914	46,954,956
Total...		<u>76,453,772</u>	<u>66,234,576</u>
b. Capital Expenditure		Rs. 31-03-2012	Rs. 31-03-2011
Roha Unit		3,013,668	2,552,480
Pune Unit		22,019,545	68,579,711
Total...		<u>25,033,213</u>	<u>71,132,191</u>

10. Segment Reporting :

A) Primary Segment Information :

Particulars	Year ended 31-03-2012 Rs.	Year ended 31-03-2011 Rs.
1 Segment Revenue		
a) Pigments	6,647,041,025	6,237,095,679
b) Agro Chemicals	795,302,664	834,060,613
Total	<u>7,442,343,689</u>	<u>7,071,156,292</u>
Less : Inter segment revenue	-	-
Net Sales / Income from Operations	<u>7,442,343,689</u>	<u>7,071,156,292</u>
2 Segment Results		
Profit/(Loss) before tax		
a) Pigments	869,350,935	950,228,308
b) Agro Chemicals	34,586,292	63,840,548
Total	<u>903,937,227</u>	<u>1,014,068,856</u>
Less : i. Financial Cost	213,109,639	113,420,128
ii. Exceptional Item	-	(93,145,184)
iii. Other Unallocable expenditure (net of Unallocable income)	188,980,815	201,861,473
Profit Before Tax	<u>501,846,773</u>	<u>791,932,439</u>
3 Other information		
Segment assets (*)		
a) Pigments	4,920,341,341	4,104,441,150
b) Agro Chemicals	229,588,181	207,562,565
Segment liabilities		
a) Pigments	1,050,536,692	801,968,375
b) Agro Chemicals	155,222,914	152,499,766
Capital employed in segments (*)		
a) Pigments	3,869,804,649	3,302,472,775
b) Agro Chemicals	74,365,267	55,062,799
	<u>3,944,169,916</u>	<u>3,357,535,574</u>
Add : Unallocable Corporate assets less liabilities	1,288,063,228	669,529,513
Total capital employed	<u>5,232,233,144</u>	<u>4,027,065,087</u>
4 Capital Expenditure (*)		
a) Pigments	573,733,314	484,079,120
b) Agro Chemicals	298,870	1,367,160
c) Unallocated	297,900,469	321,709,518
Total capital expenditure	<u>871,932,653</u>	<u>807,155,798</u>
(*) Does not include leasehold rights at Pune, treated as stock-in-trade.		
5 Depreciation		
a) Pigments	117,552,572	104,535,291
b) Agro Chemicals	6,980,223	8,924,740
c) Unallocated	46,952,241	18,683,989
Total Depreciation	<u>171,485,036</u>	<u>132,144,020</u>

B) Secondary Segment Disclosures :

i) Revenue from External Customers

	31-03-2012	31-03-2011
	Rs.	Rs.
Indigenous	4,669,668,404	4,359,655,297
Exports (including export incentives)	2,772,675,285	2,711,500,995
Total...	<u>7,442,343,689</u>	<u>7,071,156,292</u>

ii) Carrying amount of Assets

	31-03-2012	31-03-2011
	Rs.	Rs.
In India	6,063,078,152	4,543,686,763
Outside India	1,127,967,487	1,163,297,352
Total...	<u>7,191,045,639</u>	<u>5,706,984,115</u>

11. Related Party Disclosures :

List of Related Parties and description of relationship:

i) Key Management Personnel

Mr. K. L. Rathi
 Mr. P. R. Rathi
 Mr. R. B. Rathi
 Dr. K. D. Inamdar
 Mr. K. R. Ambekar (Retired on 30th June, 2011)
 Mr. A. V. Vij
 Ms. Christine Gehres
 (on deputation from Sudarshan North America, Inc.)

ii) Relatives of Key Management Personnel

Mrs. R. R. Rathi - Wife of Mr. R. B. Rathi
 Mr. R. P. Rathi - Son of Mr. P. R. Rathi
 Mrs. K. B. Rathi - Mother of Mr. R. B. Rathi
 Mrs. K. R. Rathi - Mother of Mr. P. R. Rathi
 Ms. S. R. Rathi - Daughter of Mr. R. B. Rathi
 Mr. A. B. Rathi - Brother of Mr. R. B. Rathi
 Mr. A. K. Ambekar - Son of Mr. K. R. Ambekar
 Mrs. A. K. Rathi - Wife of Mr. K. L. Rathi
 Mrs. S. P. Rathi - Wife of Mr. P. R. Rathi

iii) Subsidiary Companies:

Prescient Color Limited,
 Sudarshan Europe B.V.
 Sudarshan North America, Inc. (Subsidiary of Sudarshan Europe B.V.)

iv) Associate Companies:

Rathi Brothers Poona Ltd.,
 Rathi Brothers Madras Ltd.,
 Rathi Brothers Calcutta Ltd.
 Rathi Brothers Delhi Ltd.

Nature of transactions	2011-2012				2010-2011			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Associates	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Associates
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
● Salary, Pension, Reimbursement of expenses etc.:								
Mr.K.L. Rathi	14,483,830	-	-	-	13,107,680	-	-	-
Mr.P.R. Rathi	19,634,576	-	-	-	17,356,113	-	-	-
Mr.N.J. Rathi	-	-	-	-	4,883,863	-	-	-
Mr.R.B. Rathi	16,149,283	-	-	-	15,987,157	-	-	-
Dr.K.D. Inamdar	14,176,645	-	-	-	6,649,400	-	-	-
Mr.K.R. Ambekar	7,727,063	-	-	-	4,006,693	-	-	-
Ms. Christine Gehres	7,954,650	-	-	-	-	-	-	-
Others	5,584,236	-	-	-	4,254,626	-	-	-
Mr.R.P.Rathi	-	1,892,735	-	-	-	1,108,686	-	-
Mrs.K.B.Rathi	-	931,700	-	-	-	847,000	-	-
Mr.A.N.Rathi	-	-	-	-	-	2,968,945	-	-
● Interest:								
Mr.P.R.Rathi	84,918	-	-	-	-	-	-	-
Mr.K.L.Rathi	490,300	-	-	-	633,497	-	-	-
Others	-	-	-	-	71,517	-	-	-
Smt.Rathi Kusum R.	-	555,500	-	-	-	-	-	-
Smt.K.B.Rathi	-	943,651	-	-	-	1,865,500	-	-
Mrs.Rathi Aruna Kishor	-	502,700	-	-	-	-	-	-
Mrs.Rathi Subhadra P.	-	770,752	-	-	-	691,900	-	-
Others	-	911,002	-	-	-	3,096,592	-	-
Rathi Brothers Poona	-	-	-	613,786	-	-	-	991,182
Rathi Brothers Madras	-	-	-	295,832	-	-	-	273,146
Rathi Brothers Calcutta	-	-	-	139,735	-	-	-	107,050
Rathi Brothers Delhi	-	-	-	837,698	-	-	-	852,312
● Acceptance of Deposits:								
Mr.P.R.Rathi	1,400,000	-	-	-	-	-	-	-
Mr.K.L.Rathi	-	-	-	-	4,050,000	-	-	-
Meena B.Rathi Trust	-	750,000	-	-	-	-	-	-
Mr.R.P.Rathi	-	2,400,000	-	-	-	-	-	-
Mrs.Rathi Subhadra P.	-	1,300,000	-	-	-	-	-	-
Armaan Trust	-	-	-	-	-	500,000	-	-
Rathi HUF Narayandas J.	-	-	-	-	-	500,000	-	-
Rohan Trust	-	-	-	-	-	500,000	-	-
Nidhi Trust	-	-	-	-	-	370,000	-	-
Mrs.Rathi Rachna R.	-	-	-	-	-	500,000	-	-
Others	-	650,000	-	-	-	150,000	-	-
Rathi Brothers Poona	-	-	-	13,700,000	-	-	-	12,150,000
Rathi Brothers Madras	-	-	-	5,225,000	-	-	-	2,900,000
Rathi Brothers Delhi	-	-	-	12,275,000	-	-	-	6,750,000
Others	-	-	-	1,425,000	-	-	-	1,625,000
● Repayments of Deposits:								
Mr.R.B.Rathi	507,300	-	-	-	-	-	-	-
Mr.K.L.Rathi	-	-	-	-	3,330,000	-	-	-
Armaan Trust	-	-	-	-	-	500,000	-	-
Rathi HUF Narayandas J.	-	1,430,000	-	-	-	500,000	-	-
Meena B. Rathi Trust	-	-	-	-	-	600,000	-	-
Ms.Rathi Smriti Rajesh	-	-	-	-	-	700,000	-	-
Rohan Trust	-	-	-	-	-	500,000	-	-
Smt.K.B.Rathi	-	17,850,000	-	-	-	-	-	-
Mrs.Rathi Rachana R.	-	5,150,000	-	-	-	-	-	-
Others	-	2,907,300	-	-	-	200,000	-	-
Rathi Brothers Poona	-	-	-	9,700,000	-	-	-	21,625,000
Rathi Brothers Madras	-	-	-	3,075,000	-	-	-	2,750,000
Rathi Brothers Delhi	-	-	-	8,400,000	-	-	-	7,050,000
Others	-	-	-	1,375,000	-	-	-	1,150,000
● Sale of Chemicals:								
Sudarshan Europe B.V.	-	-	686,604,796	-	-	-	549,124,618	-
Prescient Color Ltd.	-	-	8,593,797	-	-	-	13,702,797	-
Sudarshan North America, Inc.	-	-	222,339,893	-	-	-	166,472,983	-
● Car lease rent received:								
Prescient Color Ltd.	-	-	244,400	-	-	-	160,800	-
● Subscription to Share Capital:								
Sudarshan Europe B.V.	-	-	33,200,000	-	-	-	33,486,000	-

Nature of transactions	2011-2012				2010-2011			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Associates	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Associates
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
● Unsecured Loans given:								
Sudarshan Europe B.V.	-	-	1,011,249,228	-	-	-	383,946,290	-
Prescient Color Ltd.	-	-	112,368,605	-	-	-	73,603,000	-
● Unsecured Loans repayments received:								
Sudarshan Europe B.V.	-	-	897,281,672	-	-	-	303,446,290	-
Prescient Color Ltd.	-	-	32,568,605	-	-	-	91,003,000	-
● Trade Advances given								
Prescient Color Ltd.	-	-	-	-	-	-	88,607	-
● Interest received/ accrued:								
Sudarshan Europe B.V.	-	-	24,243,739	-	-	-	12,382,629	-
Prescient Color Ltd.	-	-	11,126,662	-	-	-	12,165,872	-
● Commission:								
Rathi Brothers Calcutta	-	-	-	4,319,613	-	-	-	3,768,934
Rathi Brothers Delhi	-	-	-	18,366,059	-	-	-	16,270,018
Rathi Brothers Madras	-	-	-	5,891,078	-	-	-	5,933,840
Rathi Brothers Pune	-	-	-	27,546,098	-	-	-	23,834,414
● Management Consultancy fees recd.								
Prescient Color Ltd.	-	-	576,000	-	-	-	2,566,000	-
● Balance outstanding at year end -								
- Customer/Vender Account								
Prescient Color Ltd.	-	-	4,633,286	-	-	-	88,607	-
Sudarshan Europe B.V.	-	-	188,907,585	-	-	-	183,286,316	-
Sudarshan North America, Inc.	-	-	56,942,862	-	-	-	133,115,323	-
- Loan Account								
Prescient Color Ltd.	-	-	139,500,000	-	-	-	59,700,000	-
Sudarshan Europe B.V.	-	-	288,967,556	-	-	-	175,000,000	-

12. Inventories :

Stocks :	At Commencement		At Close	
	Value	Rs.	Value	Rs.
(a) Finished Products :				
(i) Inorganic Pigments	80,114,069	(79,333,725)	149,323,082	(80,114,069)
(ii) Organic Pigments	202,351,011	(176,582,151)	188,378,751	(202,351,011)
(iii) Intermediates	3,126,550	(2,500,928)	36,533,843	(3,126,550)
(iv) Pesticides (100%)	37,975,198	(31,442,980)	25,704,750	(37,975,198)
Total...	323,566,828	(289,859,784)	399,940,426	(323,566,828)
(b) Semi Finished Products :				
(i) Inorganic Pigments	36,013,929	(43,422,869)	45,741,965	(36,013,929)
(ii) Organic Pigments	106,703,868	(85,585,391)	148,096,139	(106,703,868)
(iii) Intermediates	1,764,267	(1,685,254)	10,941,673	(1,764,267)
(iv) Pesticides (100%)	8,173,505	(6,446,738)	5,120,880	(8,173,505)
Total...	152,655,569	(137,140,252)	209,900,657	(152,655,569)

13. Sales :		Value Rs.
(i)	Inorganic Pigments	1,795,258,998 (1,887,961,459)
(ii)	Organic Pigments	4,778,201,287 (4,287,228,192)
(iii)	Intermediates	16,637,843 (1,203,443)
(iv)	Pesticides (100%)	412,494,546 (463,606,138)
(v)	Trading Sales	381,477,784 (362,529,944)
	Total...	7,384,070,458 (7,002,529,176)

14. Raw Materials Consumed :		Value Rs.
(i)	Litharge and Lead Metal	160,642,390 (151,640,432)
(ii)	Sodium Bichromate	84,639,812 (63,174,390)
(iii)	Organo Phosphorous Intermediates	83,933,517 (93,497,867)
(iv)	C P C Blue	170,946,650 (326,274,437)
(v)	C Acid	90,818,263 (79,243,515)
(vi)	Others	3,451,227,578 (2,993,478,384)
	Total...	4,042,208,210 (3,707,309,025)

15. Value of Imported and Indigenous Raw Materials consumed during the year :		Rs.	% to total consumption
(i)	Value of Imported Raw Materials including duty, handling, clearance charges etc.	998,564,184 (943,483,062)	25% (25%)
(ii)	Value of Indigenous Raw Materials	3,043,644,026 (2,763,825,963)	75% (75%)
	Total...	4,042,208,210 (3,707,309,025)	100% (100%)

16. Value of Imported and Indigenous Stores, Spares and Components Consumed :		Rs.	% to total consumption
(i)	Value of Imported Stores, Spares and Components including duty, handling, clearance charges etc.	15,938,802 (5,448,034)	9% (3%)
(ii)	Value of Indigenous Stores, Spares and Components	167,645,112 (187,823,830)	91% 97%
	Total...	183,583,914 (193,271,864)	100% (100%)

17. Expenditure in Foreign Currencies (cash basis) on Account of :		Rs.
(i) Commission		6,465,508 (8,044,100)
(ii) Foreign Travel		7,467,138 (7,503,107)
(iii) Interest		2,020,043 (4,655,307)
(iv) Others		88,920,307 (79,774,972)
Total...		104,872,996 (99,977,486)

18. C.I.F.Value of Imports :		Rs.
(i) Raw Materials (including through Canalising Agencies)		1,103,185,106 (1,071,113,427)
(ii) Stores and Components		10,778,342 (4,734,368)
(iii) Capital Goods		18,986,896 (60,907,460)
Total...		1,132,950,344 (1,136,755,255)

19. Remittances during the year in foreign currencies on account of dividend to non-resident shareholders were as follows :		
Number of Shareholders		1 (1)
Number of Equity Shares (Shares of Rs.10/- each) for final dividend of 2010-11		557,989 (557,989)
Amount remitted for the year ended 31-3-2011 (Rs.)		6,974,863 (6,974,863)

The above information pertains to a non-resident shareholder to whom direct remittance has been made by the Company.

20. Earnings in Foreign Exchange :		Rs.
a) Export of goods on F.O.B.Basis (inclusive of exports of Export House)		3,105,423,141 (2,090,460,843)
b) Others		24,243,739 (12,382,629)
Total...		3,129,666,880 (2,102,843,472)

21. Hedged/ Unhedged Foreign Exposure:

The following foreign currency transactions remain outstanding:

A. Un-hedged Exposure

Nature	Currency	31-03-2012 Rs.	31-03-2011 Rs.
Export	EURO	3,06,02,408	10,16,27,338
Export	USD	44,69,71,969	54,76,41,270
Export	GBP	7,07,742	2,83,53,974
Import Adavance	EURO	3,56,659	37,97,322
Import	USD	8,15,87,260	10,23,486
Import	JYP	2,45,193	2,08,927
Import Adavance	GBP	–	73,056
Import Adavance	SEK	–	92,95,908
Import Adavance	CHF	–	7,03,735
PCFC	USD	7,33,99,164	14,26,77,262
FOBN	EURO	3,32,68,977	13,98,07,709
FOBN	USD	18,95,61,078	26,72,65,831
FOBN	GBP	–	18,06,268
Buyser's Credit	USD	9,21,08,680	12,72,22,330

B. Hedged Exposure

Nature	Currency	31-03-2012 Rs.	31-03-2011 Rs.
Export	EURO	14,76,92,772	21,31,37,351
Export	USD	5,21,64,652	16,02,49,122
Import	USD	–	4,60,50,000

22. Earning per Share (EPS)

Sr. No.	Particulars	31-03-2012	31-03-2011
A)	Net Profit/ Amount attributable to equity shareholders (Rs)	361,510,643	558,116,008
B)	Weighted average no of shares	6,922,725	6,922,725
C)	Earnings per share basic and diluted (Rs)	52.22	80.62
D)	Face value per equity share (Rs)	10	10

23. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Revised Schedule VI significantly impacts the presentation and disclosures made in the financial statements, particulars presentation of Balance Sheet. The Company has reclassified previous year figures to conform to this year's classification.

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

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

S.N.INAMDAR
Director & Member
of Audit Committee

K.L.RATHI
Executive Chairman

P.R.RATHI
Vice-Chairman &
Managing Director

P.V.PARANJAPE
Partner
Membership No.:047296

N.J.RATHI
Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

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

1	Name of the Subsidiary Company	Prescient Color Limited	Sudarshan Europe B.V.	Sudarshan North America, Inc.
2	Financial year of the subsidiary	01/04/2011 to 31/3/2012	01/04/2011 to 31/3/2012	01/04/2011 to 31/3/2012
3	(a) No. of shares held in subsidiary company as at 31st March, 2012:			
	- Equity	6,000,000 shares of Rs 10/- each	23100 shares of EURO 100 each (Equivalent to Rs 148,974,915/-)	50003 shares of US\$ 0.01 each (Equivalent to Rs 65,987,293/-)
	- Preference	400,000 shares of Rs.100/- each		
	(b) Extent of holding	100%	100%	100%
4	The net aggregate profits less losses of subsidiary company as far as it concerns the members of the holding company :			
	(i) Not dealt with in the holding company's accounts :			
	(a) Of the subsidiary for the year 2011-12	Rs 9,258,803/- Profit	Rs 7,848,414/- Profit	Rs 13,651,445/- Loss
	(b) For the previous financial years since it became the holding company's subsidiary:	Rs 46,672,495/- Loss	Rs 100,205,327/- Loss	Rs 38,901,885/- Loss
	(ii) Dealt with in the holding company's accounts :			
	(a) Of the subsidiary for the year 2011-12	Nil	Nil	Nil
	(b) For the previous financial years since it became the holding company's subsidiary:	Nil	Nil	Nil
5	Change in the interest of the holding company between the end of the financial year of the subsidiary and the end of the holding company's financial year.	Not applicable	Not applicable	Not applicable
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of the subsidiary's :			
	(i) Fixed assets	Not applicable	Not applicable	Not applicable
	(ii) Investments	Not applicable	Not applicable	Not applicable
	(iii) Moneys lent by the subsidiary	Not applicable	Not applicable	Not applicable
	(iv) Moneys borrowed by the subsidiary	Not applicable	Not applicable	Not applicable
7	Financial details :			
	(a) Capital	Rs 100,000,000	EURO 2,310,000	USD 1,405,500
	(b) Reserves	Nil	Nil	Nil
	(c) Total assets	Rs 290,019,510	Rs 582,548,550	Rs 218,297,445
	(d) Total liabilities	Rs 290,019,510	Rs 582,548,550	Rs 218,297,445
	(e) Investments	Nil	Rs 65,987,293	Nil
	(f) Turnover	Rs 469,158,021	Rs 807,854,023	Rs 258,285,579
	(g) Profit / (Loss) before taxation	Rs 9,258,803	Rs 7,848,414	Rs (13,651,445)
	(h) Provision for taxation	Nil	Nil	Nil
	(i) Profit / (Loss) after taxation	Rs 9,258,803	Rs 7,848,414	Rs (13,651,445)
	(j) Proposed dividend	Nil	Nil	Nil

For and on behalf of the Board of Directors

S.N.INAMDAR
Director & Member
of Audit Committee

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Executive Chairman

P.R.RATHI
Vice-Chairman &
Managing Director

N.J.RATHI
Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

AUDITORS' REPORT FOR CONSOLIDATION

TO,
THE MEMBERS OF
SUDARSHAN CHEMICAL INDUSTRIES LIMITED

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

- 1) We have audited the attached Consolidated Balance Sheet of Sudarshan Chemical Industries Limited ('the Company'), its Subsidiaries; hereinafter referred to as the "Group" as at 31st March 2012, the Consolidated Statement of Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statements of any of the subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 1,090,865,505 as at 31st March, 2012, total revenue of Rs. 1,489,978,912 and cash flows amounting to Rs. 9,490,713 for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of the other auditors.
- 4) We report that the Consolidated Financial Statements have been prepared by company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 5) Based on our audit and on consideration of report of other auditors on separate financial statements of the components, and to the best of our information and according to the explanations given to us, in our opinion that the attached consolidation financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) In the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2012;
 - b) In the case of the consolidated statement of profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

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

P. V. Paranjape
Partner
Membership No – 047296

Pune : 25th May 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	69,227,250	69,227,250
(b) Reserves and Surplus	2	2,366,881,311	2,157,996,006
		<u>2,436,108,561</u>	<u>2,227,223,256</u>
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	1,233,525,454	1,050,838,700
(b) Deferred tax liabilities (Net)	4	212,310,169	120,974,039
(c) Other Long term liabilities	5	27,770,460	28,190,855
(d) Long term provisions	6	52,778,073	44,055,309
		<u>1,526,384,156</u>	<u>1,244,058,903</u>
(3) Current Liabilities			
(a) Short-term borrowings	7	1,149,170,326	850,086,195
(b) Trade payables	8	1,059,483,980	711,264,327
(c) Other current liabilities	9	857,539,130	479,482,209
(d) Short-term provisions	10	141,972,960	134,761,733
		<u>3,208,166,396</u>	<u>2,175,594,464</u>
	Total	<u>7,170,659,113</u>	<u>5,646,876,623</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	2,162,099,140	1,433,530,324
(ii) Intangible assets	12	123,441,549	19,972,736
(iii) Capital work-in-progress		168,811,302	313,008,913
(b) Non-current investments	13	2,795,000	2,800,000
(c) Long term loans and advances	14	137,000,166	138,001,485
(d) Other non-current assets	15	5,500,000	5,500,000
		<u>2,599,647,157</u>	<u>1,912,813,458</u>
(2) Current assets			
(a) Inventories	16	1,963,100,003	1,678,486,862
(b) Trade receivables	17	1,937,887,201	1,701,274,034
(c) Cash and cash equivalents	18	372,277,808	142,449,936
(d) Short-term loans and advances	19	231,577,777	138,971,981
(e) Other current assets	20	66,169,167	72,880,352
		<u>4,571,011,956</u>	<u>3,734,063,165</u>
	Total	<u>7,170,659,113</u>	<u>5,646,876,623</u>
See accompanying Notes to The Consolidated Financial Statements	29		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

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Membership No.:047296

N.J.RATHI
Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	2011-2012 Rs.	2010-2011 Rs.
I. Revenue from operations	21	8,555,249,784	7,746,250,364
Less : Excise Duty		552,310,333	504,789,434
		<u>8,002,939,451</u>	<u>7,241,460,930</u>
II. Other Income	22	38,325,446	33,206,074
III. Total Revenue (I +II)		<u>8,041,264,897</u>	<u>7,274,667,004</u>
IV. Expenses:			
Cost of materials consumed	23	4,334,686,495	3,971,133,994
Purchase of Stock-in-Trade	24	388,860,479	267,628,072
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(230,725,004)	(286,725,160)
Employee benefit expense	26	631,820,894	588,395,289
Finance Cost	27	223,651,447	121,652,292
Depreciation and amortization expense	11, 12	184,393,533	143,909,657
Other expenses	28	2,032,591,066	1,845,834,753
Total Expenses		<u>7,565,278,910</u>	<u>6,651,828,897</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		475,985,987	622,838,107
VI. Exceptional Items		–	93,145,184
VII. Profit before extraordinary items and tax (V + VI)		475,985,987	715,983,291
VIII. Extraordinary Items		–	–
IX. Profit before tax (VII - VIII)		<u>475,985,987</u>	<u>715,983,291</u>
X. Tax expense:			
(1) Current tax		96,000,000	171,500,000
(2) MAT		(47,000,000)	–
(3) Deferred tax		91,336,130	62,316,431
XI. Profit(Loss) from the period from continuing operations		335,649,857	482,166,860
XII. Profit/(Loss) from discontinuing operations		–	–
XIII. Tax expense of discounting operations		–	–
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		–	–
XV. Profit/(Loss) for the period (XI + XIV)		<u>335,649,857</u>	<u>482,166,860</u>
XVI. Earning per Equity Share, Basic & Diluted (Rs. Per Equity Share of Rs. 10 each) (Ref. Note No. 12 of Note No. 29)		48.49	69.65
See accompanying Notes to The Consolidated Financial Statements	29		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

S.N.INAMDAR
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Membership No.:047296

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Director

R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	March 31, 2012 Rs.	March 31, 2011 Rs.
Cash flow from operating activities		
Profit/(Loss) before tax from operations	475,985,987	715,983,291
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	184,393,533	143,909,657
Loss/(profit) on sale or write off of fixed assets	51,107	(91,688,224)
Unrealized foreign exchange loss	(21,437,727)	(10,412,391)
Employees Benefit Provisions	11,410,302	9,355,721
Provision for doubtful debt	2,695,954	2,903,109
Interest expense	223,651,447	114,778,441
Interest income	(10,309,066)	(7,563,121)
Dividend income	—	(12,070)
Operating profit before working capital changes	866,441,537	877,254,413
Movements in working capital :		
Increase/(decrease) in trade payables	349,745,008	180,182,221
Increase/(decrease) in long-term provisions	4,523,689	—
Increase/(decrease) in short-term provisions	(100,572,053)	(100,906,293)
Increase/(decrease) in other current liabilities	381,554,745	56,352,432
Increase/(decrease) in other long-term liabilities	(420,395)	110,165
Decrease/(increase) in trade receivables	(253,510,657)	(321,202,186)
Decrease/(increase) in inventories	(284,613,141)	(324,940,031)
Decrease/(increase) in long-term loans and advances	1,001,319	(115,174,303)
Decrease/(increase) in short-term loans and advances	(92,605,796)	(16,617,539)
Decrease/(increase) in other current assets	6,711,185	(38,094,653)
Decrease/(increase) in other non-current assets	—	(5,500,000)
Cash generated from /(used in) operations	878,255,441	191,464,226
Direct taxes paid (net of refunds)	(49,000,000)	(171,500,000)
Net cash flow from/ (used in) operating activities (A)	829,255,441	19,964,226
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(875,184,474)	(822,144,656)
Proceeds from sale of fixed assets	2,899,817	94,626,758
Proceeds of non-current investments	5,000	19,935,039
Interest received	10,309,066	7,563,121
Dividends received	—	12,070
Net cash flow from/(used in) investing activities (B)	(861,970,591)	(700,007,668)
Cash flows from financing activities:		
Proceeds from long-term borrowings	182,686,754	444,573,574
Proceeds from short-term borrowings	303,507,715	389,755,630
Interest paid	(223,651,447)	(114,778,441)
Net cash flow from/(used in) in financing activities (C)	262,543,022	719,550,763
Net increase/(decrease) in cash and cash equivalents (A + B + C)	229,827,872	39,507,321
Cash and cash equivalents at the beginning of the year	142,449,936	102,942,615
Cash and cash equivalents at the end of the year	372,277,808	142,449,936
Components of cash and cash equivalents		
Cash on hand	1,788,328	1,860,790
With banks		
on current account	134,949,869	119,991,463
on deposit account	234,498,067	18,425,483
unpaid dividend accounts*	1,041,544	2,172,200
Total cash and cash equivalents (note 18)	372,277,808	142,449,936

* The company can utilise these balances only towards settlement of the respective unpaid dividend

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

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R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

Pune : 25th May, 2012

Pune : 25th May, 2012

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.		As at 31-03-2011 Rs.	
	SHAREHOLDER'S FUNDS				
1	SHARE CAPITAL				
	Equity share capital :				
	AUTHORISED :				
	8,000,000 (8,000,000) Equity Shares of Rs.10 each	<u>80,000,000</u>		<u>80,000,000</u>	
	ISSUED :				
	* 6,922,775 (6,922,775) Equity Shares of Rs.10 each	<u>69,227,750</u>		<u>69,227,750</u>	
	SUBSCRIBED AND PAID UP :				
	6,922,725 (6,922,725) Equity Shares of Rs.10 each fully paid up.	<u>69,227,250</u>		<u>69,227,250</u>	
	* Allotment of 50 Rights Equity Shares of Rs.10/- each is kept in abeyance, matter being subjudice.				
	a) Reconciliation of the shares outstanding at the beginning and at the end of the year :				
		No.	Rs.	No.	Rs.
	At the beginning of the year	<u>6,922,725</u>	<u>69,227,250</u>	6,922,725	69,227,250
	Add: Allotted during the year	–	–	–	–
	Less: Shares bought back during the year	–	–	–	–
	Outstanding at the end of the year	<u>6,922,725</u>	<u>69,227,250</u>	6,922,725	69,227,250
	b) Terms/ Rights attached to equity shares :				
	The Company has only one class of equity share having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
	During the Financial Year ended 31st March 2012, the amount of per share dividend recognised as distribution to the equity shareholders is Rs. 12.50/- (Previous Year Rs. 12.50/-)				
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
	c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates :				
	The Company does not have any holding or ultimate holding company.				
	d) Details of shareholders holding more than 5% shares in the company :				
		No.	%	No.	%
	Mr.Pradeep R. Rathi	<u>382,345</u>	<u>5.52</u>	3,39,707	4.89
	Mr.Rahul P. Rathi	<u>475,454</u>	<u>6.87</u>	470,454	6.87
	Mr.Anuj N. Rathi	<u>377,762</u>	<u>5.46</u>	377,762	5.46
	DIC Corporation, Japan	<u>557,989</u>	<u>8.06</u>	557,989	8.06

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.		As at 31-03-2011 Rs.	
2	RESERVES & SURPLUS				
	a) CAPITAL RESERVE - II				
	Balance at the beginning of the year	5,044,100		5,044,100	
	Additions during the year	–		–	
	Less : Deduction during the year	–		–	
	Balance at the end of the year	<u>5,044,100</u>	<u>5,044,100</u>	<u>5,044,100</u>	<u>5,044,100</u>
	b) SECURITIES PREMIUM ACCOUNT				
	Balance at the beginning of the year	132,115,000		132,115,000	
	Additions during the year	–		–	
	Less : Deduction during the year	–		–	
	Balance at the end of the year	<u>132,115,000</u>	<u>132,115,000</u>	<u>132,115,000</u>	<u>132,115,000</u>
	c) REVALUATION RESERVE				
	<i>Ref. Note No. 6 of Note No. 29</i>				
	Balance at the beginning of the year	498,450,000		–	
	Additions during the year	–		498,450,000	
	Less : Deduction during the year	–		–	
	Balance at the end of the year	<u>498,450,000</u>	<u>498,450,000</u>	<u>498,450,000</u>	<u>498,450,000</u>
	d) GENERAL RESERVE				
	Balance at the beginning of the year	1,314,115,720		914,115,720	
	Add : amounts transferred from Surplus balance in statement of profit and loss	200,000,000		400,000,000	
	Less : Deduction during the year	–		–	
	Balance at the end of the year	<u>1,514,115,720</u>	<u>1,514,115,720</u>	<u>1,314,115,720</u>	<u>1,314,115,720</u>
	e) FOREIGN CURRENCY TRANSLATION RESERVE				
	Balance at the beginning of the year	–		–	
	Additions during the year	(26,192,499)		–	
	Less : Deduction during the year	–		–	
	Balance at the end of the year	<u>(26,192,499)</u>	<u>(26,192,499)</u>	<u>–</u>	<u>–</u>
	f) Surplus in the Statement of Profit and Loss				
	Surplus at the beginning of the year	208,271,186		226,676,379	
	Add : Current Year Profit After Tax	335,649,857		482,166,860	
	Less : Appropriations				
	Proposed Equity Dividend	86,534,063		86,534,063	
	Tax on Proposed Equity Dividend	14,037,990		14,037,990	
	Amount transferred to General Reserve	200,000,000		400,000,000	
		<u>243,348,990</u>	<u>243,348,990</u>	<u>208,271,186</u>	<u>208,271,186</u>
	Total...		<u>2,366,881,311</u>		<u>2,157,996,006</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	NON CURRENT LIABILITIES :		
3	LONG-TERM BORROWINGS :		
	a) SECURED LOAN FROM BANKS :		
	HDFC Bank <i>Ref. Note Nos. i) & x) below</i>	320,000,000	—
	Export-Import Bank of India <i>Ref. Note Nos. ii), iii) & x) below</i>	290,000,000	320,000,000
	Bank Of Maharashtra <i>Ref. Note Nos. iv) to vii) and x) below</i>	556,247,000	374,051,000
	Standard Chartered Bank <i>Ref. Note Nos. viii) to xi) below</i>	—	12,666,667
	Kotak Mahindra Prime Ltd. <i>Ref. Note Nos. ix) to xii) below</i>	303,454	456,033
		1,166,550,454	707,173,700
	b) UNSECURED LOAN FROM OTHERS :		
	Loans & Advances from Related Parties :		
	i) INTERCORPORATE DEPOSITS <i>Ref. Note No. xiii) below</i>	32,045,000	153,025,000
	ii) FIXED DEPOSITS : <i>Ref. Note Nos. xiv) below & Note No. 9 of Note No. 29</i>	7,890,000	55,400,000
	Loans & Advances from Others :		
	FIXED DEPOSITS : <i>Ref. Note Nos. xiv) below & Note No. 9 of Note No. 29</i>	27,040,000	135,240,000
		66,975,000	343,665,000
	Total...	1,233,525,454	1,050,838,700

- i) Term loan from HDFC Bank - 36 Crores (outstanding Rs.320,000,000 (P.Y Nil)) was taken in Financial Year 2011-12 and carries interest @ 11.70% p.a. The loan is repayable in 45 monthly installments of Rs. 80.00 Lacs from November 2012. Moratorium period of 12 months from the date of first disbursement.
- ii) Term loan from EXIM Bank - 15 Crores (outstanding Rs. 50,000,000 (P.Y 80,000,000)) was taken in Financial Year 2008-09 and carries interest @ 11.20% p.a. The loan is repayable in 60 monthly installments of Rs. 25.00 Lacs from December 2009.
- iii) Term loan from EXIM bank of Rs. 36 Crores (outstanding Rs. 240,000,000 (P.Y. 240,000,000)). was taken in parts till March 31,2012 and carries interest @ 11.70% p.a. The loan is repayable in 48 monthly installments of Rs. 75 Lacs from Feb. 2012.
- iv) Term loan from Bank of Maharashtra of Rs.7 Crores (outstanding Rs. 7,000,000 (P.Y. 21,000,000)) was taken in Financial Year 2007-08 and carries interest @ 11.50% p.a. The loan is repayable in quarterly installments of Rs. 35.00 Lacs from October 2010.
- v) Term loan from Bank of Maharashtra of Rs.3.10 Crores (outstanding Rs. 4,147,000 (P.Y. Rs. 10,351,000)) was taken in Financial Year 2008-09 and carries interest @ 11.50% p.a. The loan is repayable in monthly installments of Rs. 5.17 Lacs from April 2009.
- vi) Term loan from Bank of Maharashtra of Rs.35 Crores (outstanding Rs. 255,100,000 (P.Y. Rs. 342,700,000)) was taken in Financial Year 2010-11 and carries interest @ 11.10% p.a. The loan is repayable in 46 monthly installments of Rs. 73 Lacs from March 2012 & 1 installment is of Rs. 69 Lacs.
- vii) Term loan from Bank of Maharashtra bank of Rs. 42 Crores (outstanding Rs. 290,000,000 (P.Y. Rs. Nil)) was taken in parts till March 31,2012 and carries interest @ 10.60% p.a. The loan is repayable in 20 quarterly installments of Rs. 210 Lacs from May 2013. Moratorium period of 12 months from the date of first disbursement.
- viii) Term loan from Standard Chartered Bank of Rs. 9.5 Crores (outstanding Rs. Nil (P.Y. Rs. 12,666,667)) was taken in Financial Year 2007-08 & 2008-09 and carries interest @ 13% p.a. The loan is repayable in 15 quarterly installments of Rs. 63.33 Lacs from January 2009.
- ix) Term loan from Kotak Mahindra Prime Ltd. of Rs. 8.09 Lacs (outstanding Rs. 303,454 (P.Y. Rs. 456,033)) was taken in Financial Year 2009-10 and carries interest @ 9.96% p.a. The loan is repayable in 59 monthly installments of Rs. 17 Lacs from December 2009.
- x) The Term Loans from Export Import Bank of India (EXIM Bank), Bank of Maharashtra (BOM) & HDFC Bank are secured by first pari passu charge by way of hypothecation of all movable fixed assets and further secured by way of mortgage on all immovable fixed assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune. The term loan of Rs. 42 Crores from Bank of Maharashtra is to be secured by first pari passu charge of hypothecation of movable fixed assets and first pari passu mortgage charge on the entire immovable assets of the Company situated at Roha, Mahad, Dist. Raigad and at Ambadvet (Sutarwadi), Dist. Pune.
- xi) The Term Loan from Standard Chartered Bank is secured by first charge by way of mortgage by deposit of title deeds of land and building at Pirangut. The same is further secured by the corporate guarantee issued by the holding company, Sudarshan Chemical Industries Ltd.
- xii) The Loan from Kotak Mahindra Prime Ltd. is secured by hypothecation of vehicle procured out of the said loan.
- xiii) Intercorporate Deposits are accepted for period of 3 years, Rate of Interest varies from 9 - 11% pa.
- xiv) Fixed Deposits are accepted for period of 1-3 years, Rate of Interest varies from 9 - 11% pa.
- xv) Above loans are excluding maturity within 12 months (Ref. Note No. 9 a)).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
4	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liabilities :		
	Depreciation	239,924,911	157,349,855
		<u>239,924,911</u>	<u>157,349,855</u>
	Deferred Tax Assets :		
	Expenditure accrued but not deductible for tax purpose, allowable on actual payment	27,614,742	36,375,816
		<u>27,614,742</u>	<u>36,375,816</u>
	Deferred tax liabilities (Net) Total...	<u>212,310,169</u>	<u>120,974,039</u>
5	OTHER LONG TERM LIABILITIES		
	Security Deposits	27,770,460	28,190,855
	Total...	<u>27,770,460</u>	<u>28,190,855</u>
6	LONG TERM PROVISIONS		
	PROVISION FOR EMPLOYEE BENEFITS :		
	Pension	48,254,384	44,055,309
	Provision for Tax :	1,127,900,000	-
	Less : Income Tax Paid	1,123,376,311	-
	Income Tax Paid (Net)	<u>4,523,689</u>	-
	Total...	<u>52,778,073</u>	<u>44,055,309</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
CURRENT LIABILITIES :			
7	SHORT-TERM BORROWINGS		
a)	LOAN REPAYABLE ON DEMAND :		
	FROM BANKS -		
i)	SECURED LOANS :		
	Working Capital Borrowings From Banks <i>Ref. Note No.i) to ix) and xvi) below</i>	582,583,646	722,863,865
ii)	UNSECURED LOANS :		
	Short Term Loan <i>Ref. Note No.x) to xv) below</i>	566,586,680	127,222,330
	Total...	<u>1,149,170,326</u>	<u>850,086,195</u>
i)	<i>Working Capital loan (Cash Credit) Rs. 73,709,103 (P.Y. 28,092,005) from Bank of Maharashtra carries interest @ 11.60% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.</i>		
ii)	<i>Working Capital loan (Cash Credit) Rs. 44,645,692 (P.Y. 3,353,461) from State Bank of India carries interest @ 12.90% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.</i>		
iii)	<i>Working Capital loan (Cash Credit) Rs. 13,543,728 (P.Y. 46,224,375) from Bank of Baroda carries interest @ 13.75 % p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.</i>		
iv)	<i>Working Capital loan (Cash Credit) Rs. 76,811,922 (P.Y. (-)12,550,776) from HDFC Bank carries interest @ 13% p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.</i>		
v)	<i>Working Capital loan (Cash Credit) Rs. 54,505,295 (P.Y. 53,766,448) from ICICI Bank carries interest @ 13.50 % p.a. The Loan is secured by hypothecation of stock-in-trade, book debts & receivables.</i>		
vi)	<i>Working Capital loan (Cash Credit) Rs. 22,480,262 (P.Y. 26,396,427) from Standard Chartered Bank carries interest @ 14.50% p.a. The Loan is secured by a) Hypothecation of stock-in-trade, book debts & receivable. b) Corporate guarantee issued by the holding company, Sudarshan Chemical Industries Ltd.</i>		
vii)	<i>Working Capital loan (PCFC) Rs.73,399,165 (P.Y. 142,677,262) from Bank of Maharashtra carries interest @ LIBOR + 300 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing. The Loan is secured by inventories for exports.</i>		
viii)	<i>Working Capital loan (FOBN) Rs. 108,420,625 (P.Y. 307,697,262) from Bank of Maharashtra carries interest @ 11.85% p.a. The Loan is repayable within 90 days from the date of borrowing. The Loan is secured by charge on export bills.</i>		
ix)	<i>Working Capital loan (FOBN) Rs. 114,409,431 (P.Y. 101,182,546) from State Bank of India carries interest @ 11.75% p.a. The Loan is repayable within 90 days from the date of borrowing. The Loan is secured by charge on export bills.</i>		
x)	<i>Short Term Loan Rs. 100,000,000 (P.Y. NIL) from State Bank of India carries interest @ 11% p.a. The Loan is repayable within 90 days from the date of borrowing.</i>		
xi)	<i>Short Term Loan Rs. 300,000,000 (P.Y. NIL) from Bank of Maharashtra carries interest @ 10.60% p.a. The Loan is repayable within 90 days from the date of borrowing.</i>		
xii)	<i>Buyer's Credit Loan Rs. 36,466,278 (P.Y. 16,592,761) from HSBC Bank carries interest @ LIBOR + 235 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing.</i>		
xiii)	<i>Buyer's Credit Loan Rs. 55,642,402 (P.Y. NIL) from CITI Bank carries interest @ LIBOR + 250 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing.</i>		
xiv)	<i>Buyer's Credit Loan Rs. Nil (P.Y. 110,629,569) from Standard Chartered Bank.</i>		
xv)	<i>Buyer's Credit Loan Rs. 74,478,000 (P.Y. NIL) from EXIM Bank carries interest @ LIBOR + 500 BASIS POINT % p.a. The Loan is repayable within 180 days from the date of borrowing.</i>		
xvi)	<i>Bill Discounting Loan Rs. 658,423 (P.Y. 26,024,855) from Standard Chartered Bank carries interest @ 14.50% p.a. The Loan is repayable within 180 days from the date of borrowing.</i>		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
8	(a) TRADE PAYABLES	1,012,501,597	671,413,861
	Acceptances	43,866,203	36,214,180
	(b) OTHERS		
	Trade Payable - For Capital Goods	3,116,180	3,636,286
	Total...	<u>1,059,483,980</u>	<u>711,264,327</u>
9	OTHER CURRENT LIABILITIES		
	a) Current maturities of long term debt :		
	- SECURED LOAN FROM BANKS :		
	HDFC Bank	40,000,000	—
	Export-Import Bank of India	120,000,000	60,000,000
	Bank Of Maharashtra	107,804,000	27,504,000
	Standard Chartered Bank	12,666,667	25,333,333
	Kotak Mahindra Prime Ltd.	168,498	168,498
	<i>(For security & other terms Ref. (i) to (xiv) of Note No. 3 a))</i>		
	Loans & Advances from Related Parties :		
	i) Intercorporate Deposits	96,075,000	5,960,000
	<i>Ref. of Note No 3 b)</i>		
	ii) Fixed Deposits :	25,330,000	—
	<i>Ref. of Note No 3 b) and Ref. Note No. 9 of Note No.29</i>		
	Loans & Advances from Others :		
	Fixed Deposits :	114,980,000	6,820,996
	<i>Ref. of Note No 3 b) and Ref. Note No. 9 of Note No.29</i>		
	b) Interest accrued but not due on borrowings	5,443,770	3,743,038
	c) Unpaid dividends :		
	* Unclaimed Dividend	1,041,544	2,172,192
	d) Unpaid matured deposits and interest accrued thereon :		
	* Unclaimed Matured Fixed Deposits	15,000	565,000
	<i>Ref. Note No. 9 of Note No.29</i>		
	e) Other payables :		
	Statutory Dues	25,960,749	21,365,227
	Other Liabilities	308,053,902	325,849,925
	Total...	<u>857,539,130</u>	<u>479,482,209</u>
	* The amount reflects the position as at 31 st March, 2012. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.		
10	SHORT-TERM PROVISIONS		
	a) PROVISION FOR EMPLOYEE BENEFITS :		
	Short Term Compensated Absence	41,400,907	34,189,680
	b) OTHERS :		
	i) Proposed Equity Dividend	86,534,063	86,534,063
	ii) Tax on Proposed Equity Dividend	14,037,990	14,037,990
	Total...	<u>141,972,960</u>	<u>134,761,733</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NON-CURRENT ASSETS

FIXED ASSETS

Note No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Balance As on 01-04-2011 Rs.	Additions Rs.	Deductions Rs.	Balance As on 31-03-2012 Rs.	For the Year Rs.	Deductions Rs.	Balance As on 31-03-2012 Rs.	Balance As on 31-03-2011 Rs.
11	TANGIBLE ASSETS:								
	FREEHOLD LAND	49,650,484 (37,218,669)	- (12,431,815)	94,552 (-)	49,555,932 (49,650,484)	- (-)	- (-)	49,555,932 (49,650,484)	49,650,484 (37,218,669)
	LEASEHOLD LAND	12,740,447 (12,740,447)	- (-)	- (-)	12,740,447 (12,740,447)	145,999 (145,999)	- (-)	1,882,405 (1,736,406)	11,004,041 (11,150,040)
	LEASEHOLD RIGHTS	- (-)	(498,450,000)	(498,450,000)	- (-)	- (-)	- (-)	- (-)	- (-)
	BUILDINGS	422,363,574 (285,537,548)	55,456,198 (137,134,330)	137,446 (308,304)	477,682,326 (422,363,574)	12,072,294 (9,147,594)	44,705 (173,488)	331,531,750 (288,240,587)	288,240,587 (160,388,667)
	PLANT & MACHINERY	2,651,900,507 (2,297,835,491)	808,505,260 (361,789,738)	6,016,765 (7,724,722)	3,454,389,002 (2,651,900,507)	136,900,729 (109,242,871)	5,527,800 (7,007,848)	1,556,647,422 (885,531,856)	885,531,856 (633,701,862)
	VEHICLES	46,916,911 (45,468,667)	3,174,019 (5,578,058)	3,521,100 (4,129,814)	46,569,830 (46,916,911)	4,221,042 (4,075,113)	1,797,315 (2,330,140)	31,328,175 (34,098,983)	34,098,983 (34,395,712)
	FURNITURE & FIXTURES	37,093,408 (32,379,892)	4,418,549 (5,064,907)	882,820 (351,391)	40,629,137 (37,093,408)	2,185,149 (2,012,635)	338,462 (168,960)	24,848,303 (23,159,261)	23,159,261 (20,289,420)
	OFFICE EQUIPMENTS	10,150,149 (8,936,055)	2,579,396 (1,386,252)	15,650 (172,158)	12,713,895 (10,150,149)	487,283 (427,278)	9,129 (67,419)	7,257,741 (5,172,149)	5,172,149 (4,317,914)
	FIXED ASSETS - R & D								
	BUILDINGS	82,587,499 (31,134,399)	13,923,388 (51,453,100)	- (-)	96,510,887 (82,587,499)	2,797,502 (1,145,670)	- (-)	85,778,099 (74,652,213)	74,652,213 (24,344,783)
	PLANT & MACHINERY	120,105,190 (88,403,732)	11,370,160 (31,701,458)	- (-)	131,475,350 (120,105,190)	8,756,655 (6,841,710)	- (-)	62,101,952 (59,488,447)	59,488,447 (34,628,699)
	FURNITURE & FIXTURES	6,050,964 (4,588,878)	- (1,462,086)	- (-)	6,050,964 (6,050,964)	340,579 (258,428)	- (-)	2,191,724 (2,532,303)	2,532,303 (1,328,645)
12	INTANGIBLE ASSETS:								
	COMPUTER SOFTWARES	9,686,250 (4,185,710)	12,016,117 (5,500,540)	- (-)	21,702,367 (9,686,250)	1,728,666 (711,495)	- (-)	18,883,242 (8,595,791)	8,595,791 (3,806,746)
	OTHER THAN COMPUTER SOFTWARES	31,178,679 (29,702,609)	107,938,997 (1,476,070)	- (-)	139,117,676 (31,178,679)	14,757,635 (9,900,870)	- (-)	104,558,307 (11,376,945)	11,376,945 (19,801,739)
	TOTAL	3,480,424,062 (2,878,132,097)	1,019,382,084 (1,113,428,354)	10,668,333 (511,136,389)	4,489,137,813 (3,480,424,062)	184,393,533 (143,909,657)	7,717,411 (9,747,855)	2,285,540,689 (2,026,921,002)	1,453,503,060 (1,453,503,060)

Plant & Machinery includes:

- Borrowing cost (interest) capitalised during the year Rs.31,197,827/- (Previous Year Rs. 8,081,609/-)
- Expenditure (salary) during construction period capitalised Rs. 2,025,330/- (Previous Year Rs. 2,001,238/-)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
13	NON-CURRENT INVESTMENTS		
	INVESTMENTS :		
	Long Term & Non Trade Investments		
	Investment in Government securities (quoted) -		
	Aggregate amount of quoted investments and market value thereof :		
	257,392 (257,392) Units of Rs.10 each in Unit Trust of India-UTI G-SEC Fund	3,000,000	3,000,000
	Less : Aggregate provision for diminution in value of investments	205,000	200,000
	<i>[Market Value Rs. 2,795,045/- (Previous Year Rs. 2,801,866/-)]</i>		
		<u>2,795,000</u>	<u>2,800,000</u>
	<i>Aggregate amount of quoted investments</i>	3,000,000	3,000,000
	<i>Less : Aggregate provision made for diminution in value of investments</i>	205,000	200,000
	Total...	<u>2,795,000</u> <u>2,795,000</u>	<u>2,800,000</u> <u>2,800,000</u>
14	LONG TERM LOANS & ADVANCES		
	Unsecured, considered good :		
	a) Capital Advances	70,631,571	75,274,203
	b) Security Deposits :		
	Deposit with government etc.	11,574,239	11,305,584
	Tender Deposits	855,562	500,862
	Deposit with others	6,163,037	4,257,182
	c) Other Loans and Advances :		
	Housing loan to employees	775,757	1,085,643
	d) MAT Credit Entitlement	47,000,000	—
		<u>137,000,166</u>	<u>92,423,474</u>
	Income Tax Paid	—	1,077,478,011
	Less : Provision for Tax	—	1,031,900,000
	Income Tax Paid (Net)	—	45,578,011
	Total...	<u>137,000,166</u>	<u>138,001,485</u>
15	OTHER NON-CURRENT ASSETS :		
	Margin Money with Banks with maturity of more than 12 months	5,500,000	5,500,000
	Total...	<u>5,500,000</u>	<u>5,500,000</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	CURRENT ASSETS		
16	INVENTORIES		
	(a) Raw Materials	253,707,222	306,623,656
	Goods in Transit	84,206,895	21,429,775
	(b) Work-in-progress	210,632,291	153,392,462
	(c) Finished goods	788,896,803	615,411,628
	(d) Stores, Spares	114,889,397	73,450,663
	(e) Packing Material	12,317,395	9,728,678
	(f) Leasehold Rights	498,450,000	498,450,000
	<i>For Leasehold Rights Ref. Note No. 6 of Note No. 29</i>		
	Total...	<u>1,963,100,003</u>	<u>1,678,486,862</u>
17	TRADE RECEIVABLES		
	Unsecured considered good :		
	(i) Outstanding for a period exceeding six months from the due date (Considered good)	50,738,415	15,703,299
	Considered doubtful	2,695,954	2,903,109
	Less : Provision for doubtful debt	(2,695,954)	(2,903,109)
		-	-
	(ii) Others (Considered good)	1,887,148,786	1,685,570,735
	Total...	<u>1,937,887,201</u>	<u>1,701,274,034</u>
18	CASH AND CASH EQUIVALENTS		
	(a) Balances with banks		
	In Current Accounts	134,944,316	119,985,910
	In Fixed deposit Accounts		
	Fixed Deposits with maturity for less than 3 months	200,000,000	-
	(b) Cash on hand	1,788,328	1,860,790
	(c) Earmarked balances with banks :		
	Lien Account	5,553	5,553
	Dividend Account	1,041,544	2,172,200
	(d) Balances with banks to the extent held as margin money		
	Margin Money with maturity Less than 12 months	34,498,067	18,425,483
	Margin Money with maturity more than 12 months	5,500,000	5,500,000
	Less : Amount disclosed under non current assets <i>(Refer Note No. 15)</i>	(5,500,000)	(5,500,000)
	Total...	<u>372,277,808</u>	<u>142,449,936</u>
19	SHORT-TERM LOANS AND ADVANCES		
	Unsecured, considered good :		
	Loans & Advances to Related Parties	-	-
	Others:		
	Housing Loan to Employees	444,800	368,600
	Advances recoverable in cash or in kind or for value to be received	54,699,511	23,263,272
	Deposit with Excise, Customs etc.	56,045,228	65,571,542
	VAT Refund Receivable	120,388,238	49,768,567
	Total...	<u>231,577,777</u>	<u>138,971,981</u>
20	OTHER CURRENT ASSETS		
	Export Incentives Receivable	16,713,085	33,993,177
	Service Tax Receivable	6,092,544	7,582,274
	Prepaid Expenses	21,548,150	10,935,968
	Gratuity Paid in Advance	6,369,769	1,135,658
	<i>Ref. Note No. 7 of Note No. 29</i>		
	Others	15,445,619	19,233,275
	Total...	<u>66,169,167</u>	<u>72,880,352</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	2011-2012 Rs.	2010-2011 Rs.
21	REVENUE FROM OPERATIONS		
	(a) Sale of products	8,492,792,333	7,672,863,041
	(b) Sale of services	4,579,045	6,570,840
	(c) Other operating revenues		
	Export Incentives	29,282,814	44,135,892
	Miscellaneous Operating Income	28,595,592	22,680,591
	(d) Less: Excise duty	552,310,333	504,789,434
		<u>8,002,939,451</u>	<u>7,241,460,930</u>
	Total...	<u>8,002,939,451</u>	<u>7,241,460,930</u>
22	OTHER INCOME		
	(a) Interest Income		
	Interest earned on :		
	Bank Deposits	2,696,295	1,508,125
	Others	7,613,671	6,054,996
	[T.D.S. Rs. 1,702,009/- (Previous year Rs. 1,982,131/-)]		
	(b) Dividend Income	–	12,070
	(c) Other Non-Operating Income :		
	Miscellaneous Income	2,959,693	14,947,653
	Provision for doubtful debts written back	207,156	270,839
	Foreign Exchange Difference (Net)	24,848,631	10,412,391
	Total...	<u>38,325,446</u>	<u>33,206,074</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	2011-2012 Rs.	2010-2011 Rs.
23	COST OF MATERIALS CONSUMED		
	Opening Stock	328,053,431	296,083,430
	Add: Purchases	4,344,547,181	4,003,103,995
		4,672,600,612	4,299,187,425
	Less Closing Stock	337,914,117	328,053,431
	Consumption of Raw Materials	<u>4,334,686,495</u>	<u>3,971,133,994</u>
	Total...		
24	PURCHASE OF STOCK-IN-TRADE		
	Total...	<u>388,860,479</u>	<u>267,628,072</u>
		<u>388,860,479</u>	<u>267,628,072</u>
25	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
	Stocks at Commencement :		
	Finished Products	615,411,628	344,173,312
	Semi-finished Products	153,392,462	137,905,618
		768,804,090	482,078,930
	Less:		
	Stocks at Close :		
	Finished Products	788,896,803	615,411,628
	Semi-finished Products	210,632,291	153,392,462
		999,529,094	768,804,090
	Total...	<u>(230,725,004)</u>	<u>(286,725,160)</u>
26	EMPLOYEE BENEFIT EXPENSE		
	Salaries, Wages :		
	Other Than Reaserch & Development	532,780,960	506,669,766
	For Reaserch & Development	38,441,911	40,198,992
	Contribution to Provident and Other Funds	39,548,585	27,766,860
	Staff Welfare Expenses	15,263,239	7,207,040
	Gratuity Expenses (Ref. Note No. 7 of Note No. 29)	5,786,199	6,552,631
	Total...	<u>631,820,894</u>	<u>588,395,289</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	2011-2012 Rs.	2010-2011 Rs.
27	FINANCE COSTS		
	(a) Interest expenses	215,445,762	114,778,441
	(b) Other borrowing costs (include Bank charges for B.G., Loan Processing etc.)	4,307,833	6,873,851
	(c) Applicable net gain/loss on foreign currency transactions & translation	3,897,852	–
	Total...	<u>223,651,447</u>	<u>121,652,292</u>
28	OTHER EXPENSES		
	Consumption of stores and spare parts	184,819,072	193,732,169
	Consumption of Packing Material	99,336,575	100,228,514
	Power and fuel	541,183,648	462,989,314
	Water Charges	70,215,065	65,755,758
	Rent	11,263,222	8,174,159
	Repairs to buildings	53,327,243	41,206,974
	Repairs to machinery	89,361,131	88,084,260
	Repairs to others	4,396,280	5,210,523
	Insurance	13,315,195	11,164,717
	Rates and taxes, excluding taxes on income	7,301,420	5,270,104
	Advertisement	20,715,307	15,738,718
	Auditors' Remuneration (Ref. Note No. 8 of Note No. 29)	1,905,133	1,333,230
	Bad Debts Written Off	–	539,375
	Bank Charges	11,938,910	11,336,774
	Export Market Development Expenses : Commission on Exports	11,911,648	11,488,318
	Export Market Development Expenses : Travelling, Postage, Forwarding, etc.	83,843,824	68,200,127
	Commission to Selling Agents	162,080,628	148,501,295
	Directors' Sitting Fees	1,095,000	920,000
	Discounts	87,738,918	90,630,729
	ERP/Computer related expenses	8,042,405	6,846,391
	Freight and Octroi	39,395,688	12,775,832
	General Expenses	34,281,671	66,797,732
	Legal, Professional and Consultancy Charges	98,931,042	103,015,961
	Licence Fees	2,964,922	3,459,725
	Loss on sale/disposal of Assets (Net)	51,107	1,456,960
	Other Manufacturing Expenses	226,068,927	166,123,134
	Printing, Stationery and Communication Expenses	22,626,618	20,415,060
	Sales Tax Surcharge/Turnover Tax	2,088,630	4,456,246
	Selling and Distribution Expenses	45,189,109	58,265,559
	R & D Exp. : Stores, Spares and Consumables etc.	15,267,860	12,758,705
	R & D Exp. : Other Expenses	31,830,272	22,731,044
	Travelling and Conveyance	47,900,325	36,227,346
	Royalty Eckart	2,204,271	–
	Total...	<u>2,032,591,066</u>	<u>1,845,834,753</u>

NOTE NO. 29 : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies :

(i) Basis of Preparation :

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on assumptions of going concern, consistency, accrual basis & under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(ii) Presentation and disclosure of financial statements :

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(iii) Use of Estimates :

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(iv) Fixed Assets :

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

(v) Depreciation :

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

(vi) Impairment of Assets :

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

(vii) Investments :

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

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

(viii) **Inventories :**

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

- (a) Raw materials, packing materials, stores and consumables are valued at weighted average cost.
- (b) The cost of Finished goods and Semi-finished goods is ascertained by weighted average of cost of raw material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Provision is made for obsolete and non-moving items.
- (d) Leasehold Rights are valued at conversion value.

(ix) **Research and Development :**

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

(x) **Foreign Currency Transactions :**

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

(xi) **Revenue Recognition :**

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

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

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

(xii) **Employee Benefits :**

(a) **Defined Contribution Plan :**

Contributions are made to approved Superannuation and Provident Fund.

(b) **Defined Benefit Plan:**

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

(c) Non-Contributory Pension Scheme :

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

(d) Short Term Compensated Absences (Leave Encashment):

Liability on account of short term compensated absences (Leave Encashment) is provided on actuals.

(xiii) **Taxation :**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss shown as "MAT Credit Entitlement". The company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

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

(a) A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(b) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

(xv) **Earning Per Share :**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xvi) **Cash and cash equivalents :**

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank, cash in hand and short-term investments with an original maturity of three months or less.

(xvii) **Segment Reporting :**

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

- i) Pigments
- ii) Agro Chemicals

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

2. Principles of Consolidation :

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

(d) Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2011-12	2010-11	
Prescient Color Limited	100 %	100 %	India
Sudarshan Europe B.V.	100 %	100 %	The Netherlands
Sudarshan North America, Inc. (Subsidiary of Sudarshan Europe B.V.)	100 %	100 %	United States of America

3. Estimated amount of contracts remaining to be executed on capital account – Rs. 60,058,051/- (Previous Year Rs.82,500,980/-).
4. The Foreign Subsidiary Company accounts have been prepared in conformity with the Companies Act, 1956 and Generally Accepted Accounting Practices in India, as applicable, and considered accordingly for the purpose of consolidation of accounts.
5. **Contingent Liabilities not provided for:**
 - (a) Excise Duty – Rs. 4,560,996/- (Previous Year Rs. 2,010,295 /-).
 - (b) Income Tax – Rs. 28,862,580/- (Previous Year Rs.28,862,580/-)
6. In the financial year 2010-11, the Company has converted the leasehold rights of the Company in respect of land situated at Final Plot No.90, Sangamwadi, corresponding 'House No.162', Wellesley Road, Pune 411 001 into stock-in-trade and valued the same for a sum of Rs.49.85 Crores and accordingly created a revaluation reserve.
7. The following disclosures are made in accordance with Accounting Standard – 15 (Revised) pertaining to Defined Benefit Plans:

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Obligations at period beginning	126,180,498	121,942,061
Service cost	7,188,277	6,904,232
Interest cost	9,596,561	9,755,365
Actuarial (gain) / loss	370,277	1,109,469
Benefits paid	(12,446,974)	(13,530,629)
Obligations at period end	130,888,639	126,180,498
Change in plan assets		
Plans assets at period beginning, at fair value	127,316,156	121,354,320
Expected return on plan assets	11,394,226	11,216,435
Actuarial (gain) / loss	(24,680)	-
Contributions	11,019,680	8,276,030
Benefits paid	(12,446,974)	(13,530,629)
Plans assets at period end, at fair value	137,258,408	127,316,156
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of the plan assets at the end of the year	137,258,408	127,316,156
Present value of the defined benefit obligations at the end of the period	130,888,639	126,180,498
Asset recognized in the balance sheet	6,369,769	1,135,658
Gratuity cost for the period:		
Service cost	7,188,277	6,904,232
Interest cost	9,596,561	9,755,365
Expected return on plan assets	(11,394,226)	(11,216,435)
Actuarial (gain) / loss	395,587	1,109,469
Net gratuity cost	5,786,199	6,552,631

Investment details of the plan assets:

Plan assets are invested in the debt instruments prescribed by IRDA

Summary of Actuarial Assumptions:

Interest / Discount Rate	31-03-2012 8.50%	31-03-2011 8.00%
Estimated rate of return on plan assets	9.00%	9.40%

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

8. Auditor's Remuneration :

	Rs. 31-03-2012	Rs. 31-03-2011
a) Audit Fees	1,020,883	784,900
b) Tax Audit Fees	280,000	230,000
c) Other Services – Certification	280,000	55,000
Limited Review, Stock Verification	300,000	240,000
d) Reimbursement of Expenses	24,250	23,230
Total...	1,905,133	1,333,230

9. Fixed Deposits :

	Rs. 31-03-2012	Rs. 31-03-2011
a) Fixed Deposits with Maturity less than 12 months	140,310,000	6,820,996
b) Fixed Deposits with Maturity more than 12 months	34,930,000	190,640,000
c) Unclaimed Matured Fixed Deposits	15,000	565,000
Total...	175,255,000	198,025,996

10. Segment Reporting :

A) Primary Segment Information :

Particulars	Year ended 31-03-2012 Rs.	Year ended 31-03-2011 Rs.
1 Segment Revenue		
a) Pigments	7,207,636,787	6,407,400,317
b) Agro Chemicals	795,302,664	834,060,613
	8,002,939,451	7,241,460,930
Less : Inter segment revenue	–	–
Net Sales / Income from Operations	8,002,939,451	7,241,460,930
2 Segment Results		
Profit/(Loss) before tax		
a) Pigments	858,339,791	882,511,324
b) Agro Chemicals	34,586,292	63,840,548
	892,926,083	946,351,872
Less : i. Finance Cost	223,651,447	114,778,441
ii. Exceptional Item	–	(93,145,184)
iii. Other Unallocable expenditure (net of Unallocable income)	193,288,649	208,735,324
Profit Before Tax	475,985,987	715,983,291

Particulars	Year ended 31-03-2012 Rs.	Year ended 31-03-2011 Rs.
3. Other information		
Segment assets (*)		
a) Pigments	5,289,043,167	4,300,986,800
b) Agro Chemicals	229,588,181	207,562,565
Segment liabilities		
a) Pigments	1,730,332,237	865,535,875
b) Agro Chemicals	155,222,914	152,499,766
Capital employed in segments (*)		
a) Pigments	3,558,710,930	3,435,450,925
b) Agro Chemicals	74,365,267	55,062,799
	3,633,076,197	3,490,513,724
Add : Unallocable Corporate assets less liabilities	899,588,314	414,136,147
Total capital employed	4,532,664,511	3,904,649,871
4 Capital Expenditure (*)		
a) Pigments	576,985,135	499,067,978
b) Agro Chemicals	298,870	1,367,160
c) Unallocated	297,900,469	321,709,518
Total capital expenditure	875,184,474	822,144,656
(*) Does not include leasehold rights, treated as stock-in-trade.		
5 Depreciation		
a) Pigments	130,461,069	116,300,928
b) Agro Chemicals	6,980,223	8,924,740
c) Unallocated	46,952,241	18,683,989
Total Depreciation	184,393,533	143,909,657
B) Secondary Segment Disclosures :		
i) Revenue from External Customers		
Indigenous	6,139,010,262	4,809,078,411
Exports (including export incentives)	1,863,929,189	2,432,382,519
Total...	8,002,939,451	7,241,460,930
ii) Carrying amount of Assets		
In India	6,280,338,863	5,090,755,825
Outside India	890,320,250	556,120,798
Total...	7,170,659,113	5,646,876,623

11. Related Party Disclosures :

List of Related Parties and description of relationship :

- i) Key Management Personnel
- Mr. K. L. Rathi
 - Mr. P. R. Rathi
 - Mr. R. B. Rathi
 - Dr. K. D. Inamdar
 - Mr. K. R. Ambekar (Retired on 30th June, 2011)
 - Mr. A. V. Vij
 - Ms. Christine Gehres
(on deputation from Sudarshan North America, Inc.)
- ii) Relatives of Key Management Personnel
- Mrs. R. R. Rathi - Wife of Mr. R. B. Rathi
 - Mr. R. P. Rathi - Son of Mr. P. R. Rathi
 - Mrs. K. B. Rathi - Mother of Mr. R. B. Rathi
 - Mrs. K. R. Rathi - Mother of Mr. P. R. Rathi
 - Ms. S. R. Rathi - Daughter of Mr. R. B. Rathi
 - Mr. A. B. Rathi - Brother of Mr. R. B. Rathi
 - Mr. A. K. Ambekar - Son of Mr. K. R. Ambekar
 - Mrs. A. K. Rathi - Wife of Mr. K. L. Rathi
 - Mrs. S. P. Rathi - Wife of Mr. P. R. Rathi
- iii) Associate Companies:
- Rathi Brothers Poona Ltd.,
 - Rathi Brothers Madras Ltd.,
 - Rathi Brothers Calcutta Ltd. and
 - Rathi Brothers Delhi Ltd.

Nature of transactions	2011-2012			2010-2011		
	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Associates Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.	Associates Rs.
● Salary, Pension, Reimbursement of expenses etc.:						
Mr.K.L. Rathi	14,483,830	-	-	13,107,680	-	-
Mr.P.R. Rathi	19,634,576	-	-	17,356,113	-	-
Mr.N.J. Rathi	-	-	-	4,883,863	-	-
Mr.R.B. Rathi	16,149,283	-	-	15,987,157	-	-
Dr.K.D. Inamdar	14,176,645	-	-	6,649,400	-	-
Mr.K.R. Ambekar	7,727,063	-	-	4,006,693	-	-
Ms. Christine Gehres	7,954,650	-	-	-	-	-
Others	5,584,236	-	-	4,254,626	-	-
Mr.R.P.Rathi	-	1,892,735	-	-	1,108,686	-
Mrs.K.B.Rathi	-	931,700	-	-	847,000	-
Mr.A.N.Rathi	-	-	-	-	2,968,945	-
● Interest:						
Mr.P.R.Rathi	84,918	-	-	-	-	-
Mr.K.L.Rathi	490,300	-	-	633,497	-	-
Others	-	-	-	71,517	-	-
Smt.Rathi Kusum R.	-	555,500	-	-	-	-
Smt.K.B.Rathi	-	943,651	-	-	1,865,500	-
Mrs.Rathi Aruna Kishor	-	502,700	-	-	-	-
Mrs.Rathi Subhadra P.	-	770,752	-	-	691,900	-
Others	-	911,002	-	-	3,096,592	-
Rathi Brothers Poona	-	-	613,786	-	-	991,182
Rathi Brothers Madras	-	-	295,832	-	-	273,146
Rathi Brothers Calcutta	-	-	139,735	-	-	107,050
Rathi Brothers Delhi	-	-	837,698	-	-	852,312
● Acceptance of Deposits:						
Mr.P.R.Rathi	1,400,000	-	-	-	-	-
Mr.K.L.Rathi	-	-	-	4,050,000	-	-
Meena B.Rathi Trust	-	750,000	-	-	-	-
Mr.R.P.Rathi	-	2,400,000	-	-	-	-
Mrs.Rathi Subhadra P.	-	1,300,000	-	-	-	-

Nature of transactions	2011-2012			2010-2011		
	Key Management Personnel	Relatives of Key Management Personnel	Associates	Key Management Personnel	Relatives of Key Management Personnel	Associates
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Armaan Trust	-	-	-	-	500,000	-
Rathi HUF Narayandas J.	-	-	-	-	500,000	-
Rohan Trust	-	-	-	-	500,000	-
Nidhi Trust	-	-	-	-	370,000	-
Mrs.Rathi Rachna R.	-	-	-	-	500,000	-
Others	-	650,000	-	-	150,000	-
Rathi Brothers Poona	-	-	13,700,000	-	-	12,150,000
Rathi Brothers Madras	-	-	5,225,000	-	-	2,900,000
Rathi Brothers Delhi	-	-	12,275,000	-	-	6,750,000
Others	-	-	1,425,000	-	-	1,625,000
● Repayments of Deposits:						
Mr.R.B.Rathi	507,300	-	-	-	-	-
Mr.K.L.Rathi	-	-	-	3,330,000	-	-
Armaan Trust	-	-	-	-	500,000	-
Rathi HUF Narayandas J.	-	1,430,000	-	-	500,000	-
Meena B. Rathi Trust	-	-	-	-	600,000	-
Ms.Rathi Smriti Rajesh	-	-	-	-	700,000	-
Rohan Trust	-	-	-	-	500,000	-
Smt.K.B.Rathi	-	17,850,000	-	-	-	-
Mrs.Rathi Rachana R.	-	5,150,000	-	-	-	-
Others	-	2,907,300	-	-	200,000	-
Rathi Brothers Poona	-	-	9,700,000	-	-	21,625,000
Rathi Brothers Madras	-	-	3,075,000	-	-	2,750,000
Rathi Brothers Delhi	-	-	8,400,000	-	-	7,050,000
Others	-	-	1,375,000	-	-	1,150,000
● Commission:						
Rathi Brothers Calcutta	-	-	4,319,613	-	-	3,768,934
Rathi Brothers Delhi	-	-	18,366,059	-	-	16,270,018
Rathi Brothers Madras	-	-	5,891,078	-	-	5,933,840
Rathi Brothers Pune	-	-	27,546,098	-	-	23,834,414

12. Earning per Share (EPS)

Sr No	Particulars	31-03-2012	31-03-2011
A)	Net Profit/ Amount attributable to equity shareholders (Rs)	335,649,857	482,166,860
B)	Weighted average no of shares	6,922,725	6,922,725
C)	Earnings per share basic and diluted (Rs)	48.49	69.65
D)	Face value per equity share (Rs)	10	10

13. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Revised Schedule VI significantly impacts the presentation and disclosures made in the financial statements, particulars presentation of Balance Sheet. The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.
Chartered Accountants
Firm Regn No:105102W

S.N.INAMDAR
Director & Member
of Audit Committee

K.L.RATHI
Executive Chairman

P.R.RATHI
Vice-Chairman &
Managing Director

P.V.PARANJAPE
Partner
Membership No.:047296

N.J.RATHI
Director

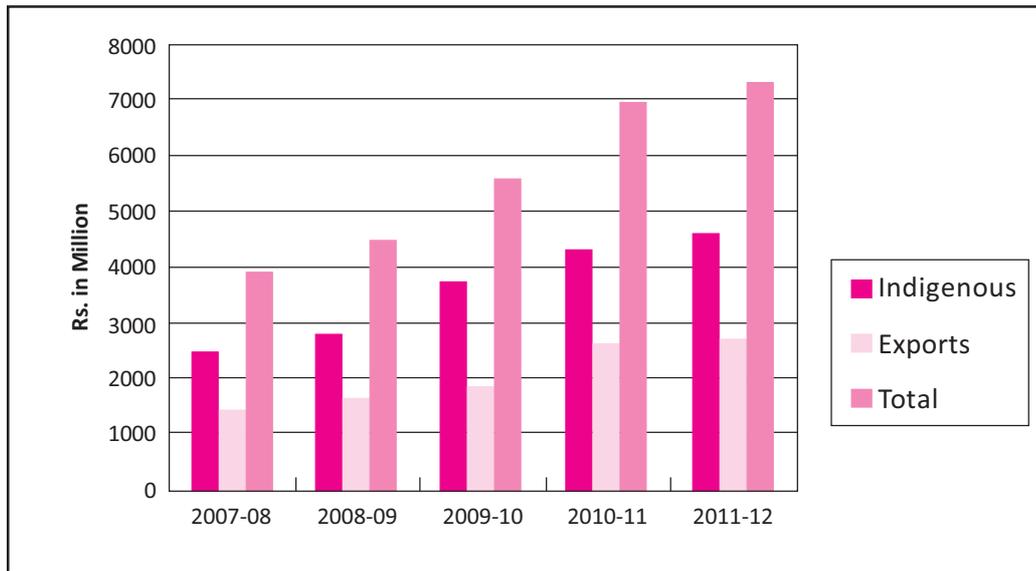
R.B.RATHI
Director

P.S.RAGHAVAN
Company Secretary

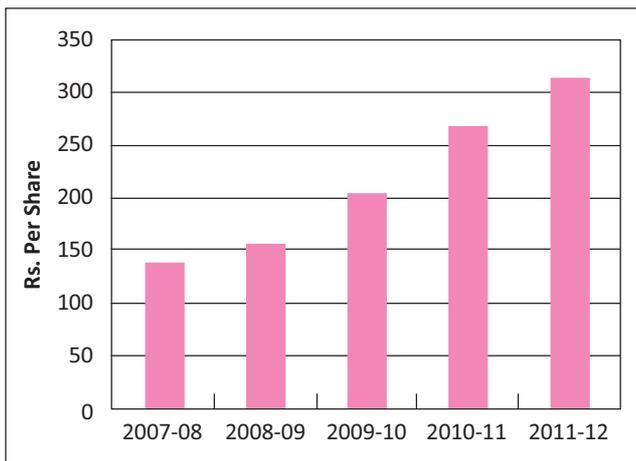
Pune : 25th May, 2012

Pune : 25th May, 2012

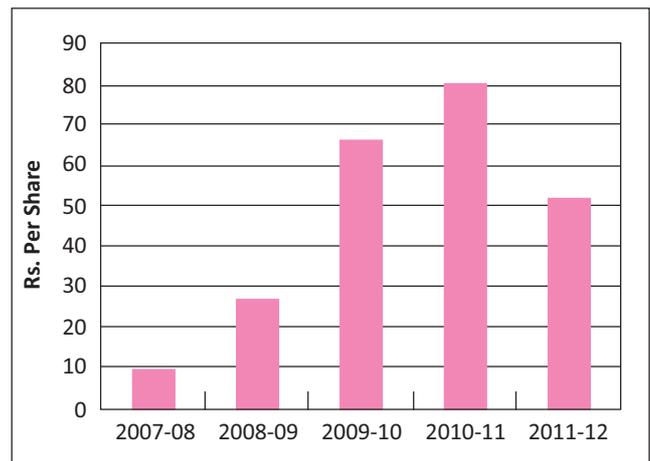
SALES



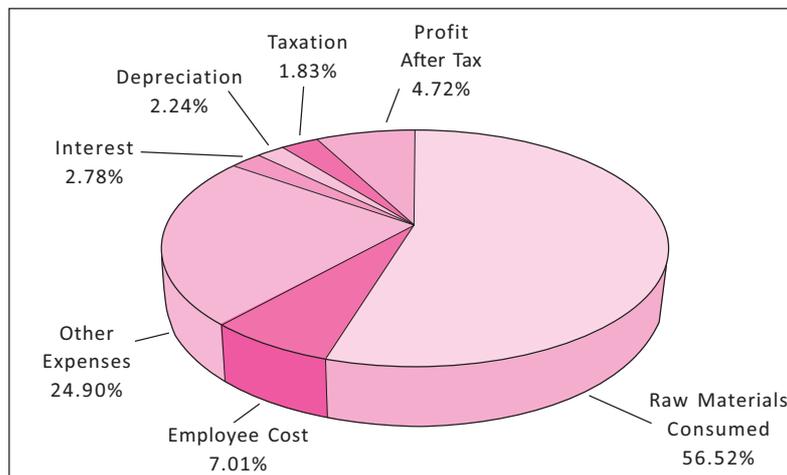
BOOK VALUE



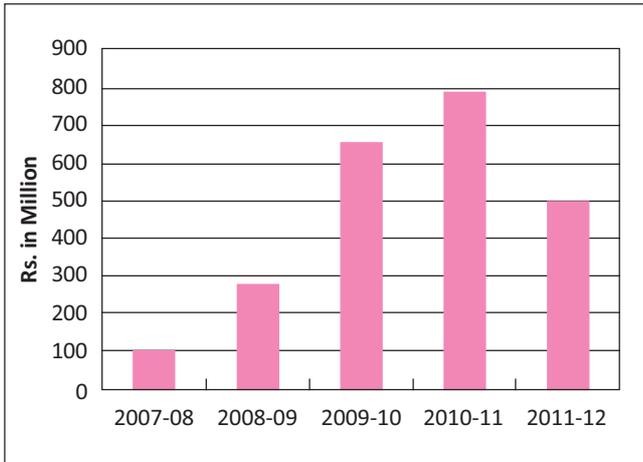
EARNING PER SHARE



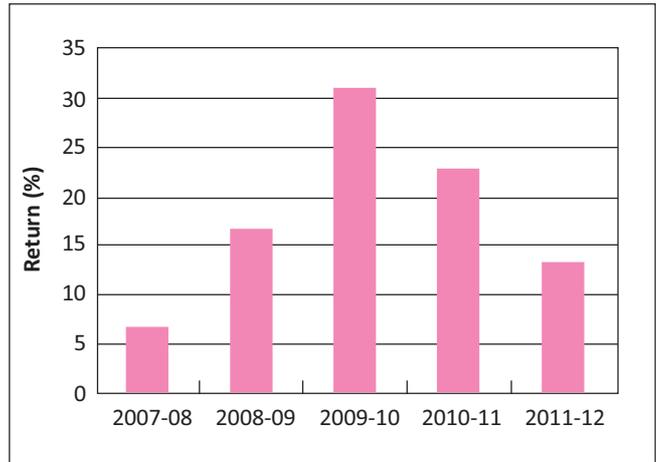
**DISTRIBUTION OF REVENUE
for the year ended 31st March, 2012**



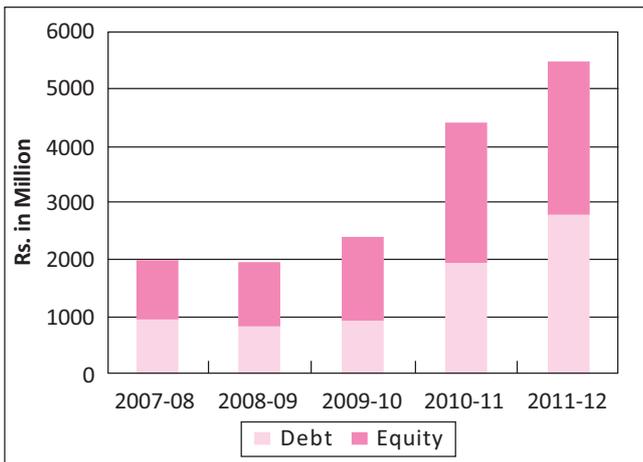
PROFIT BEFORE TAX



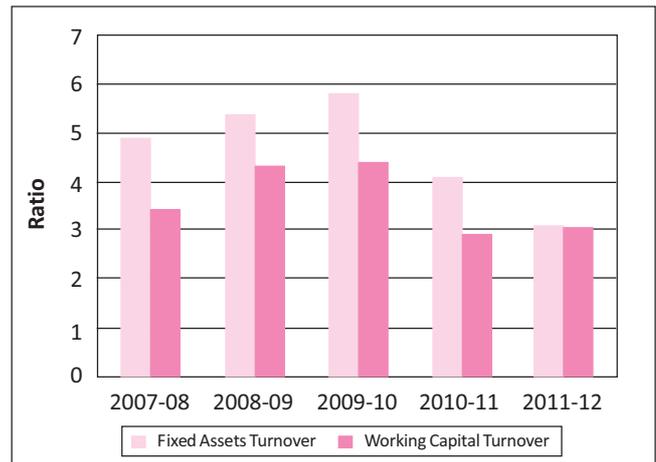
RETURN ON NET WORTH



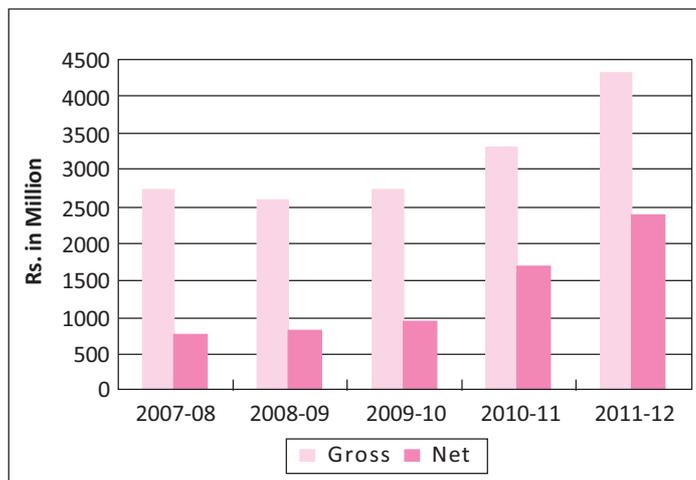
DEBT - EQUITY



FIXED ASSETS TURNOVER & WORKING CAPITAL TURNOVER



FIXED ASSETS



SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Regd. Office / Global Head Office : 162 Wellesley Road, Pune 411 001

PROXY FORM

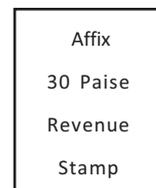
(Reg. Folio No. / DPID No. and Client ID No. and Name of the Member/Joint holders and Address IN BLOCK LETTERS to be furnished below)

I/We _____ of
 _____ being
 a member/members of SUDARSHAN CHEMICAL INDUSTRIES LIMITED hereby appoint _____
 _____ of _____
 or failing him/her _____
 _____ of _____
 or failing him/her _____
 _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 61st Annual General Meeting of the Company to be held on Friday the 10th day of August, 2012 at 11.30 a.m. at Pudumjee Hall, Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune 411 002 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Signed by the said _____



NOTE : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Regd. Office / Global Head Office : 162 Wellesley Road, Pune 411 001

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

Sr. No.	Name & Age (Years)	Designation	Total Remuneration Rs.	Qualification and Experience (Years)	Date of Commencement of Service	Last employment held before joining the Company
1	Mr. K. L. Rathi (73)	Executive Chairman	1,44,83,830/-	B.Sc, B.Sc.(Tech) M.A. (Chem) (Columbia) (48)	01/01/1964	–
2	Mr. P. R. Rathi (59)	Vice Chairman and Managing Director	1,96,34,576/-	M.S.(M.I.T.) M.B.A. (Columbia) (36)	01/04/1976	–
3	Mr. R. B. Rathi (43)	Director	1,61,49,283/-	B.E.Mech.Engg. MIT, Pune B.S.Chem.Engg. Ohio University, USA M.B.A., Pittsburgh University, USA (20)	01/10/1992	–
4	Dr. K. D. Inamdar (60)	Vice President – Effect Pigments	1,41,76,645/-	Msc, Ph.D (39)	19/10/1973	–

NOTES :

1. The gross remuneration as above, includes Salary, Commission, Company's contribution to Provident Fund and Superannuation Scheme, Gratuity, Leave Travel Allowance, Medical, House Rent Allowance etc. and value of perquisites in respect of car facility, which is calculated in accordance with the provisions of the Income tax Act, 1961, and the rules made there under.
2. The conditions of employment are contractual.
3. Other terms and conditions are as per the rules of the Company.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Regd. Office / Global Head Office : 162 Wellesley Road, Pune 411 001

ECS Mandate Form for payment of Dividend(In case of physical holding - send to our Registrar and Transfer Agent
In case of demat holding - send to your Depository Participant)

I/We request you to arrange for payment of my/our dividend through ECS facility or credit the same to my/our account as per details given below :

1. First / Sole Shareholder's Name	
2. If shares not Dematerialised - Registered Folio No.	
3. If shares Dematerialised - DPID No. and Client ID No.	
4. * Particulars of Bank Account	
a. Bank Name	
b. Branch Name	
c. Address of the Branch	
d. 9 - digit MICR code number of the Bank and Branch as appearing on the MICR Cheque issued by the Bank.	
e. Account type	Savings () Current ()
f. Account Number as appearing on the Cheque Book	

Please attach a cancelled photocopy of cheque issued by the Bank for verification of the above details.

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information or for any other reason, I/We would not hold the Company responsible. In case of ECS facility not being available for any reason, the account details provided above may be incorporated in the payment instrument and sent to my/our Bankers at the address provided above and to be considered as a mandate by me/us. This instruction will hold good for payment of dividend for subsequent years also unless revoked by me/us in writing.

Yours faithfully,

Name and signature of First/Sole Shareholder

Place :

Date :

Note : * In case if you have already submitted the above information kindly ignore this communication.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Regd. Office / Global Head Office : 162 Wellesley Road, Pune 411 001

Dear Member,

Subject : Registration of e-mail address

This is to inform you that The Ministry of Corporate Affairs vide its circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively has as a part of Green Initiative, permitted the companies to serve the documents viz annual reports, notices of general meetings / postal ballot, other documents etc. to the members through electronic mode. In this regard please see Note No. (n) forming part of the Notice of the Annual General Meeting dated 25th May, 2012.

In order to support this "Green Initiative", we are pleased to serve the above referred documents to you through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.

We therefore request you to register your e-mail address and / or changes therein from time to time with the Company's e-mail id shares@sudarshan.com.

Notwithstanding the electronic mode of communication, in case you require physical copies of annual reports and other documents you may send an email at shares@sudarshan.com by quoting the name of first / sole shareholder, Folio no / DP ID and Clint ID. On receipt of this e-mail, the above documents will be posted to you free of cost.

We request your whole-hearted support to this "Green Initiative" by opting for electronic mode of communication for its successful implementation.

Yours faithfully,

For Sudarshan Chemical Industries Limited

sd/-

P.S.Raghavan
Company SecretaryPlace : Pune
Date : 25th June, 2012

REGISTRATION OF E –MAIL ADDRESS FORM

(In terms of circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs, New Delhi)

Link Intime India Private Limited

Unit : Sudarshan Chemical Industries Limited

Akshay Complex, Block No. 202, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Temple,
Pune 411001

I/we shareholder (s) of Sudarshan Chemical Industries Limited hereby accord my/our approval to receive documents viz annual reports, notices of general meetings/postal ballot, other documents etc. in electronic mode.

I/we request you to note my/our latest email address, as mentioned below. If there is any change in the E–mail address, I/we will promptly communicate the same to you. I/we attach the self attested copy of PAN Card / Passport towards identification proof for the purpose of verification.

Folio No / DP ID and Client ID	
Name of first/sole share holder	
Name of joint share holder(s) if any	
Registered Address	
E-mail address (to be registered)	

Place:

Date:

(Signature of shareholder)

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Regd. Office / Global Head Office : 162 Wellesley Road, Pune 411 001

Dear Member,

As you may be aware, in the past some dividend warrants mailed by Companies to their members' residential addresses have been fraudulently encashed by unscrupulous persons.

In order to give you better service and also to safeguard your interest, you are requested to inform us your Bank Account details, if not already informed, to be printed on all future dividend warrants to be mailed to you at your address registered with the Company. You are requested to fill in the coupon below (signature should match with your signature on record) and mail the same to the Company at the earliest.

The dividend warrant, printed with your name, bank, branch name and account number, will be mailed to your residential address, as usual, or directly to your bank, if instructed by you.

Thank you.

Yours truly,

P. S. RAGHAVAN
Company Secretary

Notes :

Incorporation of Bank Account details in Dividend Warrants shall be without any liability whatsoever on the part of the Company.

You are also requested to intimate any error or change in your name and/or address as given on the envelope of this communication.

----- (Tear here) -----

Company Secretary
Sudarshan Chemical Industries Limited
162 Wellesley Road, Pune 411 001

Name : _____

Address : _____

Dear Sir,

Ref : Folio No.

I/We refer to your recent communication. As desired, I/We give my/our Bank Account details to be printed on my/our Dividend Warrant(s):

Name of first named member _____
(Capital letters)

Current/Saving Account No. _____

Name of Bank _____

Branch at _____

Address of Bank _____

Date _____

Signature _____