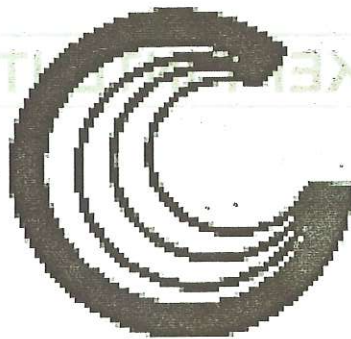


# CHROMATIC INDIA LIMITED



For CHROMATIC INDIA LTD.  
*V. K. Kaushik*  
V. K. KAUSHIK  
WHOLE TIME DIRECTOR

## 23RD ANNUAL REPORT

### 2009-2010

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**Board of Directors**

Vinod Kaushik – Whole-time Director  
Nitin Sethi - Non Executive & Independent Director  
Vipin Sharma - Non Executive & Independent Director  
Mr. Ajay Sethi - Non Executive & Independent Director

**Company Secretary**

Priyanka Chauhan

**Auditors**

M/s Haribhakti & Co., Chartered Accountants,  
Mumbai

**Bankers**

Bank of India  
Axis Bank Ltd.,

**Registered Office**

207, Vardhaman Complex Premises Co. op. Society Ltd.,  
L.B.S. Marg, Vikhroli (West),  
Mumbai – 400083  
Tel. No. 2579 3345 / 2579 3367  
Email: [dystuff@bom3.vsnl.net.in](mailto:dystuff@bom3.vsnl.net.in)  
[www.chromaticindia.com](http://www.chromaticindia.com)

**Registrar & Share Transfer Agent**

M/s Bigshare Services Private Limited  
E/2 Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai – 400 072  
Tele No: 91-22-2847 0652 | 40430200| 2847 0653  
Fax no:91-22-2847 5207  
Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
Contact person: Mr.Ashok Shetty  
Contact no. 022 – 40430200

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## NOTICE

**NOTICE** is hereby given that the 23rd Annual General Meeting of the Members of Chromatic India Limited will be held on Monday, September 20, 2010 at 11.00 a.m. at the registered office of the company at 207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083, to transact the following business: -

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividends on Equity Shares for the year 2009-10.
3. To appoint a Director in place of Mr. Nitin Sethi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Vipin Sharma, who was appointed as an Additional Director of the Company and who holds office up to the date of the Annual General Meeting, pursuant to the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation in terms of the provisions of the Articles of Association of the Company.”

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Ajay Sethi, who was appointed as an Additional Director of the Company and who holds office up to the date of the Annual General Meeting, pursuant to the provision of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation in terms of the provisions of the Articles of Association of the Company.”

7. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company, subject to the approval of the Central Government and / or Ministry of Corporate Affairs, if required, and all applicable guidelines for managerial remuneration issued by the Central Government or any other competent authority from time to time and pursuant to the recommendation of the remuneration committee and approval by the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to ratify, confirm and approve the revision of remuneration of Mr. Vinod Kaushik, Whole-time Director of the Company, with effect from 1st April, 2010, with power to the Board of Directors to increase / alter / modify and vary the terms of the said remuneration and / or agreement, in the following manner:

- A. Salary: Rs. 45,000 per month with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary excluding perquisites and Amenities does not exceed Rs. 1,00,000 per month during his tenure.
- B. The Board of Directors is authorized to fix remuneration within the scale as indicated above and revise it from time to time.
- C. The total remuneration including perquisites shall not exceed the limit specified in Schedule XIII of the Companies Act, 1956.
- D. Other terms, conditions, perquisites and amenities shall be continue as per the agreement dated April 1, 2009 entered into between Company and Mr. Vinod Kaushik, Whole-time Director of the Company.
- E. The above remuneration and perquisites shall be payable as minimum remuneration as specified in Schedule XIII in the event of absence/inadequacy of profits in any year subject to approval of Central Government, if required.
- F. The above revision shall be effective from 1st April, 2010 and will be subject to the approval of the members of the Company.

**RESOLVED FURTHER THAT** in the absence / inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, if required, the remuneration payable to the Whole-time Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Whole-time Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**RESOLVED FURTHER THAT** any of the Directors of the company, Company Secretary and Mr. Manish Sharma, Vice President of the Company be and is hereby authorized, singly, to file necessary forms with the Registrar of Companies (MCA), Maharashtra, Mumbai and to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

**8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of section 94 (1) (a) of the Companies Act, 1956, and other applicable provisions, if any (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the authorized share capital of the Company be and is hereby increased from Rs. 250,000,000 (Rupees Twenty Five Crores Only) divided into 25,000,000 (Two Crores Fifty Lacs) equity shares of Rs. 10/- each to Rs. 1,250,000,000 (Rupees One Hundred Twenty Five Crores Only) divided into 125,000,000 (Twelve Crores Fifty Lacs) equity shares of Rs. 10/- each.

**“RESOLVED FURTHER THAT** the existing Clause V of the Memorandum of Association of the Company as to share capital be and is hereby deleted and in its place the following Clause V be and is hereby substituted:

“The Authorized Share Capital of the Company is Rs. 1,250,000,000 (Rupees One Hundred Twenty Five Crores Only) divided into 125,000,000 (Twelve Crores Fifty Lacs) equity shares of Rs. 10/- each.”

**“RESOLVED FURTHER THAT** Mr. Vinod Kaushik, Whole-time Director and any Director of the Company and Company Secretary of the Company be and are hereby authorized, singly, to intimate and file necessary forms with the Registrar of Companies and to do all the acts, things to make the above resolution effective.”

**9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof, for the time being in force), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**“SEBI Regulations”**) as in force, subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and in accordance with the Rules / Regulations / Guidelines, if any, prescribed by the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), the Foreign Exchange Management Act, 1999 (FEMA), (including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force) and the listing agreements entered into by the Company with the Stock Exchanges where the Company’s shares are listed and subject to any necessary approval(s), consent(s), permission(s) and / or sanction(s) if any, of the Government of India, State Government, Reserve Bank of India, Securities Exchange Board of India, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, and / or any other appropriate statutory regulatory authorities, government authorities or departments, institutions or bodies as may be required (**“Concerned Authorities”**) in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting any such approval(s), consent(s), permission(s), or sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as **“the Board”** which term shall be deemed to include any Committee of the Board which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution or any person(s), for the time being, duly authorized by the Board and exercising the powers conferred on the Board by this resolution)), the consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot, from time to time in one or more tranches, up to 22,500,000 (Two Crores Twenty Five Lacs) equity shares or any other securities or financial instrument(s) including warrants convertible into equity shares of the Company (hereinafter referred to as **“Securities”**) to the persons entities as mentioned in the explanatory statement of this resolution (**“Securities Holders (s)”**), on such terms and conditions and in such manner as the Board may think fit, without offering the same to any other person, whether or not they are members of the Company; at a price per share, not less than, as may be determined on relevant date, based on the pricing formula as per the SEBI ICDR Regulations, in one or more tranches, in accordance with the SEBI Regulations and other relevant guidelines as may be prevailing at the time of allotment of shares.

**RESOLVED FURTHER THAT** the relevant date, in terms of SEBI Regulations, for determination of minimum price for issuance of the equity shares on a preferential basis of Rs. 10/- each, is as decided as per SEBI Regulations (30 days prior to date of AGM).

**RESOLVED FURTHER THAT** the equity shares allotted in terms of this resolution shall be subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of Rs. 10/- each of the Company.

**RESOLVED FURTHER THAT** the aforesaid equity shares allotted in terms of this resolution shall be subject to lock-in requirements as per the provisions of the SEBI Regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to issue or allotment of the aforesaid equity shares on preferential basis and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed preferential issue, offer and allotment of any of the said shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or officer(s) of the Company to give effect to the resolution.”

**10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2009 and subject to the provisions of the Security Contract and Regulation Act, listing agreement, Central Listing Authority and any other such consent, approval and any directions or modifications as may be issued by any regulating authorities, the consent of the members of the Company be and is hereby granted for voluntary Delisting of Equity Shares of Rs. 10/- each from the Ahmedabad Stock Exchange to the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to accept any terms and conditions as may be imposed by the Stock Exchanges, Central Listing Authority, SEBI or any regulating authorities and to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above said stock exchanges and to take all necessary steps including execution of all writings, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above said resolution.

“**RESOLVED FURTHER THAT** Mr. Vinod Kaushik, Whole-time Director and any Director of the Company and Company Secretary of the Company be and are hereby authorized, singly, to intimate and file necessary forms with the stock exchanges and to do all the acts, things to make the above resolution effective.”

**11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and applicable laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and / or a duly authorized Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as “the Board”), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as “the FIIs”), in the shares, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, and / or in such other manner as may be permitted, subject to the condition that the total holding of all FIIs put together shall not exceed 100 % (Hundred percentage) of the paid up equity share capital of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.

**12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the ‘Board’, which term shall be deemed to include any Committee thereof), to make investments either directly or indirectly in the securities of other bodies corporate, as they may in their absolute discretion deem beneficial and in the interest of the Company; to grant loans to any body corporate on such terms and conditions as to repayment thereof and interest thereon; and to give any guarantee or provide any security in connection with loans made by any bank / financial institution / other entities to any body corporate, on such terms and conditions as the Board may think fit, provided that the aggregate of such investments and loans made and the amounts for which guarantee or security is provided to or in all bodies corporate and outstanding at any time does not exceed Rs. 1000 crores (Rupees One Thousand Cores) or equivalent amount in any other foreign currency, and that such making of investments and loans, giving of guarantee and providing of security are in the opinion of the Board made only for furthering the business interest of the Company.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things inter alia for execution of deeds / documents and for prescribing the limits for investment, loan, guarantee and security to be made or provided to or in any or all body corporate / subsidiary / group / associate / vendor / joint venture companies / alliance partners, with or without the intention of making any such body corporate as its subsidiary or otherwise.”

By Order of the Board of Directors

**Priyanka Chauhan**

**Company Secretary**

**Registered Office:**

207, Vardhaman Complex Premises  
Co. op. Society Ltd., L.B.S. Marg,  
Vikhroli (West), Mumbai – 400083

**Date: August 24, 2010**

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**Notes:-**

- 1. A Member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a Member of the Company.**
- The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable.
- The Register of Members and Share Transfer Books will remain closed from September 15, 2010 to September 20, 2010 (both days inclusive) for the purposes of Annual General Meeting.
- The relative Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the meeting, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors are also annexed.
- Members / proxies should bring duly-filled Attendance Slips sent along with this Notice to attend the meeting.
- Members whose shareholding is in the electronic mode are requested to communicate change of address notifications and updations of bank account details to their respective depository participants.

### **EXPLANATORY STATEMENT as required by Section 173(2) of the Companies Act, 1956**

**Item No. 5 & 6:**

The Board of Directors of the Company (“The Board”) at its meeting held September 29, 2009 and May 29, 2010 had, pursuant to the provisions of Section 260 of the Companies Act, 1956 (“the Act”) and Articles of Association of the Company, appointed Mr. Vipin Sharma and Mr. Ajay Sethi, respectively, as Additional Directors of the Company. Both the additional directors holds office of Director up to the date of ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs. 1000/- proposing the candidature of Mr. Vipin Sharma and Mr. Ajay Sethi, for the office of Director under provisions of Section 257 of the Act. Mr. Vipin Sharma and Mr. Ajay Sethi shall be liable to retire by rotation.

Further details about Mr. Vipin Sharma and Mr. Ajay Sethi are mentioned in the statement on **Details of Directors seeking Appointment /Re-appointment at the Annual General Meeting, which forms part of this notice.**

None of the Directors of the Company other than Mr. Vipin Sharma and Mr. Ajay Sethi are interested or concerned in the resolution relating to their respective appointment.

The Board accordingly recommends the ordinary resolution set out at item Nos. 5 & 6 of the accompanying Notice for the approval of the Members.

**Item No. 7:**

At the Annual General Meeting of the Company held on September 29, 2009, the Members approved the appointment and terms of remuneration of Mr. Vinod Kaushik, Whole-time Director of the Company for a period of 5 years from April 01, 2009 to March 31, 2014.

The Board of Directors of the Company, Considering his contribution, efforts and increase in inflation, at its meeting held on August 13, 2010, have, on the recommendations of the Remuneration Committee of the Company and subject to the approval of the members of



the Company, revised / amend/vary and increase the remuneration/perquisites payable to Mr. Vinod Kaushik, Whole-time Director of the Company in the following manner:

- A. Salary: Rs. 45,000 per month with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary excluding perquisites and Amenities does not exceed Rs. 1, 00,000 per month during his tenure.
- B. The Board of Directors is authorized to fix remuneration within the scale as indicated above and revise it from time to time.
- C. The total remuneration including perquisites shall not exceed the limit specified in Schedule XIII of the Companies Act, 1956.
- D. Other terms, conditions, perquisites and amenities shall be continue as per the agreement dated April 1, 2009 entered into between Company and Mr. Vinod Kaushik, Whole-time Director of the Company.
- E. The above remuneration and perquisites shall be payable as minimum remuneration as specified in Schedule XIII in the event of absence/inadequacy of profits in any year subject to approval of Central Government, if required.
- F. The above revision shall be effective from 1st April, 2010 and will be subject to the approval of the members of the Company.

The Board recommends the resolution as set out at item no. 7 of the notice for approval by members.

The resolution read with the explanatory statement may be considered as an abstract pursuant to the provisions of Section 302 of the Companies Act, 1956.

Mr. Vinod Kaushik may be deemed to be interested / concerned in the resolution contained under Item No. 7 of the notice. None of the other Directors of the Company are interested or concerned in the said resolution.

**Item No. 8:**

Company's present authorized capital is Rs. 250,000,000 (Rupees Twenty Five Crores Only) divided into 25,000,000 (Two Crores Fifty Lac) equity shares of Rs. 10 each. In order to finance any possible expansion programme and issue of preferential issue, there is need to raise the Authorized Share Capital of the Company. Section 94 of the Companies Act, 1956 provides, inter alia, that a company may increase its authorized share capital by passing an ordinary resolution in the general meeting of the Company. Accordingly, the consent of the members is being sought pursuant to the provisions of Section 94 and all other applicable provisions of the Act, to increase the authorized share capital of the Company from Rs. 250,000,000 (Rupees Twenty Five Crores Only) divided into 25,000,000 (Two Cores Fifty Lac) equity shares of Rs. 10 each to Rs. 1,250,000,000 (Rupees One Hundred Twenty Five Crores Only) divided into 125,000,000 (Twelve Crores Fifty Lac) equity shares of Rs. 10/- each.

The Board recommends the Ordinary Resolution set out in Item No. 8 of the Notice for approval by the members.

None of the Directors of the Company is concerned or interested in the said resolution.

**Item No. 9:**

The Company requires funds in near future for business expansion, enhancement of competitiveness, repayment of loans, general corporate purposes and strengthening of its financial position through long-term resources. To make provision for the funds so required, it is considered appropriate under the current circumstances to issue equity shares on preferential basis in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI Regulations**").

M/s Cheetah Multitrade Private Limited (Promoter Company) and M/s Arnan Exim Private Limited, M/s Vittrag Minerals & Metals Excavation Private Limited, M/s Parshwa Stonex Private Limited, M/s SCHNIK Tradelink P Ltd., M/s Geeva Finvest Bombay Private Limited, M/s Janadesh Consultancy Private Limited and M/s Kalatmak Mercantile Private Limited non promoter group companies, has agreed to subscribe up to 2,25, 00,000 (Two Cores Twenty Five lacs) equity shares of Rs. 10/- each fully paid-up, on preferential basis, at a price per share as may be determined on relevant date based on the pricing formula as per the SEBI Regulations, as the minimum price at which such equity shares are permitted to be issued in accordance with SEBI ICDR Regulations.

**The details of the issue and other particulars as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI Regulations**") in relation to the above resolution proposed are given as under:**

**i. Objects of the issue**

The proposed issue is for meeting the long-term working capital requirement, repayment of loans, general corporate purposes and for augmenting the financial position of the Company.

**ii. Intention of the investor to subscribe to the offer**

M/s Cheetah Multitrade Private Limited (Promoter Company) and M/s Arnan Exim Private Limited, M/s Vittrag Minerals & Metals Excavation Private Limited, M/s Parshwa Stonex Private Limited, M/s SCHNIK Tradelink P Ltd., M/s Geeva Finvest Bombay Private Limited, M/s Janadesh Consultancy Private Limited and M/s Kalatmak Mercantile Private Limited non promoter group companies, have agreed to subscribe to all the equity shares offered by the Company. None of the other promoters / directors / key management persons of the Company intend to and shall subscribe to the offer.

**iii. Shareholding Pattern before and after the offer**

The shareholding pattern of the Company, before and after the preferential issue assuming allotment of equity shares, shall be as under:

Category	Pre-Issue Shareholding Pattern*		Shareholding Pattern post conversion of warrants*	
	No. of Shares	Shareholding (%)	No. of Shares	Shareholding (%)
Promoter and promoter group Shareholding	57,62,541	53.62%	1,82,62,541	54.93%
Bodies Corporates	21,69,581	20.19%	1,21,69,581	36.60%
Other Public Shareholding	28,13,978	26.19%	28,13,978	8.47%
<b>Total:</b>	<b>1,07,46,100</b>	<b>100.00%</b>	<b>3,32,46,100</b>	<b>100.00%</b>

\* 1. Based on the beneficiary positions in the shares of the Company as of June 30, 2010, as provided by the Depositories. Post-Issue Shareholding Pattern may change due to change in the beneficiary position.

**iv. Proposed time within which the allotment shall be completed**

As required under the SEBI ICDR Regulations, the allotment of equity shares on preferential basis shall be completed within 15 days of the date of passing of the above resolution. Provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or Central Government or Stock Exchanges, the allotment shall be completed within 15 days from the date of such last approval.

**v. Identity of the proposed allottee and the percentage of post-preferential issue capital that may be held by them and change in control**

Name of the Proposed Allottee	Pre-Issue Shareholding		Shareholding post conversion of Warrants	
	No. of Shares	Shareholding (%)	No. of Shares	Shareholding (%)
M/s Cheetah Multitrade Private Limited	57,62,541	53.62%	1,82,62,541	54.93%
M/s Arnan Exim Private Limited	3,50,000	3.26%	16,50,000	4.96%
M/s Vittrag Minerals & Metals Excavation Private Limited	3,50,000	3.26%	16,50,000	4.96%
M/s Parshwa Stonex Private Limited	3,50,000	3.26%	16,50,000	4.96%
SCHNIK Tradelink Private Limited	0	0.00%	16,50,000	4.96%
Geeva Finvest Bombay Private Limited	0	0.00%	16,50,000	4.96%
Janadesh Consultancy Private Limited	0	0.00%	15,00,000	4.96%
Kalatmak Mercantile Private Limited	0	0.00%	13,00,000	3.91%

There will be no change in the Control.

**vi. Undertakings**

- Company undertakes that the price of the specified securities shall be re-computed in terms of the provisions of SEBI ICDR Regulations, where it is required to do so.
- Company further undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in SEBI ICDR Regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

**vii. Lock-in**

The equity shares preferential basis, proposed to be allotted shall be locked-in for a period as specified in the SEBI ICDR Regulations.

**viii. Other terms of the Issue of equity shares on preferential basis**

- The proposed allottee(s) of the equity shares on preferential basis shall, on or before the date of allotment of equity shares, pay full amount of the total consideration of the shares issued to them.
- Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot equity shares by appropriating Rs. 10/- per share towards equity share capital and the balance amount towards the securities premium account.

- (iii) The equity shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of the Company and will be listed on the domestic stock exchanges where the equity shares of the company are listed.

The allotment of equity shares on preferential basis does not require making of a public offer as it is below the prescribed threshold limit for making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Due to above preferential allotment of equity shares, no change in management control is contemplated. The aforesaid allottee(s) shall be required to comply with the relevant provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, if applicable consequent to the allotment of shares as proposed above.

The statutory auditor's certificate certifying that the proposed issue is being made in accordance with the requirements of the applicable SEBI regulations will be made available for inspection of the members of the company.

In view of the above, it is proposed to issue up to 22,500,000 (Two Crores Twenty Five Lacs) equity shares of Rs. 10/- each on preferential basis the applicants, as mentioned above, on preferential basis, at a price per share as may be determined on relevant date based on the pricing formula as per the SEBI Regulations, as the minimum price at which such equity shares are permitted to be issued in accordance with SEBI ICDR Regulations.

The consent of the Shareholders is being sought, pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, if any, and in terms of the provisions of the listing agreements executed by the Company with the Stock Exchanges in India where the Company's Shares are listed.

None of the Directors is in any way interested in this resolution.

The Board recommends the Special Resolution set out in Item no. 9 of the Notice for approval by the members.

**Item No. 10:**

The Company's equity shares are listed with the Bombay Stock Exchange, Mumbai and the Ahmedabad Stock Exchange, Ahmedabad. There is no trading or negligible trading of equity shares since listing at the Ahmedabad Stock Exchange. However, the Company's shares are regularly being traded at the Bombay Stock Exchange.

In terms of the SEBI (Delisting of Equity Shares) Regulations, 2009, recently announced by the SEBI, the Companies have been permitted for voluntary delisting of shares including from the Regional Stock Exchange, subject to the compliance of the terms and conditions of the said Regulations / Guidelines. The Board considered that the Mumbai Stock Exchange is having national wide trading terminals and the investors have access to trade and deal in Company's shares across the country.

Equity shares of the Company listed on the Ahmedabad Stock Exchange, Ahmedabad are not providing any significant tangible advantage to the shareholders and investors of the Company.

Therefore, the Board at their meeting held on August 13, 2010 has considered to recommend for voluntary delisting of the Company's Equity Shares from the Ahmedabad Stock Exchange, Ahmedabad and continue its listing only with the Stock Exchange Mumbai to avoid unnecessary financial and administrative burden due to multiple compliance of the various clauses of the Listing Agreement from time to time and to provide better services to the investors through the national wide Stock Exchange terminal.

Your directors recommend passing the said resolution as Special Resolution as set out in item No. 10 of the notice, for voluntarily delisting the Shares of the Company from the said Stock Exchange.

None of the directors are concerned or interested in the above said resolution, except as a member of the company.

**Item No. 11:**

The foreign Institutional Investors (FIIs) have assumed a crucial role in the Indian capital market. It is proposed to facilitate greater FII investment in the Company, which would not only provide depth and liquidity to the Company's shares but will also reflect the Company's commitment to the highest standards of disclosures, transparency, and corporate governance, its operational efficiencies, global competitiveness, and proven management track record, which are the preferred investment qualifications for FIIs.

In terms of the provisions FEMA and Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs) may invest in the equity shares / convertible debentures up to the sectoral cap / statutory limit as applicable to the Indian Companies, subject to the approval of the Board of Directors and approval of Members of the Company by way of a special resolution.

The Board of Directors of the Company at its meeting held on August 13, 2010, inter alia, proposed, subject to the approval of Members by way of a special resolution, to enhance the said FII investment limit to 100 percent of the paid up Equity Capital of the Company.

The resolution set out at Item No. 11 of the accompanying notice will enable the FIIs, who are considered to be prudent investors, to acquire shares of the Company through authorized dealers within the revised ceiling under the schemes of the Reserve Bank of India.

The Board of Directors accordingly recommends the resolution set out at Item No. 11 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**Item No. 12:**

Pursuant to the provisions of Section 372A of the Companies Act, 1956, a company can not make inter corporate loans, investments, give guarantee, provide security, acquire by way of subscription, purchase or otherwise the securities of any other body corporate in excess of sixty percent of its paid – up share capital and free reserves, or one hundred per cent of its free reserves, which ever is more. As a part of its growth strategy, the company has been continuously looking for inorganic growth opportunities both in the domestic and international markets. Considering the above, the Board of Directors of the Company recommends to increase it up to Rs. 1000 crores (Rupees One Thousand Crores).

The Board recommends the resolution as set out at item no. 12 of the notice for approval by members.

None of the Directors of the Company are interested or concerned in the said resolution.

By Order of the Board of Directors

**Priyanka Chauhan**  
(Company Secretary)

**Registered Office:**

207, Vardhaman Complex Premises  
Co. op. Society Ltd., L.B.S. Marg,  
Vikhroli (West), Mumbai – 400083

**Details of Directors seeking Appointment /Re-appointment at the Annual General Meeting**

Particulars / Name of the Director	Mr. Vinod Kaushik	Mr. Nitin Sethi	Mr. Ajay Sethi	Mr. Vipin Sharma
<b>Date of Birth</b>	1-Feb-49	29-Jun-66	21-Dec-67	7-Oct-60
<b>Nationality</b>	Indian	Indian	Indian	Indian
<b>Date of Appointment on Board</b>	1-Apr-09	6-Feb-08	29-May-10	7-Sep-09
<b>Qualifications</b>	M.Sc, B.Ed.	B.Sc, MBA	M.Com, PGDBM	B.Sc.
<b>Expertise in specific functional area</b>	Wide experience in administration matters.	Wide experience in Marketing & administration.	Wide experience in Finance & administration.	Wide experience in finance and business administration.
<b>Directorships held in other Public Companies (Excluding foreign companies and Section 25 Companies)</b>	NIL	Resurgere Mines & Minerals India Ltd.	Resurgere Mines & Minerals India Ltd.	NIL
<b>Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)</b>	NIL	Membership – 2	NIL	NIL
<b>Number of Shares held in the Company</b>	NIL	NIL	NIL	NIL

## DIRECTORS REPORT

Dear Shareowners,

Your Directors take great pleasure in presenting their 23rd Annual Report on the business and operations of the Company along with the audited financial statements for the year ended 31st March, 2010.

### Financial Results

The performance of the Company for the financial year 2009-2010 is summarized below:

Particulars	(In Rupees)	
	2009-2010	2008-2009
Net Sales and Other Income	166,533,978	124,470,402
Profit/ (Loss) Before Tax	1,331,152	(6,785,495)
Add / (Less): Deferred Tax Adjustments	262,407	338,226
Less: Current Income Tax	-	-
Less: Fringe Benefit Tax	-	(249,506)
Less: Wealth Tax	-	(3,052)
Profit/(Loss) after Tax	1,593,559	(6,699,787)
Less: Prior Year short provision for Tax	-	-
Balance Brought Forward	(5,299,771)	1,400,016
Amount Available for Appropriation	(3,706,212)	(5,299,771)
<b>Appropriations</b>		
Interim Dividend on Equity Shares	1,341,050	-
Tax on Dividend	227,912	0
Surplus / Deficit Carried Forward	(5,275,174)	(5,299,771)

### Review of Performance and Management discussion and Analysis

Your directors are please to report total income of Rs. 16.65 crores for the year ended 2009-10 as against Rs. 12.44 crores for the year ended 2008-09, an increase of 33.79%. Total turnover of the company is export turnover. The profit before tax is Rs. 13.31 lacs for the year ended 2009-10 compare to Rs. 67.85 lacs loss for the year ended 2008-09. The Net profit after tax is Rs. 15.93 lacs for the financial year ending 2009-2010 compared to loss of Rs. 66.99 lacs for the financial year 2008-2009.

The fiscal 2009-2010 was challenging for the Indian Industries specially manufacturing sector due to Global melt down of economy. However, due to sound revival measures by Government of India, the Indian economy is expected to emerge as the fastest growing economy.

The Indian dyestuff and chemicals industries were not a exception. However, cost and quality competitiveness were conducive for maintaining the growth in revenue.

During the current year, the global export market particularly Dyes and Chemicals sectors is on the path of revival and is expected to grow. The chemical industry is one of the oldest industries in India. It contributes significantly towards industrial and economic growth of the country.

Despite global melt down & volatility in raw material prices, your company performed better in financial year 2010 in terms of export market as compared to the previous financial year 2009. Export turnover increased during the financial year under review compared to financial year 2009.

### Dividend

During the year under review, your Company has declared and paid an interim dividend of Rs. 0.50 per equity share (5%) in the month of January, 2010 aggregating to Rs. 1,341,050 on 2682100 equity shares of nominal value of Rs. 10/- each.

### Issue & allotment of Bonus Shares

During the year under review the Board, in their meeting held on January 29, 2010, recommended issue of bonus shares to all the shareholders of the Company in the ratio of five new fully paid-up equity shares of Rs 10/- each for every two existing fully paid-up equity shares of Rs 10/- each held.

The members through Postal Ballot approved the issue and allotment of the bonus shares, and the result were declared on March 10, 2010. Pursuant to approval of the members, through Postal Ballot, the Company capitalized a sum of Rs. 65640000/- out of Company's Reserve and transferred the same to the Share Capital Account & allotted 6564000 Equity Shares as Bonus Equity Shares to the

Members whose name appeared in the register of members of the company as on the record date fixed for the purpose.

Based on the request in writing from Cheetah Multitrade Private Limited, Promoter of the Company, to waive the right of bonus shares on Equity shares being forfeited & reissued to them, the Board of Directors decided not to issue bonus shares to them on requested part.

#### **Forfeiture & reissue of Shares**

During the year under review, the Company has forfeited 56500 Equity Shares due to non payment of call money by the shareholders of the Company and afterwards re-issued the same to M/s Cheetah Multitrade Private Limited, promoter Company.

#### **Subsidiary Company**

In compliance with the requirement of Section 212 of the Companies Act, 1956 the Balance Sheet, Profit & Loss Account, report of the Board of Directors and the Auditors Report relating to Arcoiris SA which is Subsidiary of the Company are attached herewith along with necessary statement under the said section.

#### **Human Resource Development**

Company encourages a culture that develops and empowers people, promotes team building and nurtures new ideas. The Company's recruitment practice ensures that suitable candidates with merit are recruited and provided with the right opportunities to grow within the organization. The percentage of employees turnover is almost nil in the Company.

#### **Depository System**

Yours Company's equity shares are available for dematerialization through National Securities Depository Limited and Central Depository Services (India) Limited. As of March, 31st March 2010, 91.64% of the Equity shares were held in demat form. Relevant ISIN No. is INE662C01015

#### **Buy-Back of Shares**

During the financial year under review, Company has not announced any Buy-back of its Shares.

#### **Corporate Governance Report**

As required under the Listing Agreement with Stock Exchanges, reports on Corporate Governance as well as management discussion and analysis are attached and forms part of the Directors' report. Pursuant to the provisions of Securities and Exchange Board of India circular dated October 29, 2004, Clause 49 was applicable on the company with effect from March 24, 2010. However, a report on Corporate Governance is being attached and forms part of this report.

#### **Directors**

Mr. Ajay Sethi and Mr. Vipin Sharma were appointed as Additional Directors of the Company under Section 260 of the Companies Act, 1956 in the Board of Directors meeting held on 29th May, 2010 & 29th September, 2009 respectively. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Nitin Sethi & Mr. Vipin Sharma holds office up to the conclusion of the forthcoming Annual General Meeting (AGM) of the Company and is eligible for appointment as Director. The Company has received notice from a member of the Company pursuant to Section 257 of the Companies Act, 1956, proposing their candidature for the office of Directors. Mr. Ajay Sethi & Mr. Vipin Sharma, both shall be liable to retirement by rotation. The Board recommends their appointment as Directors.

Mr. Nitin Sethi, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

Mr. K.R. Kamath, Mr. S. K.Sengupta, Mr. A. W. Palekar and Mr. M. K. Sengupta who were the Directors of the Company have resigned with effect from September 7, 2009. The Board places on record their appreciations to the contribution of the said directors during the tenure as Directors of the Company.

#### **Directors Responsibility Statement**

Pursuant to Section 217(2AA) of the companies Act, 1956, your Directors state that-

- (I) In the preparation of Annual Accounts, the applicable Accounting Standard have been followed along with proper explanation relating to material departure and there are no material departures from the same;
- (II) The Directors have selected such accounting policies and applied them consistently and 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 profit of the company for the year ended on that date;
- (III) The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provision of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (IV) The Directors have prepared the Annual Accounts on going concern basis.

### Auditors

The present statutory auditors of the company M/s Haribhakti & Co., Chartered Accountant have resigned with effect from August 23, 2010. The Directors place on record deep appreciation for the assistance and guidance extended by M/s Haribhakti & Co., Chartered Accountant, during their tenure as Auditors of the Company.

The Company has received a letter from M/s S. K. Badjatya & Co., Chartered Accountants, to the effect that their appointment if made would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956. On recommendation of the Audit Committee, the Board in its meeting held on August 24, 2010, proposed their appointment as the Statutory Auditors of the Company subject to approval of the members of the company in the forthcoming annual general meeting. You are requested to consider their appointment.

### Fixed Deposits

The Company had neither invited nor accepted any public deposits, during the year, under Section 58A of the Companies Act, 1956 and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

### Foreign Exchange Earnings and Outgo

During the year under review, Company has made following transactions in Foreign Currency.

Particular	(Rs. In Lakh)	
	2009-10	2008-09
Expenditure in Foreign Currency	159.94	104.26
Earning in Foreign Currency	1607.57	1151.27

### Auditor's Report

All observation made by the Auditors in their reports are self explanatory by way of Notes on Accounts and does not require any further clarification.

### Share Warrants

During the year under review, with the authority of the members of the Company by way of Postal Ballot, of which the result were declared on 10th March, 2010 has issued the 1500000 share warrants convertible into equivalent number of Equity Shares of Rs. 10/- each fully paid-up at a price of Rs. 100/- including a premium of Rs. 90/-.

The Board of Directors, at their meeting held on June 15, 2010, based on the request received from warrant holders converted 1500000 warrants into equal number of Equity Shares of Rs. 10/- . The above shares were listed on the Stock Exchanges.

### Share Capital

During the year under review, the authorized share capital of the Company was increased from Rs. 50,000,000 (Rupees Five Crore Only) divided into 5,000,000 (Fifty Lacs) equity shares of Rs. 10 each to Rs. 250,000,000 (Rupees Twenty Five Crore Only) divided into 25,000,000 (Two Crores Fifty Lacs) equity shares of Rs. 10 each, pursuant to the authority of the members of the company by way of Postal Ballot, of which the result was declared on 10th March, 2010.

### Unclaimed / Unpaid Dividend

The following table given information relating to outstanding dividend accounts and the dates by which they need to be transferred:

Financial Year	Date of Declaration	Date of payment	Date on which dividend will become part of IEPF
2004-05	September 03, 2005	September 30, 2005	September 02, 2012
2005-06	August 06, 2006	November 10, 2006	August 05, 2013
2006-07	August 29, 2007	September 29, 2007	August 28, 2014
2009-10	January 29, 2010	February 12, 2010	January 28, 2017

After seven years if the amount remains unclaimed then it will be credited to the Investor Education and Protection Fund established by the Central Government pursuant to section 205C of the Companies Act, 1956.

### Insurance

All the insurable interest of the Company including inventories, Building, Plant & Machinery is adequately insured.

### Conservation of Energy, Technology Absorption & Foreign Earnings and Outgo:

Information in accordance with the provision of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in respect of the Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are as per Annexure-A and forms part of this report

**Environment and Social Concern**

Your Company continues its efforts for the betterment of the environment and conservation of scarce natural resources.

**Internal Control System**

The Company's present Internal Control Systems are commensurate with its size. However, looking at the growth in the size of the Company and its operations it is strengthening these systems further. The Company places great emphasis on the maintenance of effective internal controls, both from the point of view of compliance with statutory requirements as well as supporting the smooth and efficient running of the business.

**Particulars of Employees**

There are no employees drawing remuneration beyond prescribed amount requiring disclosure under section 217(2A) of the Companies Act, 1956

**Acknowledgement**

Yours Directors place on record their appreciation of co-operation and support extended by the Bankers, Government agencies and other institution and look forward to their continued support. Your Directors wish to place on record their deep sense of appreciation for the committed services of Executives, Staff and Workers of the Company.

By order of the Board of Directors  
**For Chromatic India Limited**  
Sd/-  
(Whole time Director)

Place : Mumbai

Dated : August 24, 2010



### Annexure 'A' to Director's Report

Particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

**A. Conservation of Energy :**

(a) Energy conservation measures taken :

No fresh measures to conserve the energy taken up during the year. As a result no additional Investment incurred on this account and measures taken in the earlier years is continuing.

(b) Total energy conservation & energy consumption per unit of production (as per form - A annexed hereto)

**B. Technology Absorption :**

Efforts made on technology absorption are as per Form - B annexed hereto.

**C. Foreign exchange earnings and outgo :**

Foreign exchange earned	:	1607.57
Foreign exchange used	:	159.94

### Form - A

Form for disclosure of particulars with respect to conservation of energy.

<b>A. Power and fuel consumption :</b>	<b>2009-10</b>	<b>2008-09</b>
<b>1. Electricity :</b>		
Unit	561888	442539
Total Amt. (Rs.)	2799820	2025636
Rate per Unit (Rs.)	4.98	4.58
<b>2. Furnace Oil :</b>		
Quantity (Ltrs)	311835	39322
Total Amt. (Rs.)	8276098	905317
Average Rate (Rs.)	26.53	23.02
<b>3. Light Diesel Oil :</b>		
Quantity (Ltrs)	3987	5055
Total Amt. (Rs.)	141483	156757
Average Rate (Rs.)	35.48	31.01
<b>4. Briquettes / Firewoods :</b>		
Quantity (Kgs)	505310	1036120
Total Amt. (Rs.)	1547986	3342437
Average Rate (Rs.)	3.06	3.22
<b>B. Consumption per unit of production :</b>		
Production Unit (In Kg.)	840539.50	586129
Electricity Unit	0.668	0.755
Furnace Oil (Ltrs)	0.370	0.067
Light Diesel Oil (Ltrs)	0.004	0.008
Briquettes/Firewoods(Kgs.)	0.601	1.767

**Reason for variation in the consumption of Power & Fuel from previous year :**

The consumption of electricity per unit of production has decrease due to increase in volume of production. Consumption of Furnace Oil increased due to use of Furnace oil more than Bio Briquettes & Firewood as compare to previous year. Consumption of Light Diesel Oil decrease due to increase in production.

### Form - B

(See Rule - 2)

(Form for disclosure of particulars with respect to absorption.)

Research and Development (R&D)

1. Research and development in the area of new value added products is continuing.
2. As a result of last year R & D efforts the new products are already running in the market.

## Corporate Governance report For the Year 2009-2010

(Pursuant to the provisions of Clause 3 of SEBI Circular No. SEBI / CFD/DIL/CG/1/2004/12/10 dated October 29, 2004, clause 49 is applicable on the company with effect from March 24, 2010)

### 1. Company's Philosophy on Corporate Governance

The Company believes in transparency, empowerment, accountability, safety of people and environment, motivation, respect for law and fair business practices with all its stakeholders. The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. It is believed that adherence to business ethics and commitment to corporate social responsibility would help the Company to achieve its goal of maximizing value for all its stakeholders. By combining ethical values with business acumen, globalization with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global corporations. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global dyes company, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the Chromatic.

### 2. Board of Directors

- (a) As on 31st March, 2010, the Company has three Directors on Board of Directors of the Company. Of the three Directors, two (i.e. 2/3) are Non Executive and Independent Directors. The Composition of the Board is in conformity with Clause 49 of the listing agreements entered with the Stock Exchanges.
- (b) None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the Companies in which he is a Director. Necessary disclosure regarding Committee position in other public companies as on March 31, 2010 has been made by the Directors.
- (c) The names and Category of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships in private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of Director	Category	Number of Board Meetings during the year 2009-2010		Attendance at the last AGM held on 29.09.2009	Number of Directorships in other public Companies	Number of Committee position held in other public Companies	
		Held	Attended			Chairman	Members
Mr. Vinod Kaushik (Whole Time Director)	Non Independent Executive	15	15	Yes	-	-	-
Mr. Vipin Sharma*	Independent, Non-Executive	10	10	No	-	-	-
Mr. Nitin Sethi	Independent, Non-Executive	15	10	Yes	1	-	2
Mr. K. R. Kamath \$	Executive Director	5	5	No	-	-	-
Mr. A. W. Palekar \$	Executive Director	5	5	No	-	-	-
Lt. Col. M. K. Sengupta \$	Executive Director	5	1	No	-	-	-
Mr. S.K. Sengupta \$	Executive Director	5	1	No	-	-	-

\*appointed on 7th September, 2009 and re-appointed on 29.9.2009. \$ resigned as executive director on 7th August, 2009 & from the Directorship on 7th September, 2009.

- (d) 15 Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:  
April 1, 2009, June 30, 2009, July 31, 2009, August 7, 2009, August 26, 2009, September 7, 2009, September 26, 2009, September 29, 2009, October 30, 2009, December 28, 2009, January 22, 2010, January 29, 2010, March 10, 2010, March 24, 2010, March 30, 2010.
- (e) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

### 3. Audit Committee

- (i) The Audit Committee of the Company is constituted on 10th March, 2010 in line with the provision of Clause 49 of Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee is headed by Mr. Nitin Sethi and comprises the following members:
1. Mr. Nitin Sethi – Chairman
  2. Mr. Vinod Kaushik
  3. Mr. Vipin Sharma
- All the members of the Audit Committee are Non-Executive & Independent Directors except Mr. Vinod Kaushik, who is the Whole time Director of the Company.
- (ii) The terms of reference of the Audit Committee are broadly as under:
- i. Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - ii. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  - iii. Approval of payment to statutory auditors for other services rendered by the Statutory Auditors.
  - iv. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
    - a. Matters required to be included in the Directors' Responsibilities Statement to be included in the Board's Report u/s 217 (2AA) of Companies Act, 1956.
    - b. changes in accounting policies and practices, if any, with reasons for the same.
    - c. Major accounting entries involving estimates based on the exercise of judgment of management.
    - d. Significant adjustments made in the financial statements arising out of audit findings.
    - e. Compliance with listing and other legal requirement relating to financial statements.
    - f. Disclosure of any related party transactions.
    - g. Qualifications in the draft audit report.
  - v. Reviewing, with Management, the quarterly financial statements before submission to Board for approval.

5A. Reviewing with Management, the statement of uses / application of funds, raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purpose other than those stated in the offer document / prospectus/notice and monitoring agency report and making appropriate recommendations to the Board to take up steps in this matter.
  - vi. Reviewing, with the Management, performance of Statutory and Internal auditors and adequacy of internal control systems.
  - vii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - viii. Discussion with internal auditors any significant findings and follow up there on.
  - ix. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to Board.
  - x. Discussion with statutory auditor before audit commences, about the nature, and scope of audit as well as post audit discussion to ascertain any area of concern.
  - xi. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - xii. Reviewing the functioning of Whistle Blower mechanism, in case the same is existing.
  - xiii. Carrying out any other function as is mentioned in the terms of reference of the Committee.
- (iii) As the Committee was constituted on 10th March, 2010 no meetings were held during the year under review.
- (iv) The previous Annual General Meeting of the Company was held on September 29, 2009 and was attended by Mr. Nitin Sethi, Chairman of the present Audit Committee of the company.

#### 4. Investors/Shareholders Grievance Committee

- (i) As on March 31, 2010, the Investors/Shareholders Grievance Committee comprises the following members:
1. Mr. Nitin Sethi – Chairman
  2. Mr. Vinod Kaushik
  3. Mr. Vipin Sharma
- (ii) All the members of the Investors/Shareholders Grievance Committee are Non-Executive & Independent Directors except Mr. Vinod Kaushik, who is the Whole time Director of the Company.
- (iii) The Investors/Shareholders Grievance Committee is constituted on 10th March, 2010 & no meetings were held during the year under review.

##### Remuneration policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and variable pay. The individual performance pay is determined by business performance.

The Company pays remuneration by way of salary, benefits, perquisites, amenities and allowances to its Whole-time Director as per the service agreements entered into by the Company with him.

During the year, the Company has not paid any Sitting Fees for the meetings of the Board and meetings of Committees of the Board.

Details of the Remuneration for the year ended March 31, 2010:

Whole-time Director:

	(Rs. in lakh)
Name of Director and period of appointment	Salary
Mr. Vinod Kaushik (appointed w.e.f. 1.4.2009 for 5 years)	4.80

The above figures do not include provisions for gratuity, for the Whole-time Director.

The Company does not have any Employee Stock Option Scheme.

As on March 31, 2010, no director of the company holds any shares of the Company.

#### 5. General Body Meetings

##### (i) General Meetings

The details of the Annual General Meeting held in the last three years are as follows:

Year	Day, Date & Time	Venue	Whether Special Resolution Passed
AGM 2006-07	Saturday, September 29, 2007 - 11.00 AM	Shri Sai Leela, A1/1, Rajawadi Housing Society, Ghatkopar East, Mumbai – 77	No
AGM 2007-08	Tuesday, September 30, 2008 - 11.00 AM	Shri Sai Leela, A1/1, Rajawadi Housing Society, Ghatkopar East, Mumbai – 77	No
AGM 2008-09	Tuesday, September 29, 2009 - 11.00 AM	207, Vardhaman Complex Premises Co.op Soc. Ltd., Fitwell Compound, L.B.S. Marg, Vikhroli (West), Mumbai - 400083	No

##### (ii) General Meetings other than AGM

In addition to the Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. No such meeting was held during the year under review.

#### 6. Postal Ballot

During the year, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, four ordinary and six special resolutions were passed by shareholders through Postal Ballot notice dated 29th January, 2010. The notice of postal ballot along with self addressed pre-paid envelopes, were dispatched to all shareholders. Mr. R. N. Gupta, Practicing Company Secretary had been appointed as scrutinizer for conducting the Postal Ballots voting in a fair and transparent manner.

The following resolutions as set out in the Postal Ballot Notice.

<b>Date of declaration of Result of Postal Ballot</b>	<b>Brief of Resolution</b>	<b>Special / Ordinary Resolution</b>	<b>Percentage of votes in favour</b>	<b>Percentage of votes against</b>	<b>Percentage of Invalid votes</b>
29.01.2010	Increase in Authorized Share Capital from Rs. 5 Crore to Rs. 25 Crore	Ordinary	100%	0.00%	0.00%
	Adoption of New Set of Articles of Association.	Special	100%	0.00%	0.00%
	Increase in borrowing powers under section 293 (1) (d) of the Companies Act, 1956	Ordinary	100%	0.00%	0.00%
	Creation of charge, mortgage etc. under section 293 (1) (a) of the Companies Act, 1956.	Ordinary	99.90%	0.10%	0.00%
	Insertion of new sub-Clauses 167 & 168 after Sub-Clause 166 under Other Objects	Special	99.90%	0.10%	0.00%
	commencement and carrying new business and activities under section 149(2A) of the Companies Act, 1956	Special	100%	0.00%	0.00%
	Issue of Bonus Shares	Ordinary	100%	0.00%	0.00%
	Issuance of Warrants in the Company on Preferential basis	Special	100%	0.00%	0.00%
	raising of additional long-term funds through further issuance of securities in the Company	Special	100%	0.00%	0.00%
	Re-issue of forfeited equity shares of the company	Special	99.98%	0.01%	0.01%

The result of the Postal Ballot was displayed at the registered office of the Company besides being communicated to the Stock Exchanges where the securities of the Company are listed.

The Company has followed the procedure as prescribed under Companies (Passing of the Resolution by Postal Ballot), Rules, 2001.

During the year under review, no special resolution was proposed to be passed through postal ballot.

## 7. Disclosures

### (a) **Materially significant related party transactions that may have potential conflict with the interests of company at large.**

During the year 2009-10, there were no materially significant transactions with related parties i.e., directors, management, subsidiaries, or relatives conflicting with the Company's Interest at large. Attention of Members is drawn to the disclosures of transactions with related parties set out in the Notes on Accounts forming part of the Annual Report.

### (b) **Details of non-compliance by the company, penalties, imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

Company has complied with all the requirements of regulatory authorities. No penalties were imposed on the Company by Stock Exchanges, SEBI or any other statutory authority on any matter related to capital market during the last three years.

**(c) Code for prevention of Insider – Trading practices**

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for prevention of insider trading, for its Management and staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

**(d) Secretarial Audit**

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit report 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. Pursuant to clause 47 (c) of the listing agreement with the stock exchanges, certificates, on a half yearly basis, have been issued by the company secretary in practice for due compliance of share transfer formalities by the company.

**8. Means of Communications**

The quarterly, half-yearly and annual results of the Company are regularly submitted to the stock exchanges in accordance with the listing agreement and are generally published in Free Press Journal and Nav Shakti.

**9. Generals Shareholders Information**

**(i) Annual General Meeting**

Date	20-Sep-10
Time	11.00 am
Venue	207, Vardhaman Complex Premises Co. Op. Society Ltd., L. B. S. Marg, Vikhroli (West), Mumbai - 400083

As required under Clause 49 (IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM.

**(ii) Financial Calendar**

Financial Calendar	1st April to 31st March
Annual General Meeting in	September 20, 2010
Dividend Payment	No final dividend has been recommended.

**(i) Date of Book Closure / Record Date**

Date of Book Closure / Record Date	As mentioned in the Notice of Annual General Meeting to be held on September 20, 2010.
------------------------------------	--

**(ii) Listing on Stock Exchange**

Bombay Stock Exchange Limited, Floor 25, P J Towers, Dalal Street, Mumbai – 400001	The Stock Exchange Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjrapole, Ahmedabad – 380015
--	---

**(iii) Stock codes / Symbol**

Bombay Stock Exchange Limited	<b>530191</b>
Ahmedabad Stock Exchange Limited	<b>CHROMATIC INDIA LTD</b>

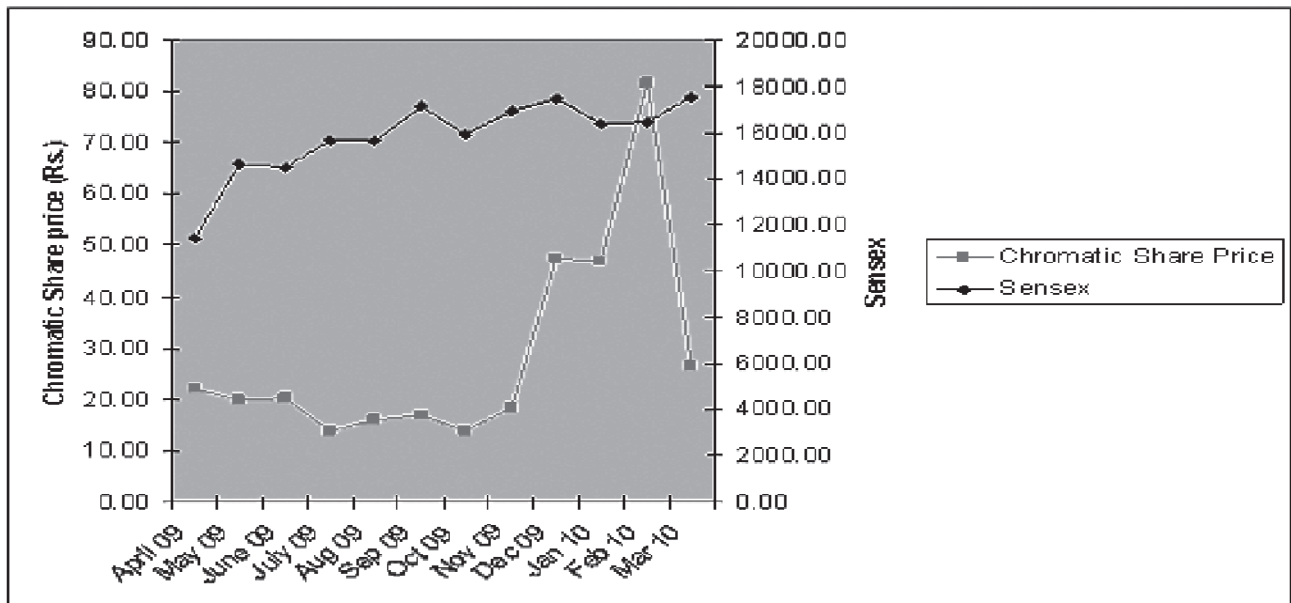
Listing fees as applicable have been paid for the financial year 2010-11

**(iv) Market Price Data**

High, Low (based on the closing prices) and number of shares traded during each month in the financial year 2009-2010 on the Bombay Stock Exchange Limited:

Month	Bombay Stock Exchange Limited		
	High Price (Rupees)	Low Price (Rupees)	Total No. of Shares Traded
April 09	23.25	21.00	555
May 09	21.50	19.05	1685
June 09	21.00	20.00	409
July 09	21.10	14.00	27402
August 09	18.80	13.31	24217
September 09	17.60	14.50	7337
October 09	16.30	13.75	2693
November 09	18.39	13.10	3224
December 09	47.30	19.30	37449
January 10	51.95	40.65	26170
February 10	84.25	47.00	55517
March 10	96.40	25.80	73273

(v) **Performance of the share price of the Company in comparison to the BSE Sensex:**



(vi) **Registrar and Transfer Agents:**

M/s Bigshare Services Private Limited  
E/2 Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai – 400 072  
Tele No: 91-22-2847 0652 | 40430200| 2847 0653  
Fax no:91-22-2847 5207  
Email: info@bigshareonline.com  
Website: www.bigshareonline.com  
Contact person: Mr.Ashok Shetty  
Contact no. 022 – 40430200

(vii) **Share Transfer System:**

91.64% of the shares of the Company are in electric form as on March 31, 2010. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Registrar and Transfer Agent of the Company at the above given address. All valid requests for dematerialization of shares are processed and confirmation given to the depositories within 21 days.

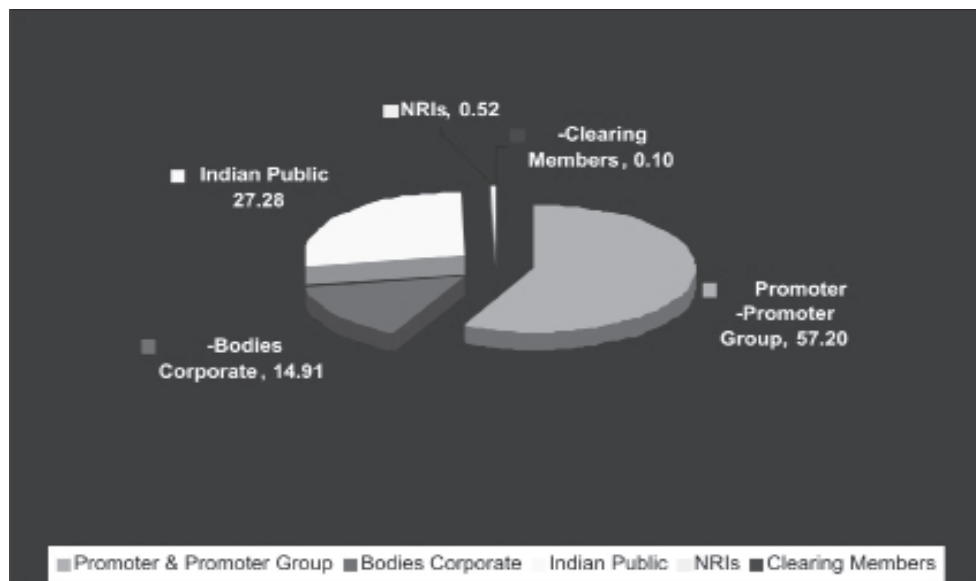
(viii) **Shareholding as on March 31, 2010:**

a) **Distribution of equity shareholding as on March 31, 2010:**

Number of Shares (Rs)	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Upto – 5000	1,172	94.75	726,230	7.90
5001 – 10000	24	1.94	169,176	1.84
10001-20000	15	1.13	210,570	2.29
20001-30000	5	0.40	123,532	1.34
30001-40000	5	0.40	173,859	1.89
40001-50000	1	0.08	45,297	0.49
50001-100000	8	0.65	508,900	5.54
100001 and above	8	0.65	7,232,036	78.70
<b>Total</b>	<b>1,237</b>	<b>100.00</b>	<b>91,896,000</b>	<b>100.00</b>

b) **Categories of Equity Shareholders as on March 31, 2010:**

Category	Shareholders(Nos)	No of Shares	Percentage
Promoter & Promoter Group	1	5256041	57.20
<b>Public Shareholding</b>			
Bodies Corporate	67	1370013	14.91
Indian Public	1112	2506671	27.28
NRIs	52	47848	0.52
Clearing Members	5	9027	0.10
<b>Grand Total</b>	<b>1237</b>	<b>9189600</b>	<b>100</b>



(ix) **Dematerialization of Shares and liquidity:**

The Company's shares are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity Shares of the Company representing 91.64% of the Company's share capital are dematerialized as on March 31, 2010.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE662C01015



**(x) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

As on March 31, 2010, the Company did not have any outstanding GDRs/ADRs.

However, In terms of the Special Resolution passed by the members of the Company by way of postal ballot, of which the result was declared on March 10, 2010, company has allotted on March 30, 2010, 1500000 warrants convertible into equal number of equity shares. As on March 31, 2010, the 1500000 warrants are outstanding for conversion into equity shares.

**(xi) Address for correspondence:**

Chromatic India Limited  
207, Vardhaman Complex Premises Co-op Soc Ltd,  
L. B. S. Marg, Vikhroli (W),  
Mumbai – 400083

**(xii) Name and address of compliance officer**

Mr. P. P. Joshi  
Chromatic India Limited  
207, Vardhaman Complex Premises Co-op Soc Ltd,  
L. B. S. Marg, Vikhroli (W),  
Mumbai – 400083

**(xiii) Details of Investor complaints received and resolved during the year 2009-10 are as follows:**

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	2	2	0

**(xiv) CIN No. of the Company is L99999MH1987PLC044447**

**(xv) Outstanding dividend**

The following table given information relating to outstanding dividend accounts and the dates by which they need to be transferred:

Financial Year	Date of Declaration	Date of payment	Date on which dividend will become part of IEPF
2004-05	September 03, 2005	September 30, 2005	September 02, 2012
2005-06	August 06, 2006	November 10, 2006	August 05, 2013
2006-07	August 29, 2007	September 29, 2007	August 28, 2014
2009-10	January 29, 2010	February 12, 2010	January 28, 2017

**(xvi) Factory location**

- (1) B-12/2, Lote Parshuram Industrial Area,  
Taluka : Khad,  
Distt. Ratnagiri
- (2) W-34, Phase – II,  
MIDC, Dombivali (East), 421204  
Distt. Thane

**Declaration by Whole-time Director**

I, Vinod Kaushik, Whole-time Director of Chromatic India Limited, hereby confirm pursuant to Clause 49 (1) (D) of the listing agreement that:

The Board of Directors of Chromatic India Limited has laid down a code of conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2010.

Mumbai, August, 13, 2010

**Vinod Kaushik**  
Whole-time Director

**Certificate on Corporate Governance**

To,

The Board of Directors,  
Chromatic India Limited  
207, Vardhaman Complex Premises  
Co. Op. Society Ltd., L. B. S. Marg,  
Vikhroli (West),  
Mumbai - 400083

We have examined the compliance of conditions of Corporate Governance by Chromatic India Limited, for the year ended 31st March 2010, as stipulated in revised clause 49 of the Listing Agreement with stock exchanges in India as applicable on the Company.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For R. N. Gupta & Co.,**  
Company Secretaries in Practice,

**(R. N. Gupta)**  
(Proprietor)  
Membership No. 4693  
CP No. 3131

Date: 26.04.2010

## Auditors' report

To,

The Members of Chromatic India Limited

1. We have audited the attached balance sheet of Chromatic India Limited ('the Company') as at March 31, 2010 and also the 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.
2. We conducted our audit in accordance with 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.
3. As required by the companies (Auditor's Report) order, 2003, as amended by the companies (Auditor's Report) (Amendment) order, 2004, issued by the central government of India in terms of sub-section(4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i) 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;
  - ii) 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;
  - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the balance sheet, profit and loss account and 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, except for non-compliance of accounting standard 15 (Revised) on "Employee Benefits" wherein the impact on the financial statement cannot be ascertained.
  - v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required.
  - vii) Note no. 4 regarding non confirmation of balances in respect of amounts due from/to sundry debtors / sundry creditors and other receivables wherein the impact on the financial statement cannot be ascertained.
  - viii) As stated in note no. 5, 6 & 7 of the financial statement as on March 31, 2010, no provision has been made with regard to:
    - a) The realisability of the bill discounting from Western India Financial Services Limited (WIFSL), aggregating Rs 101.69 lacs as at March 31, 2010 (Rs 101.69 lacs as at March 31, 2009), due to significant uncertainties in recovering the same for which a legal case is pending since 1996-97;
    - b) the realisability of the deposit with Pillage Finance & Investment Private Limited (PFIP), aggregating Rs. 152.95 lacs as at March 31, 2010 (Rs. 152.95 lacs as at March 31, 2009), due to significant uncertainties in recovery;
    - c) The realisability of the investment, interest receivable and loan from Societa Eiducle L Con Sa (Arcoiris SA), a subsidiary company, aggregating Rs 122.09 lacs as at March 31, 2010 (Rs 121.86 lacs as at March 31, 2009), where the networth has been completely eroded and there is no significant activities being carried out.

The above has resulted in understatement of losses by Rs 376.73 lacs (Rs 376.50 lacs for the year ended March 31, 2009), loans and advances by Rs 350.50 lacs (Rs 350.27 as at March 31, 2009) and investment by Rs 26.23 lacs (Rs 26.23 lacs as at March 31, 2009).

5. Our audit report on the financial statements for the year ended March 31, 2009 was also qualified in respect on the matters stated in paragraph 4(iv), (vii) and (viii) above.
6. Based on our audit conducted as above, subject to the effects of our observations given in paragraph 4(iv), (vii) and (viii) above, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
  - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W  
**Sarah George**  
Partner  
Membership No. 45255

Place: Mumbai

Date: May 29, 2010

### **Annexure to Auditors' Report**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Chromatic India Limited on the financial statements for the year ended March 31, 2010]

- i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - c) There was no substantial disposal of fixed assets during the year.
- ii)
  - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- iii)
  - a) As informed, the Company has not granted/ taken any loans, secured or unsecured to/ from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
Accordingly, clauses (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence, not reported upon.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- v)
  - a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
  - b) None of the transactions made in pursuance of any contracts or arrangements exceed the value of Rupees five lakh in respect of any such party in the financial year.
- vi) The company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The Company is required to maintain the cost records as prescribed by the Central Government of India under clause (d) of sub-

section (1) of section 209 of the act for the activities carried on by the company. However, the records have not been updated for the year ended March 31, 2010.

- ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, Employees' state insurance, income-tax, sales-tax, wealth-tax, customs duty, excise duty, have not been regularly deposited with the appropriate authorities and there have been slight delays in few cases.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- 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, sales-tax, customs duty, excise duty 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, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	6,75,100	A. Y. 2002-03	Asst. CIT, Mumbai

- x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to 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 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) In our opinion and 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.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (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 Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No. 103523W  
**Sarah George**  
Partner  
Membership No. 45255

Place: Mumbai

Date: May 29, 2010

**BALANCE SHEET AS AT MARCH 31, 2010**

PARTICULARS	Sch. No.	As at 31.03.10 (Rupees)	As at 31.03.09 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDER'S FUNDS</b>			
Share Capital	1	91,896,000	25,251,000
Share Application Money		3,672,500	-
Share warrants (Refer note 3)		135,000,000	-
Reserves & Surplus	2	15,341,789	73,409,692
		245,910,289	98,660,692
<b>LOAN FUNDS</b>			
Secured Loans	3	18,743,760	3,617,612
<b>DEFERRED TAX LIABILITY (NET)</b>		3,651,886	3,914,293
		22,395,646	7,531,905
<b>TOTAL</b>		<b>268,305,935</b>	106,192,597
<b>APPLICATIONS OF FUNDS</b>			
<b>FIXED ASSETS</b>	4		
Gross Block		99,486,997	86,926,515
Less : Accumulated Depreciation		60,053,883	57,568,260
Net Block		39,433,114	29,358,255
<b>INVESTMENTS</b>	5	2,659,000	2,659,000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	6		
Inventories		16,989,305	17,424,594
Sundry Debtors		27,467,581	1,963,692
Cash and Bank Balances		9,470,792	8,226,786
Other Current Assets		16,634,175	7,562,238
Loans and Advances		186,965,526	47,980,817
		257,527,379	83,158,127
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	7		
Current Liabilities		31,034,487	9,817,879
Provisions		279,071	579,071
		31,313,558	10,396,950
<b>NET CURRENT ASSETS</b>		226,213,821	72,761,177
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	8	-	1,414,164
<b>TOTAL</b>		<b>268,305,935</b>	106,192,597

SIGNIFICANT ACCOUNTING POLICIES

15

NOTES TO ACCOUNTS

16

The schedules referred to above form an integral part of the Balance Sheet.

As per our attached report of even date.

 For Haribhakti & Co.  
Chartered Accountants

For and on behalf of the Board

**Sarah George**  
(Partner)  
Membership No.: 45255

**Mr.V.K.Kaushik**  
Wholetime Director

**Mr.Nitin Sethi**  
Director

**Mr.Vipin Sharma**  
Director

Place : Mumbai

Date : 29th May, 2010.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

<b>PARTICULARS</b>	<b>Sch. No.</b>	<b>(Rupees)</b>	<b>2009-10 (Rupees)</b>	<b>(Rupees)</b>	<b>2008-09 (Rupees)</b>
<b>INCOME</b>					
Gross Turnover		161,568,559		117,982,763	
Less: Excise Duty		20,255		19,195	
Net Turnover			161,548,305		117,963,568
Other Income	9		4,985,674		6,506,834
<b>TOTAL</b>			<b>166,533,978</b>		<b>124,470,402</b>
<b>EXPENDITURE</b>					
(Increase) / Decrease in Stock	10		6,443,936		(2,559,649)
Raw material consumed	11		121,668,489		95,785,261
Employee's remuneration and related benefits	12		12,932,129		16,645,933
Operating & other expenses	13		20,247,797		17,704,688
Interest & Bank Charges	14		1,424,852		1,135,027
Depreciation	4		2,485,623		2,544,637
<b>TOTAL</b>			<b>165,202,827</b>		<b>131,255,897</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>			<b>1,331,152</b>		<b>(6,785,495)</b>
<b>Provision for Taxation</b>					
Less : Current Income Tax			-		-
Less : Fringe Benefit Tax			-		(249,506)
Add / (Less) : Deferred Tax Assets / (Liability)			262,407		338,266
Less : Wealth Tax			-		(3,052)
<b>PROFIT/(LOSS) AFTER TAX</b>			<b>1,593,559</b>		<b>(6,699,787)</b>
Less : Prior year short provision for Tax			-		-
Balance brought forward			(5,299,771)		1,400,016
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<b>(3,706,212)</b>		<b>(5,299,771)</b>
<b>APPROPRIATION:</b>					
Less : Balance transferred to General Reserve			-		-
Interim Dividend Paid			1,341,050		-
Tax on Dividend			227,912		-
			<b>(5,275,174)</b>		<b>(5,299,771)</b>
Earning Per Share - Basic			0.17		(0.72)
Earning Per Share - Diluted			0.15		(0.72)
[Nominal Value of shares Rs.10/- (P.Y. Rs.10/-)]					
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	15				
<b>NOTES TO ACCOUNTS</b>	16				

The schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached report of even date.

For Haribhakti & Co.  
Chartered Accountants

For and on behalf of the Board

**Sarah George**  
(Partner)  
Membership No.: 45255

**Mr.V.K.Kaushik**  
Wholetime Director

**Mr.Nitin Sethi**  
Director

**Mr.Vipin Sharma**  
Director

Place : Mumbai

Date : 29th May, 2010.

		<b>As at 31.03.10 (Rupees)</b>		<b>As at 31.03.09 (Rupees)</b>
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED :</b>				
2,50,00,000 (50,00,000) Equity Shares of Rs.10/- each		<b>250,000,000</b>		50,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
91,89,600 (26,82,100) Equity Shares of Rs.10/- each.		<b>91,896,000</b>		26,821,000
Less: Calls in arrears (Other than from Directors)		-		1,570,000
		<b>91,896,000</b>		25,251,000
 (Out of above 76,25,000 (10,61,000 by capitalising General Reserve) Eq. Shares of Rs.10/- each were issued as fully paid up bonus shares by capitalising Securities Premium Reserve.) (Out of above 52,56,041 (15,01,726 ) shares hold by holding company Cheetah Multitrade Pvt. Ltd.) (During the year 56500 shares forfeited due to non payment of call money.)				
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
<b>GENERAL RESERVE</b>				
Balance as per last Balance Sheet.	<b>17,978,960</b>		17,978,960	
Less : Transfer from Profit and Loss Account.	<b>(5,275,174)</b>	<b>12,703,786</b>	(5,299,771)	12,679,189
SHARE FORFEITURE A/C		<b>1,695,000</b>		0
<b>SECURITIES PREMIUM RESERVE</b>				
Balance as per last Balance Sheet.	<b>60,730,503</b>			
Add : Premium credited during the year.	<b>7,265,000</b>			
Less : Reduction due to Share Forfeiture.	<b>(1,412,500)</b>			
Less : Utilised for Issue of Bonus Shares.	<b>(65,640,000)</b>	<b>943,003</b>		60,730,503
		<b>15,341,789</b>		73,409,692
<b>SCHEDULE 3</b>				
<b>SECURED LOANS</b>				
Loans and Advances from Banks :				
Foreign Bill Discounting / Purchases from Bank of India.		<b>8,587,086</b>		815,000
Export Packing Credit from Bank of India		<b>10,000,000</b>		2,000,000
Vehicle Loan From ICICI Bank Ltd.		<b>156,674</b>		802,612
		<b>18,743,760</b>		3,617,612

**Note :**

- Foreign Bills Discounting/Purchase are secured by pledge over shipping documents and personal guarantee of Directors of the company.
- Export Packing Credit facility is secured by first charge over company all moveable/immoveable fixed assets & hypothecation of stocks & by pledge of shipping documents & personal guarantees from Directors' of the company.
- Car Loans from ICICI Bank Ltd. are secured against Cars.



**SCHEDULE 4**
**FIXED ASSETS (At Cost)**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT	ADDITIONS	DELETIONS	AS AT	UP TO	FOR THE	DEP.	UP TO	AS AT	AS AT
	01.04.09			31.03.10	31.03.09	YEAR	DELETION	31.03.10	31.03.10	31.03.09
LAND - LEASE HOLD	330,955	11,371,965	-	11,702,920	66,119	9,342	-	75,461	11,627,459	264,836
BLDG. & RESI.FLAT	30,356,189	-	-	30,356,189	11,552,184	850,963	-	12,403,147	17,953,042	18,804,005
PLANT & MACHINERY	44,173,066	1,063,902	-	45,236,968	37,177,070	1,085,465	-	38,262,535	6,974,433	6,995,996
OFFICE & OTHERS EQUIP.	5,478,450	124,615	-	5,603,065	4,741,445	111,146	-	4,852,591	750,474	737,005
FURNITURE & FIXTURE	2,580,677	-	-	2,580,677	2,514,065	66,610	-	2,580,675	2	66,612
VEHICLES	4,007,178	-	-	4,007,178	1,517,377	362,097	-	1,879,474	2,127,704	2,489,801
<b>TOTAL</b>	<b>86,926,515</b>	<b>12,560,482</b>	<b>-</b>	<b>99,486,997</b>	<b>57,568,260</b>	<b>2,485,623</b>	<b>-</b>	<b>60,053,883</b>	<b>39,433,114</b>	<b>29,358,255</b>
<b>PREVIOUS YEAR</b>	<b>84,153,845</b>	<b>3,664,117</b>	<b>1,486,036</b>	<b>86,331,926</b>	<b>53,997,153</b>	<b>2,455,435</b>	<b>1,428,965</b>	<b>55,023,623</b>	<b>31,308,303</b>	<b>30,156,692</b>

	<b>As at 31.03.10 (Rupees)</b>	<b>As at 31.03.09 (Rupees)</b>
<b>SCHEDULE 5</b>		
<b>INVESTMENT</b>		
LONG TERM (At Cost)		
Other than Trade		
Quoted		
BANK OF INDIA	<b>36,000</b>	36,000
800 (800) Eq.Shares of Rs.10/- each at a premium of Rs.35/- each. ( Market value of Rs.340.75 each )		
Unquoted (Subsidiary Company)		
SOCIETA EIDUCLE L CON SA-ARCOIRIS SA	<b>2,623,000</b>	2,623,000
100 (100) Eq.Shares of 1,000 CHF each.		
	<b>2,659,000</b>	2,659,000

	As at 31.03.10 (Rupees)	As at 31.03.09 (Rupees)
<b>SCHEDULE 6</b>		
<b>ASSETS, LOANS AND ADVANCES (At lower of cost or NRV)</b>		
<b>CURRENT ASSETS (As certified by the Management)</b>		
<b>a) INVENTORIES</b>		
Raw Materials (Including Material in Transit Rs.56,940.00 (P.Y.Rs.87,376.00))	8,969,793	3,611,339
Work in Process	7,186,137	13,676,506
Finished Goods	46,433	-
Packing Materials (Including Material in Transit Rs.4,16,955.00 (P.Y.Rs.NIL))	786,942	136,749
	<b>16,989,305</b>	<b>17,424,594</b>
<b>b) SUNDRY DEBTORS (Unsecured, Considered good unless otherwise stated)</b>		
Outstanding for a period exceeding six months	114,089	64,089
Other Debts	27,353,491	1,899,602
Doubtful Debts	382,263	1,410,156
	<b>27,849,843</b>	<b>3,373,847</b>
Less : Provision for Doubtful Debts	<b>382,263</b>	<b>1,410,156</b>
	<b>27,467,581</b>	<b>1,963,692</b>
<b>c) CASH AND BANK BALANCES</b>		
Cash on hand	110,796	94,196
Balance with Scheduled Bank:		
- In Current Account *	3,944,440	3,636,392
- In Margin Money Account	-	139,810
- In Deposit Account (FD Under Lien of Rs.10,45,565.00 P.Y 10,35,422.28)	5,415,555	4,356,388
	<b>9,470,792</b>	<b>8,226,786</b>
* (Includes debit balance of Cash Credit Account facility, which is secured by hypothecation of stocks of Raw Materials, Work in Process, Finished goods & stores & spares. It is also secured by personal guarantees provided by the Directors' of the company to the Banker.)		
<b>d) OTHER CURRENT ASSETS</b>		
Export Incentive Receivable	8,260,475	1,806,784
VAT Refund Receivable	5,606,216	3,506,579
Interest receivable	2,767,485	2,248,875
	<b>16,634,175</b>	<b>7,562,238</b>
<b>e) LOANS AND ADVANCES</b>		
(Unsecured and Considered good)		
Advance recoverable in cash or in kind for value to be received	2,305,530	3,204,837
Short Term Loan to Arcoiris SA (wholly owned Subsidiary)	7,204,600	7,559,900
Inter Corporate Deposits (Repayable within 1 year)	140,571,069	-
Sundry Deposits	1,142,533	1,130,193
Balance with C.Excise	713,151	1,162,536
Bill Discounting / Deposits	25,463,810	25,463,810
Advance Income tax (Net of Provisions)	9,564,834	9,459,541
	<b>186,965,526</b>	<b>47,980,817</b>
	<b>257,527,379</b>	<b>83,158,127</b>

<b>SCHEDULE 7</b>	<b>As at 31.03.10</b>	<b>As at 31.03.09</b>
<b>CURRENT LIABILITIES AND PROVISIONS :</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors - SME Creditors (Refer to Note No.24)	-	-
Other Creditors	29,037,130	7,743,598
Unclaimed Dividend	187,114	157,166
Other Liabilities	1,810,244	1,917,115
	<b>31,034,487</b>	<b>9,817,879</b>
<b>PROVISIONS FOR :</b>		
Wealth Tax	8,256	8,256
Gratuity	270,815	570,815
	<b>279,071</b>	<b>579,071</b>
<b>SCHEDULE 8</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme Expenses	1,414,164	2,828,328.00
Less : Amortised during the year.	1,414,164	1,414,164.00
	-	1,414,164.00

	<b>2009-10</b>	<b>2008-09</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>SCHEDULE 9</b>		
<b>OTHER INCOME</b>		
Duty Drawback	1,316,877	1,035,689
DEPB /DFRC Benefit received	1,268,400	573,733
Excise duty Received	-	-
Interest on Loans and Deposits (Tax Deducted at Source Rs.1,02,240; Previous Year Rs.46,610)	1,388,841	561,895
VAT / Sales Tax Refund	40,589	2,052,388
Dividend	6,400	3,200
Exchange Difference (Net)	-	1,330,187
Sundry Balances Written Back / Not to Pay	960,090	208,962
Discount Received	4,047	705,780
Other Income	430	35,000
	<b>4,985,674</b>	<b>6,506,834</b>
<b>SCHEDULE 10</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
Opening Stock: Finished Goods	-	78,735
Work in Process	13,676,506	11,038,122
	<b>13,676,506</b>	<b>11,116,857</b>
Closing Stock: Finished Goods	46,433	-
Work in Process	7,186,137	13,676,506
	<b>7,232,570</b>	<b>13,676,506</b>
	<b>6,443,936</b>	<b>(2,559,649)</b>

	<b>2009-10 (Rupees)</b>	<b>2008-09 (Rupees)</b>
<b>SCHEDULE 11</b>		
<b>RAW MATERIAL &amp; PACKING MATERIAL CONSUMED</b>		
Opening Stock	<b>3,748,088</b>	13,527,106
Add:Purchase of Raw Material	<b>124,824,280</b>	84,075,313
Packing Material	<b>486,439</b>	450,119
Freight Inward	<b>2,366,417</b>	1,480,812
	<b>131,425,224</b>	99,533,349
Less:Closing Stock	<b>9,756,735</b>	3,748,088
	<b>121,668,489</b>	95,785,261
<b>SCHEDULE 12</b>		
<b>EMPLOYEE'S REMUNERATION &amp; RELATED BENEFITS</b>		
Salary, Wages and Bonus Etc.	<b>11,379,636</b>	14,568,511
Contribution to Provident Fund and other Funds	<b>799,284</b>	1,209,791
Employee's Welfare and other amenities	<b>603,193</b>	724,752
Gratuity	<b>150,016</b>	142,879
	<b>12,932,129</b>	16,645,933
<b>SCHEDULE 13</b>		
<b>OPERATING &amp; OTHER EXPENSES</b>		
Rates & Taxes	<b>528,507</b>	132,991
Power & Water	<b>3,873,773</b>	2,974,387
Stores & Spares	<b>1,194,420</b>	813,679
Repairs and Maintenance :		
- Repairs to Building	<b>231,535</b>	166,169
- Repairs to Machinery	<b>1,325,989</b>	1,343,591
- Repairs to Others	<b>173,749</b>	194,587
Advertisement & Sales Promotion	<b>238,660</b>	230,349
Freight & Forwarding Charges	<b>2,556,258</b>	1,815,794
Travelling Expenses	<b>241,035</b>	1,694,864
Auditor's Remuneration (Refer Note No.18)	<b>540,046</b>	485,288
Insurance	<b>172,881</b>	186,211
Telephone Charges	<b>315,093</b>	446,449
Car Expenses	<b>657,884</b>	818,445
Labour Charges	<b>1,890,189</b>	1,706,527
General Expenses	<b>3,426,789</b>	1,618,515
Excise Duty expense	-	(12,976)
Exchange Difference (Net)	<b>1,473,915</b>	-
Professional Charges	<b>749,387</b>	880,236
Printing & Stationery	<b>259,208</b>	189,069
Commission on sales	<b>54,891</b>	7,161
Balance Written Off	<b>343,588</b>	603,196
Provision for Doubtful Debts (P&L)	-	1,410,156
	<b>20,247,797</b>	17,704,688

	2009-10 (Rupees)	2008-09 (Rupees)
<b>SCHEDULE 14</b>		
<b>INTEREST AND BANK CHARGES</b>		
Interest on Fixed Loans	-	-
Interest on Cash Credit		
Interest on Others	1,041,632	837,177
Bank Charges	383,220	297,850
	<b>1,424,852</b>	<b>1,135,027</b>

## SCHEDULE 15

### SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

B) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

C) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

**Interest**

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

**Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

D) Accounting for Export Incentive:

Export incentive are recognised on exports on accrual basis, and based on the estimated realizable value of such entitlements.

E) Fixed Assets:

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

F) Depreciation:

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher. The Company provides pro-rata depreciation for additions / deletions made during the reporting period, except for the asset each costing Rs. 5000 or less, for which depreciation is provided at hundred percent.

G) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

H) Leased Assets:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease hold land is amortised over the Lease period.

I) Foreign Currency Transactions:

(i) **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange Differences**

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) **Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

J) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Investment.

K) Inventories:

Inventories are valued as follows:

Raw materials, Packing material, Work in progress, components, stores and spares

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on First in First out basis (FIFO).

#### Finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### L) Taxes on income:

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a 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 realised. 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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### M) Employee Benefits:

i. Retirement benefits in the form of Provident Fund and Government administered Employees Insurance and Pension Plans are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligations and are provided for on the basis of an actuarial valuation of projected unit credit method made at the end of each financial year. The Company makes annual contributions to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The Company has a scheme for compensated absences for employees, the liability of which is recognized on actual basis instead of accrual basis and charged to Profit and Loss Account.

#### N) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### O) Earnings Per share

Basic earnings per shares is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

#### P) Miscellaneous Expenditure:

Expenditure on Voluntary Retirement Scheme are amortised over the period of two years.

Q) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

R) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments

## SCHEDULE 16

### NOTES TO ACCOUNTS

1 The schedules referred to in the Balance Sheet & Profit and Loss Account form an integral part of the accounts.

2 **Contingent liabilities not provided for:**

**As at 31-03-10**  
**(Rupees)**                      **As at 31-03-09**  
**(Rupees)**

Bank Guarantees (secured by fixed deposit receipts)	35,000	35,000
Disputed Income-tax demands with various authorities for various years	3,894,352	7,867,171

For the A.Y. 1999-00, certain expenses were disallowed amounting to Rs. 90,35,149. ITAT referred back the case to CIT appeals to verify the case on factual ground. In the A.Y. 2002-03, the company had written off loss on investment in subsidiary amounting to Rs. 6,75,100/-. The loss was claimed as "business loss" in the computation of income. In assessment the loss was disallowed and Assessing Office (A.O.) has initiated penalty. The case has been presented before the A.O. for clarification on non levy of penalty. The order for the same is awaited. In the assessment of 2008-09 disallowances are made for non submission of TDS certificate amounting to Rs. 56,950 . The company has deposited the original TDS certificate to claim the credit.

3 **Share Warrants**

The Company has issued 1500000 Equity Shares warrants having face value of Rs.10 each at a price of Rs. 100/- each (including premium of Rs. 90) pursuant to the shareholder approval through postal ballot, result of which was declared on 10th March, 2010. Following are the details of the warrants:

Particular (Name of the Party)	No. of Warrants	Face Value per Warrant (Rs.)	Amount paid	Date of Allotment of share warrants
Arnan Exim Pvt. Ltd	350,000	10	35,000,000	30.03.2010
Cheetah Multitrade Pvt. Ltd.	450,000	10	30,000,000	30.03.2010
Parshwa Stonex Pvt. Ltd.	350,000	10	35,000,000	30.03.2010
Vitrag Minerals & Metals Excavation	350,000	10	35,000,000	30.03.2010
<b>Total</b>	<b>1,500,000</b>		<b>135,000,000</b>	

Each Equity Share Warrant is convertible into one Equity share within a period of 18 months from their respective dates of allotment.

4 Sundry debtors, sundry creditors and other receivables are taken as appearing in books of accounts which are subject to confirmation and reconciliation. Consequential impact, if any, will be considered as and when determined.

5 Bills discounting includes Rs.1,01,68,810/- given to Western India Financial Services Limited in 1996-97.The Company has initiated appropriate legal action to recover the said amount which had already matured in December, 1996.In view of this, said deposit is not recoverable.

6 Bills discounting, further includes deposit of Rs.1,52,95,000/- given to Pillage Finance & Investment Private Limited (PFIPL) in 1995-96 & 1996-97. The Company had waived the interest aggregating to Rs.54,76,298/- provided thereon upto 31.03.97on the basis that PFIPL repays the principle amount in full. Accordingly, no interest income has been considered on outstanding balances since 1997-98.

7 The Company has made investments in subsidiary Arcoiris SA with a view to have establishment abroad to penetrate into foreign market. However, net worth of Arcoiris SA is fully eroded and it doesn't have enough realisable assets to meet its liabilities. However, no provision is made for investment amounting to Rs. 26.23 lacs and advances and interest receivable of Rs. 95.63 lacs, which are doubtful of recovery. Further, accounts of Arcoris SA are not consolidated with Chromatic India Limited.



- 8 Following accounts still continue in the name of Blue rock dyes and chemicals Ltd., which were amalgamated with Chromatic India Ltd. on 01.04.2006. The amount lying in said accounts will be transferred in the name of Chromatic India Ltd. in due course.

Sr. No.	Type of Account	Account Number	As at 31-03-10 (Rupees)
1	Current Deposit	001720100007331	81560.99 (50335.99)
2	Fixed Deposit	001745100002218	162401.43 (153390.20)
3	Investment in BOI Shares	-	18000.00 (18000.00)

Figures in bracket represent previous year figures.

- 9 No events or transactions have occurred since the date of Balance Sheet or are pending that would have a material effect on the financial statements at the date or for the period then ended, other than those reflected or fully disclosed in the books of account.

	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
10 The net amount of exchange differences debited / (credited) to profit & loss account	1,473,915	(1,329,853)
11 Employees remuneration and benefits include Rs.14,14,164.00 on account of voluntary retirement scheme expenses incurred in last year and said amount fully amortised during the year.		
12 No provision for Gratuity and leave encashment as required by AS-15 (Revised 2005) employee Benefits notified by Companies (Accounting Standard) Rules 2006, has been made and the same shall be accounted for as and when paid.		

### 13 Segment reporting

The Company operates in one business segment, namely manufacturing & trading of S.O.Dyes & Chemicals and geographic segments i.e. the Domestic and the Overseas. They are summarised as follows. :

Particulars	Domestic	Overseas	Total
Sales	893,052	160,757,083	161,650,135
	(3,329,406)	(115,127,154)	(118,456,560)
Total Sales	893,052	160,757,083	161,650,135
	(3,329,406)	(115,127,154)	(118,456,560)

Figures in bracket represent previous year figures.

The following table shows the distribution of sales in India and outside India

Name of the country	2009-10 (Rupees)	2008-09 (Rupees)
India	893,052	3,329,406
Switzerland	154,411,964	114,105,642
Hungary	852,250	1,016,105
Italy	5,492,869	5,407
Total	161,650,135	118,456,560

Disclosure of Segment-wise Liabilities and Profitability has not been possible, as the company has only one manufacturing plant and a unified marketing and administrative set-up.

Segment assets	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
Export Debtors	27,155,468	1,021,512
EEFC A/c.	-	2,194
<b>Total</b>	<b>27,155,468</b>	<b>1,023,706</b>

**14 Related Party Disclosures**

As per the Accounting Standard 18, disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

- (i) List of related parties and relationships:

	<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
(a)	Cheetah Multitrade Pvt. Ltd.	Holding Company
(b)	Arcoiris SA	100% Subsidiary
(c)	Mr. K.R. Kamath (Up to 07/09/2009)	Key Managerial Personnel
(d)	Lt. Col. M.K. Sengupta (Retd.) (Up to 07/09/2009)	Key Managerial Personnel
(e)	Mr.A.W.Palekar (Up to 07/09/2009)	Key Managerial Personnel
(f)	Mr.S.K.Sengupta (Up to 07/09/2009)	Key Managerial Personnel
(g)	Mr.Nitin Sethi	Key Managerial Personnel
(h)	Mr.V.K.Kaushik (From 01/04/2009)	Key Managerial Personnel
(i)	Mr.Vipin Sharma (From 07/09/2009)	Key Managerial Personnel

- (ii) Transactions during the year with related parties(excluding reimbursements)

	<b>2009-10 (Rupees)</b>	<b>2008-09 (Rupees)</b>
<b>With Subsidiary: Arcoiris SA</b>		
Transactions during the year		
Sales	-	7,456,125
Interest income	377,995	342,805
Closing balance as on 31st March:		
Unsecured loan given (including interest and exchange rate difference)	9,585,958	9,563,263
<b>With Key Managerial Personnel :</b>		
Mr. K.R. Kamath	-	821,400
Lt. Col. M.K. Sengupta (Retd.)	-	836,400
Mr.A.W.Palekar	-	813,518
Mr.S.K.Sengupta	-	806,400
Mr.V.K.Kaushik (From 01/04/2009)	537,600	-
(Refer to note no.17 to Notes to Accounts)		

**15 Calculation of Earning Per Shares**

	<b>As at 31-03-10 (Rupees)</b>	<b>As at 31-03-09 (Rupees)</b>
<b>i) Basic EPS</b>		
Net Profit / (Loss) after tax available for equity shareholders (Rupees) used as numerator	1,593,559	(6,699,787)
Weighted average no. of Equity Shares used as denominator	9,235,419	9,246,100
Basic Earning Per Share (In Rupees)	0.17	(0.72)
<b>ii) Diluted EPS</b>		
Net Profit / (Loss) after tax available for equity shareholders (Rupees) used as numerator	1,593,559	(6,699,787)
Weighted average no. of Equity Shares used as denominator	10,791,919	9,246,100
Diluted Earning Per Share (In Rupees)	0.15	(0.72)

**16 Deferred Tax**

Particulars	Opening balance as at 01-04-10	During year 2009-10	Closing balance as at 31-03-10
Deferred Tax Assets			
Ex-Gratia	52,650	300	52,950
Bonus	165,324	(37,246)	128,078
Gratuity	194,020	(99,653)	94,367
VRS	288,404	281,850	570,254
Total	700,398	145,251	845,649
Deferred Tax Liability			
Depreciation	4,614,691	(117,156)	4,497,535
Net	3,914,293	(262,407)	3,651,886

17 Remuneration to executive directors: (Includes benefits which are debited to respective expenses)	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
a Remuneration	480,000	2,880,000
b Provident Fund Contribution	57,600	345,600
c Other Perquisites	-	52,118
	<b>537,600</b>	<b>3,277,718</b>

Since no commission is payable to any managerial person, computation of net profit u/s 349 of the companies Act, 1956 is not given.

18 Auditors' remuneration (Including Service Tax)	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
For Services as Auditors, including quarterly audits and Tax audits	330,179	292,136
For taxation matters	173,723	182,585
For Other services	33,090	5,618
Reimbursements of out-of-pocket expenses	3,054	4,949
<b>Total</b>	<b>540,046</b>	<b>485,288</b>

19 Earnings in foreign currency	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
F.O.B. Value of Exports (on accrual basis)	160,757,083	115,127,154

20 Value of import on CIF basis	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
Raw Materials & Packing Material Purchased	15,740,302	8,829,287
Stores and Spares Purchased	154,698	11,843

21 Expenditure in foreign currency	As at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
Travelling Expenses	99,285	1,584,890

**22 Particulars of unhedged foreign currency exposure as at balance sheet date**

Particulars	Currency	As at 31-03-10		As at 31-03-09	
			(Rupees)		(Rupees)
Debtors	USD	546,518.94	24,535,968	-	-
	EURO	43,287.50	2,619,500	15,612.50	1,021,512

**23 Disclosure as per clause 32 of the listing agreement:**
**Loans given to subsidiary company where no repayment schedule is prescribed.**

Name of subsidiary company	As at 31-03-10 (Rupees)	Maximum balance outstanding during the year
Arcoiris S.A. (Switzerland)	72,04,600 (75,59,900 )	76,80,600 (77,36,700)

Figures in bracket represent previous year figures.

24 There is no Micro, Small and Medium Enterprises, to whom the company owes more than 45 days as at 31st March, 2010 (P.Y. Nil). This information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. Further, no interest is outstanding to be paid to any such parties.

25 Additional quantitative information as required under the Companies Act, 1956

A	Details of licensed and installed capacity and actual production	As at 31-03-10	As at 31-03-09
		in KG	in KG
	Licensed capacity	1,200,000	1,200,000
	Installed capacity	1,200,000	1,200,000
	Actual production	840,539	586,129

All Quantities are in KG

**B Details of finished goods as on 31-03-10**

Particulars	Opening Stock		Production	Turnover		Closing Stock	
	Quantity	Value (Rs.)	Quantity	Quantity	Value (Rs.)	Quantity	Value (Rs.)
S.O. Dyestuffs (Reactive dyes)	60,207.25	13,665,421.00	840,539.50	863,673.75	161,650,135	37,073.00	7,232,570.99
Total	60,207.25 (45,738.75)	13,665,421.00 (11,072,510.00)	840,539.50 (586,129.75)	863,673.75 (571,661.25)	161,650,135 (118,456,560)	37,073.00 (60,207.25)	7,232,570.99 (13,665,421.00)

Figures in bracket represent previous year figures.

**C Raw material consumed/ sales**

Particulars	For the year ended 31-03-10		For the year ended 31-03-09	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
H. Acid	88609.21	18,625,815.85	65469.74	17,227,969.51
J. Acid	5543.89	1,641,466.62	6983.72	2,703,745.33
Vinyl Sulphone	232167.14	27,830,867.38	173614.50	30,710,201.04
L.D.O.	3987.00	141,483.08	5055.00	156,757.65
F. Oil	311835.00	8,276,098.07	39322.00	905,317.91
Other raw materials	-	73,789,911.25	-	52,947,103.56
		130,305,642.25		104,651,095.00

D Raw material & stores & spares imported/ indigenous:

Particulars	For the year ended 31-03-10		For the year ended 31-03-09	
	Value (Rs.)	%	Value (Rs.)	%
A) Raw Material				
Imported	15,895,000	12.20	8,829,287	8.44
Indigenous	114,410,642	87.80	95,821,808	91.56
	130,305,642	100.00	104,651,095	100.00
B) Stores & Spares				
Imported	-	0.00	11,843	1.43
Indigenous	1,194,420	100.00	813,678	98.57
	1,194,420	100.00	825,521	100.00

26 Previous year figures have been regrouped, rearranged, reclassified and reworked wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For **Haribhakti & Co.**

Chartered Accountants  
Membership No.: 45255

For and on behalf of the Board

**Sarah George**  
Partner

**Mr.V.K.Kaushik**  
Wholetime Director

**Mr.Nitin Sethi**  
Director

Place : Mumbai

Date : 29th May, 2010.

**Mr.Vipin Sharma**  
Director

**Balance Sheet Abstract and Company's General Business Profile.**
**I Registration Details**

Registration Number	<input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="C"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="7"/>	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="-"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="0"/>		

**II Capital raised during the year (Rs.)**

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Private Placements	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III Position of Mobilisation and Deployment of Funds (Rs. )**

Total Liabilities	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/>	Total Assets	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/>
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**SOURCES OF FUNDS:**

Paid up capital	<input type="text"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves and Surplus	<input type="text"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="9"/>
Secured Loans	<input type="text"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/>	Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability	<input type="text"/> <input type="text"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/>		

**APPLICATION OF FUNDS:**

Net Fixed Assets	<input type="text"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/>	Investments	<input type="text"/> <input type="text"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/>	Miscellaneous Expenditure (To the extent not W.Off)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**IV Performance of Company (Rs.)**

Turnover (Income)	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="9"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/>
Profit Before Tax	<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="2"/>	Profit After Tax	<input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="9"/>
Earning Per Share in Rs.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="7"/>		

**V Generic Names of Principal Products of the Company.**

Item Code No. (ITC Code)	<input type="text"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="8"/>	Item Code No. (ITC Code)	<input type="text"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="5"/>
Product Description	Reactive Blacks	Product Description	Reactive Yellows

For and on behalf of the board

**Mr. V.K.Kaushik**  
 Wholetime Director

**Mr. Nitin Sethi**  
 Director

**Mr. Vipin Sharma**  
 Director

Place : Mumbai

Date : 29th May, 2010.

**CASH FLOW STATEMENT AS ON 31.03.2010.**
**(Amount in Lacs)**

	PARTICULARS	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
I	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit before Tax & Extraordinary Items		13.31		(67.85)
	Adjustment for :				
	Depreciation	24.86		25.45	
	Interest	14.25		11.35	
	Miscellaneous Expenses	0.78			
	Interest earned	(13.89)		(5.63)	
	VRS Expenses Amortised	14.14			
	Loss of previous year adjusted	0.00	40.13	0.00	31.17
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		53.44		(36.68)
	Adjustment for :				
	Trade and other Receivables including Loans & Advances	(1,735.61)		408.20	
	Unamortised Voluntary Retirement Scheme Expenses			(14.14)	
	Inventories	4.35		72.19	
	Trade Payables	209.17	(1,522.09)	(233.06)	233.19
	<b>CASH GENERATED FROM OPERATIONS</b>		(1,468.64)		196.52
	Taxes Paid	2.28	(2.28)	(2.53)	(2.53)
	<b>NET CASH FROM OPERATING ACTIVITIES</b>		(1,470.92)		193.99
II	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of Fixed Assets	(125.60)		(5.95)	
	Sale of Fixed Assets	-		0.00	
	FD Under Lien	(0.10)		(10.35)	
	Interest Received	13.89	(111.82)	5.62	(10.68)
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(1,582.74)		183.31
III	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Proceeds from Issue of Share Capital (Including Share Premium Amount)	1471.48		50.10	
	Repayment of Finance Lease Liabilities	151.26		(212.48)	
	Dividend Paid	(13.41)		-	
	Interest Paid	(14.25)	1,595.08	(11.35)	(173.73)
	<b>NET CASH USED IN FINANCING ACTIVITIES</b>		12.34		9.58
IV	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	ADD : Opening Balance (As on 01.04.2009)		71.92		62.34
			84.26		71.92
	Closing Balance (As on 31.03.2010)		84.26		71.92
	Notes to the cash flow statement :				
	Cash and cash equivalent consist of cash on hand and balances with banks and investments in money market instruments.				
	Cash on hand	1.10		0.94	
	Balances with banks	83.16		70.98	

For Haribhakti &amp; Co.

For and on behalf of the board

Chartered Accountants

**Sarah George**

Partner

Membership No.: 45255

Place : Mumbai

Date : 29th May, 2010.

**Mr. V.K.Kaushik**

Wholetime Director

**Mr. Nitin Sethi**

Director

**Mr. Vipin Sharma**

Director

**NEWGEST****NEWGEST SA**

Via Greina 2  
Casella Postale 5353  
CH-6901 Lugano  
Tel: +41 (0) 91 922 98 48  
Fax: +41 (0) 91 922 67 66  
Email : info@newgest.ch

**Company**  
**ARCOIRIS SA 6900 LUGANO**

Lugano, 29th March 2010

**Report of the statutory on the limited statutory examination to the general meeting of ARCOIRIS SA, Lugano**

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of ARCOIRIS SA. for the year ended 31.12.2009.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

**NEWGEST SA**  
**Auditor in Charge**  
**F. Clerici**



**ARCOIRIS SA**

	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>CHF</b>	<b>CHF</b>
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
<b>WORKING CAPITAL</b>		
CASH CHF	24.25	43.65
BANCADELSEMPIONE	30738.00	30828.00
CREDIT SUISSE COMPANY ACCOUNT	758.54	562.09
CREDIT SUISSE EURO ACCOUNT	16215.54	25385.14
AIL CAUTION MONEY	200.00	200.00
TRANSITORY ASSETS	212.70	6.15
<b>TOTAL WORKING CAPITAL</b>	<b>48'149.03</b>	57025.03
<b>FIXED ASSETS</b>		
OFFICE EQUIPMENT	1.00	1.00
OFFICE FURNITURE	1.00	65.00
EDP INSTALLATION	420.00	620.00
<b>TOTAL FIXED ASSETS</b>	<b>422.00</b>	686.00
<b>TOTAL ASSETS</b>	<b>48571.03</b>	57711.03
<b>LIABILITIES</b>		
OUTSIDE CAPITAL		
PROVIDERS EURO	6123.65	2483.85
CURRENT ACCOUNT	179832.00	179832.00
GENERAL CREDITORS	3851.90	6663.50
<b>TOTAL OUTSIDE CAPITAL</b>	<b>189807.55</b>	188979.35
<b>OWN CAPITAL</b>		
SHARE CAPITAL	100000.00	100000.00
DEFICIT CARRIED FORWARD	-231268.32	-239784.64
<b>TOTAL OWN CAPITAL</b>	<b>131268.32</b>	-139784.64
<b>TOTAL LIABILITIES</b>	<b>58539.23</b>	49194.71
NET INCOME / - OPERATING DEFICIT	<b>-9968.20</b>	<b>8516.32</b>

**ARCOIRIS SA**

	31.12.2009 CHF	<b>31.12.2008</b> <b>CHF</b>
<b>INCOME STATEMENT</b>		
<b>REVENUES</b>		
SALES	0.00	211807.15
TOTAL REVENUES	0.00	211807.15
<b>SERVICES RELATED EXPENSES</b>		
PURCHASE OF GOODS	0.00	184392.39
<b>TOTAL SERVICES -RELATED EXPENSES</b>	0.00	184392.39
<b>GROSS PROFIT I</b>	<b>0.00</b>	<b>27414.76</b>
<b>PERSONAL EXPENSES</b>		
WAGES	318.00	1908.00
FED.PENSION FUND/UNEMPLOYM/DISABILITY INS	23.05	141.50
<b>TOTAL PERSONEL EXPENSES</b>	341.05	2049.50
<b>GROSS PROFIT II</b>	<b>-341.05</b>	<b>25365.26</b>
<b>OTHER OPERATING EXPENSES</b>		
STATIONARY	64.80	83.80
LEGAL & ADMINISTRATION FEES	8088.70	8999.25
TRANSPORT CHARGES	0.00	374.57
MAIL & TELEPHONE	0.00	505.85
TRAVELLING & ENTERTAINING EXPENSES	368.35	0.00
<b>TOTAL OTHER OPERATING EXPENSES</b>	8521.85	9963.47
<b>OPERATING RESULTS I</b>	<b>-8862.90</b>	<b>15401.79</b>

**ARCOIRIS SA**

	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>CHF</b>	<b>CHF</b>
<b>FINANCIAL EXPENSES &amp; REVENUES</b>		
INTERESTS RECEIVED	-16.19	-37.20
RATE OF EXCHANGE DIFFERENCE	195.44	3084.63
BANK FEES	402.05	2957.04
<b>TOTAL FINANCIAL EXPENSES &amp; REVENUES</b>	<b>581.30</b>	<b>6004.47</b>
<b>OPERATING RESULTS II</b>	<b>-9444.20</b>	<b>9397.32</b>
<b>DEPRECIATIONS &amp; TAXES</b>		
DEPRECIATION	264.00	305.00
VARIOUS TAX	260.00	576.00
<b>TOTAL DEPRECIATIONS &amp; TAXES</b>	<b>524.00</b>	<b>881.00</b>
<b>OPERATING RESULTS III</b>	<b>-9968.20</b>	<b>8516.32</b>
<b>NET INCOME / - OPERATING DEFICIT</b>	<b>-9968.20</b>	<b>8516.32</b>

**NOTE**

CHANGE EURO at 31.12.2008 = 1.4912

CHANGE EURO at 31.12.2007 = 1.4912

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

<b>1</b>	<b>Name of the Subsidiary Company</b>	:	<b>Arcoiris SA</b>
2	Financial year of the Subsidiary Company ended	:	31st December, 2009
3	Number of Shares held in Subsidiary	:	100 Shares of 1000 CHF each.
4	Total issued Share Capital of the Subsidiary	:	100000 CHF
5	Percentage of share held in the Subscribed Capital of the Subsidiary	:	100%
6	The net aggregate amount so far as it concerned members of the Company and is not dealt with in the Company's accounts of Subsidiary		
	(i) Profit / (Losses) of the Financial year ended 31st December, 2009	:	(9968.20) CHF
	(ii) Profit / (Losses) for the previous financial years of the subsidiary since it become the Company's Subsidiary	:	31st December, 2008 (231268.32) CHF
7	The net aggregate amount so far as it concerns and is dealt with in the Company's account of Subsidiary		
	(i) Profit for the Financial year ended 31st December, 2009	:	NIL
	(ii) Year of the Subsidiary since it became the Company's Subsidiary.	:	2001

For and on behalf of the Board

**Mr. V.K.Kaushik**  
Wholetime Director

**Mr.Nitin Sethi**  
Director

**Mr. Vipin Sharma**  
Director

Place : Mumbai

Date : 29th May, 2010.





**Chromatic India Limited**

(Registered Office : 207, Vardhaman Complex premises Co-op Society Ltd.,  
Fitwell Compound, L.B.S.Marg, Vikhroli (West), Mumbai – 400083)

**Attendance Slip**

Twenty Third Annual General Meeting – September 20, 2010  
(To be handed over at the entrance of the meeting hall)

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company on Monday, September 20, 2010 at 11.00 a.m. at **“207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083.**

Full name of the Member (in BLOCK LETTERS) \_\_\_\_\_

DP ID / Client ID / Folio No.: \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

Full name of Proxy (in BLOCK LETTERS) \_\_\_\_\_

Member's / Proxy's Signature \_\_\_\_\_

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**Chromatic India Limited****Proxy Form**

DP ID / Client ID / Folio No.: \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

I/We ..... of ..... in the district of .....  
being a Member / Members of the above named Company hereby appoint .....  
of ..... in the district ..... or failing him / her .....  
.....of ..... in the district of ..... as my / our  
proxy to vote for me / us on my / our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company to be held at  
**“207, Vardhaman Complex Premises Co. op. Society Ltd., L.B.S. Marg, Vikhroli (West), Mumbai – 400083** on Monday, September  
20, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signature \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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Note: This proxy form duly completed and signed must be deposited at the registered office of the Company not later than 48 hours before the meeting.

