

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

REGD.OFFICE: 162 WELLESLEY ROAD, PUNE – 411 001

**PROCEEDINGS OF THE 61ST ANNUAL GENERAL MEETING OF THE
COMPANY HELD ON FRIDAY, 10TH AUGUST, 2012.**

The 61st Annual General Meeting of the members of the Company was held on Friday, 10th August, 2012 at 11.30 A.M. at Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune – 411 002.

Following Directors / Members were present at the meeting:

1. Mr. K.L.Rathi, Chairman / Member
2. Mr. B. S. Mehta, Director
3. Mr.P.P.Chhabria, Director
4. Mr. S. N. Inamdar, Director / Member
5. Mr. S. Padmanabhan, Director
6. Mr. S.K. Asher, Director
7. Mr. P. R. Rathi, Vice Chairman and Managing Director / Member
8. Mr. N. J. Rathi, Director / Member
9. Mr. R.B. Rathi, Director / Member

In addition 60 Shareholders attended the meeting including proxy holders.

The Chairman ascertained the quorum and commenced the proceedings of the meeting at 11. 30 A.M. The Chairman introduced the Directors and the Company Secretary to the shareholders.

The Chairman announced that the Company has received 28 Proxy Forms for 42,32,375 equity shares of Rs.10/- each i.e.61.14% of the total 6.92 million Equity Shares.

The Chairman further announced that the Register of Directors' Shareholding under Section 307(7) of the Companies Act, 1956 and the Auditors' Report under Section 230 of the Companies Act, 1956 have been kept open for inspection.



NOTICE OF THE MEETING

Some of the members proposed that the Notice be taken as read. All the members present agreed to this suggestion. Copies of the Chairman's speech was distributed to the Members present at the meeting.

Thereafter, Mr. K.L.Rathi, Chairman read the Chairman's speech as under:

Dear Shareholders,

I extend you a very warm welcome to the Company's 61st Annual General Meeting. I also welcome my colleagues on the Board of the Company. On this happy occasion, I would like to convey my gratitude and sincere thanks to all our valued stakeholders for the unstinted faith and support extended to the Company throughout these years. I attribute all this to our chosen philosophy of Sudarshan; solely rely on simplicity and an abundant sense of appreciation of the values of Corporate Governance. The original approach has always been conservative without sacrificing growth and by maintaining overall financial regulation in all our business communications.

With due respect, I would like to highlight key industry points during the meeting, which have been already shared with all of you for some time now.

Business Environment:

The global business environment has remained challenging due to the Euro zone sovereign debt crisis, volatile oil prices and fragile growth in most of the countries. Though India's GDP growth in the Financial Year 2011-12 was one of the best in the world, there are still a few concerns about the state of the economy. Inflation has moderated but remains above tolerance level and growth has slowed perceptibly. The high twin deficits namely current account deficit and fiscal deficit, combined with elevated inflation, particularly food inflation, pose risks to growth. India's GDP has slowed to 6.5% in Financial Year 2011-12 after growing at 8.4% in the Financial Year 2010-11.

Review of financial performance – 2011-12 :

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



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

Agro sales for the year ended 31st March 2012 amounted to Rs. 795 million as against Rs. 834 million achieved during the previous year. Profits for the Agro Division for the year under review amounted to Rs. 35 million as compared to Rs. 64 million of the previous year.

Revenue from exports for the year ended 31st March 2012 amounted to Rs. 2746 million as against Rs. 2667 million for the previous year. In spite of recessionary conditions existing in the American and European markets, the Company could record growth by increasing exports in these as well as other markets. The results of the Company viewed in the background of difficult operating conditions are nevertheless considered satisfactory.

Dividend :

Considering the overall performance of the Company, the Directors recommend maintaining the dividend of Rs 12.50/- per share on a face value of Rs. 10/- i.e. 125 % , subject to the approval of the shareholders, for the year ended 31st March 2012. The total outgo on account of dividend @ 125 % and dividend distribution tax @ 16.22 % will be Rs. 101 million for the year under review.

Global Strategy :

Sudarshan has expanded into global markets with wholly-owned subsidiaries in Europe and North America. The response from the market has been good so far and it is expected that major growth will be accomplished from these markets. The Company has recently opened a Representative Office in Shanghai for supplemental raw material supplies, to support the ongoing sales in Greater China, and is preparing to open more sales offices in Asia Pacific and Latin America.

Sudarshan's Indian Subsidiary Prescient Color Limited continues to establish growth in Sales and Profitability performance.

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

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



Research and Development :

Sudarshan has its own in-house Research and Development (R& D) Centre at Ambadvet, Dist.Pune, with more than 100 technicians, recognized by the Department of Scientific and Industrial Research (DSIR), Government of India (GOI). All laboratories are ISO 17025: 2001 certified by National Accreditation Board for Testing and Calibration Laboratories (NABL), Government of India.

Sudarshan is well aware of the current market need and is well equipped with advanced analytical instruments and a Pilot Plant capable to meet customer requirements and develop cutting edge products to become a dominant player in the Global Colorant Industry.

Over the years, the in-house R&D team has developed an impressive range of products that were successfully commercialized, a variety of chemical reactions, many manufacturing and process improvements to enhance the energy & utility consumption by use of indigenous technologies & resources. Sudarshan continues to follow product innovation, process simplification, import substitution, cost reduction and enhanced quality control.

Sudarshan has spent approximately Rs.102 million, under research and development domain, to strengthen the R&D facilities which would contribute to cost reduction and successful launch of new products.

Environment, Health and Safety (EHS) and Pollution:

Sudarshan is committed to conduct various social and environmental activities for a safe and healthy workplace for each employee. Sudarshan has earned various recognitions and accreditations that show the Company's consistent commitment towards maintaining and improving EHS standards. Such honorable recognitions further reinforce the need for collective effort among the Sudarshan's employees, to sustain and grow benchmarked standards designed under the EHS policy.

Sudarshan's EHS policy is designed to ensure that high standards are achieved at all sites and recommends different ways to maintain and promote constant improvement. EHS compliance audits are an integral part of the EHS management system and provide continuous scope for improvement. A well defined three-year EHS Improvement Plan is maintained by the EHS Leadership Team in consultation with senior business leaders. Annually, the EHS Improvement Plan and business goals are reviewed and updated in order to achieve continuous improvement.

I am pleased to inform you that both our Roha and Mahad sites have recently achieved the highest (5 Star) rating of Safety Management Systems as per the British Safety



Council's guidelines as well as OHSAS 18001:2007 & ISO 14001:2004 Standards in 2012.

Corporate Sustainability:

As a responsible citizen, it is the duty to empower the community through socio-economic development. Sudarshan has taken several projects for sustainable development under Corporate Social Responsibility (CSR) for certain identified villages around its manufacturing locations. The Company has undertaken tree plantation, waste management (vermiculture), self-employment development, emergency preparedness & response plan & environment control initiatives. All these activities continue to occupy an integral place in the overall objective to make the neighbourhood and the community a better place to live.

Another key element of corporate sustainability is SUDHA. This movement was started by Sudarshan in August 2011 to engage its employees and the community to enhance the living standards in the communities we operate in. SUDHA currently is mainly driven by groups of women within the Sudarshan Roha colony – the initiatives support and are accessible to woman, children and the less privileged sections of the society. Teams of dedicated volunteers have formed in four different areas: **Jagruti (women empowerment)**, **Udaan (child development)**, **Phulora (organic farming)** and **Jeevika (earning livelihood)** to further the projects originally initiated by Company.

Human Resource Development:

Sudarshan employee numbers have exceeded more than 1100 over a period of time. We are proud of our dedicated staff, who have been responsible for Sudarshan's consistent expansion. We as a team believe, we will attain better results, through overall development of our Human Resources. And to make this effort successful, Sudarshan continues a variety of HR and business processes to motivate, nurture talent, enhance skills to grow new future leaders. We encourage and constantly support employees' growth by providing regular feedback and career and overall development opportunities.

Sudarshan Business Excellence Model:

Innovation is the important key driver of progress on the way to profitable growth at Sudarshan. Without launching innovative and cost effective products in the market, it would not be possible to meet healthy competition, achieve consistent sales growth and generate added value services at the global level. Growing market demand at the global level and more rapidly changing market conditions require that companies have the ability to react pro-actively towards the increasing number of requirements raised by customers.



Therefore, Sudarshan has frequently modified and customized its products and services to meet changing market demands and has maintained constant growth and quality of both products and production processes respectively.

In addition to lean and competent expansion and the optimal use of assets, Sudarshan always concentrates on recognizing future requirements within the context of megatrends, designs & develop its products simultaneously.

Rewards and Recognitions:

We were the first Chemical Company in India to be awarded the ISO 9001 certificate in 1993 and we continuously evolve and improve ourselves throughout to maintain high quality standards at every level of the Company. We are also accredited with ISO 14001, ISO 18000 and ISO 17025 international quality standards.

Sudarshan's consistent growth oriented performance over the years has earned several recognitions and awards from various government and non-government agencies at global level during the year under review.

I am pleased to share with you, the recognitions / awards received by Sudarshan during the year under review viz.

1. Roha unit has been recognized by the Federation of Indian Chamber of Commerce & Industry (FICCI) for achieving excellent performance in Safety with the Silver prize in large scale category of Safety Excellence Award 2011.
2. Roha unit has also been recognized by National Safety Council – Maharashtra Chapter for achieving meritorious performance in industrial safety for the year 2010.
3. Roha and Mahad plants have been again recognized by British Safety Council, U.K. – for Five Star Safety Award, 2012.
4. Receipt of award from The Dyestuffs Manufacturers' Association of India (DMAI) for the Financial Year 2011-12 for:
 - o Excellent performance in the field of Safety & Hazards Control (2nd) award for Large Scale Unit.
 - o Excellent performance in Pollution Control for Large Scale Unit.
 - o Excellent performance in respect of Export of Pigments of a Large Scale Unit.

Vision 2014

The Company has outlined a vision to be amongst the top four pigment players in the global market by the year 2014. The objective is to become a World Class color solution provider meeting the expectations amongst all stakeholders.



Our committed team members and Sudarshan's risk taking capabilities make us confident to accomplish the vision positively by 2014. As a Company, we believe that we have the enthusiasm and the competencies to seize the opportunities that will be presented to us to create a more rewarding future amongst the stakeholders.

Sudarshan Outlook

While considering the domestic and global business scenario, the previous year was certainly a difficult year. However, the situation does not seem to be different now and the challenges are enormous, but Sudarshan's Prospects are performing well.

Managing operations in a turbulent environment is certainly a challenging task. However, the Company is confident of steering clear and forging ahead in difficult times. Barring unforeseen circumstances, the results for the current year should be favourable.

Acknowledgements

I would like to thank Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited and EXIM Bank for their continued support and co-operation.

I am grateful to Dr. Das for his continued guidance and mentoring, Pragati Leadership, for their efforts in building leadership competencies and BMG for guiding us in the journey of excellence towards fortifying our Company's position as a top global player in the Colorant Solutions Industry.

I am grateful to my colleagues for their valuable guidance. I also thank our suppliers and service providers for their support. I also wish to extend my thanks to all our employees for their commitment, dedication and determined efforts as a team towards Sudarshan's continuous growth. I also thank all the shareholders for having shown their continued confidence in the Company and sparing their valuable time for us during today's meeting.

Thank you.

After the Chairman's Speech was read out, the Chairman requested Mr. P.S. Raghavan, Company Secretary to read out the Auditors' Report for the year ended 31st March 2012. Thereafter, Mr. P.S.Raghavan, Company Secretary read the Auditors Report for the year ended 31st March, 2012. (Annexure to the Auditors' Report was taken as read as suggested by some of the members and agreed to by all the members present.)



After the above, following business was transacted:

1. **To consider and adopt the Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.**

The Chairman moved the following resolution as an Ordinary Resolution:

RESOLVED THAT the audited Balance Sheet as at 31st March, 2012, the Profit & Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon be and are hereby received and adopted.

Before the resolution was put to vote, the Chairman invited comments from the members relating to audited accounts of the Company for the period under review.

Thereafter, some shareholders raised queries on the audited accounts of the Company, which were satisfactorily replied by the Chairman.

The Chairman then put the resolution to vote and on show of hands declared the same as passed unanimously.

2. **To declare dividend on the Equity Shares of the Company for the year ended 31st March, 2012.**

Mr. N.J.Rathi, Member moved the following resolution as an Ordinary Resolution.

RESOLVED THAT dividend for the year ended on 31st March, 2012 of Rs. 12.50 per equity share on face value of Rs. 10/- (125%) on 69,22,725 fully paid Equity Shares as recommended by the Board of Directors, be and is hereby declared and the same be payable to those shareholders holding the said shares whose names appear in the Register of Members as well as beneficial owners whose name appear in the records of Depositories as on 10th day of August, 2012.

Mr. Bhavesh C.Halpati , Member seconded the resolution.

The Chairman then put the resolution to vote and on show of hands declared the same as passed unanimously.



3. To appoint a director in place of Mr. D.N.Damania, who retires by rotation and being eligible, offers himself for reappointment.

Mr. S.G.Marathe, Member moved the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr.D.N.Damania, Director who retires by rotation, but being eligible, offers himself for reappointment under Article 98 of Articles of Association of the Company, be and is hereby reappointed as a Director of the Company.

Mr. R.C.Khunte, Member seconded the resolution.

The Chairman then put the resolution to vote and on show of hands declared the same as passed unanimously.

4. To appoint a Director in place of Mr. S.K.Asher, who retires by rotation and being eligible, offers himself for reappointment.

Mr. Bhavesh C.Halpati, Member moved the following resolution as an Ordinary Resolution :

RESOLVED THAT Mr.S.K.Asher, Director who retires by rotation, but being eligible, offers himself for reappointment under Article 98 of Articles of Association of the Company, be and is hereby reappointed as a Director of the Company.

Mr. S.G.Marathe , Member seconded the resolution.

The Chairman then put the resolution to vote and on show of hands declared the same as passed unanimously.

5. To appoint Auditors and to fix their remuneration:

Mr. P.R.Rathi, Member moved the following resolution as an Ordinary Resolution.

RESOLVED THAT B.K.Khare & Co., Chartered Accountants, Mumbai be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of the 61st Annual General Meeting until the conclusion of the 62nd Annual General Meeting of the Company on a remuneration as may be fixed by the Board of Directors.

FURTHER RESOLVED THAT the traveling and out of pocket expenses be reimbursed to them.

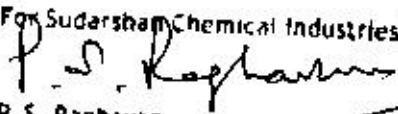
Mr. R.C.Khunte , Member seconded the resolution.



The Chairman then put the resolution to vote and on show of hands declared the same as passed unanimously.

The Chairman then thanked the Members for attending the meeting and declared the meeting as over.

CERTIFIED TRUE COPY

For Sudarshan Chemical Industries Ltd.

P. S. Raghavan
Company Secretary

