

DIRECTORS

MR. PRADEEP DAVE
Managing Director

MR. RAMGOPAL KAJA
Non Executive Director

MR. ASHIT P. DAVE
Executive Director

DR. SAMIR P. DAVE
Executive Director

COMPLIANCE OFFICER
PRIYA SURATI

BANKERS
State Bank of India

AUDITORS
M/s Contractor, Nayak & Kishnadwala
Chartered Accountants
5th Floor, Narian Chamber,
M.G. Road, Vile Parle (East)
Mumbai 400 057.

REGISTERED OFFICE

1/1, MIDC Industrial Area,
Lote Parshuram,
Village: Awashi,
Taluka: Khed,
District: Ratnagiri,
Maharashtra 415 707.

HEAD OFFICE

Akhand Jyoti, 8th Road,
Santacruz (East), Mumbai 400 055
Tel. No. 91-22-67604000
Fax No. 91-22-67604060/4070
Internet: www.aimcopesticides.com
Email : aimco@vsnl.com.

FACTORY

LOTE PARSHURAM

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AIMCO PESTICIDES LIMITED

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of AIMCO PESTICIDES LIMITED will be held at the Registered Office of the Company at B-1/1, MIDC Industrial Area, Lote Parshuram, Village Awashi, Taluka Khed, District Ratnagiri, Maharashtra 415 707 on Saturday 29th December, 2012, at 12.00 Noon to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2012 and the Profit & loss Account for the Year ended on that date together with report of Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. Pradeep P. Dave who retires by rotation and being eligible offers himself for re-appointment.
3. To consider & if thought fit, to pass with or without modification(s), the following resolutions an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of Sections 224 and other applicable provisions, if any of the Companies Act, 1956 M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, Mumbai, bearing Registration No. 101961W Statutory Auditors issued by the Institute of Chartered Accountants of India (ICAI), the retiring auditor of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be mutually agreed to between the Board of Directors and the said Auditors and reimbursement of out-of-pocket expenses, travelling and other expenses in connection with the work of audit carried out by them."

Registered Office:

B1/1, MIDC Indl. Area,
Lote Parshuram, Vill:Awashi
Taluka:Khed, Dist: Ratnagiri,
Maharashtra 415 707.

BY ORDER OF THE BOARD OF DIRECTORS

For AIMCO PESTICIDES LIMITED

Place : MUMBAI
Date : 03.12.2010

Pradeep P. Dave
(CHAIRMAN)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be lodged with the Company not less than 48 hours before the time of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 24th December, 2012 to 29th December 2012(both days inclusive).
4. The Equity Shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. Allotted for the Company's shares is INE008B01013.
5. Members are requested to notify any change(s) in their address to the Company's R & T Agents, Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Limited), C-13, Pannalal Silk mills Compound, BS Road, Bhandup (W), Mumbai-400 078. (Email- mumbai@linkintime.co.in)
6. Members / Proxies are requested to bring the copies of Annual Report and attendance slip duly filled while attending the Meeting.
7. Members holding shares in physical form are requested to advise any change of address immediately to the Secretarial Department at the Head Office of the Company.
8. Details of re-appointment of director
At the ensuing Annual General Meeting, Mr. Pradeep P. Dave, Managing Director & Chairman of the

Company who retires by rotation and being eligible offers himself for re-appointment. The details pertaining to the Director required to be provided pursuant to clause 49 of listing agreement is furnished in the statement on Corporate Governance published elsewhere in the Annual Report.

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BY ORDER OF THE BOARD OF DIRECTORS

For AIMCO PESTICIDES LIMITED

Place : MUMBAI
Date : 03.12.2010

Pradeep P. Dave
(CHAIRMAN)

Name of the Director	Mr. Pradeep P. Dave
Date of Birth	19.04.1953
Date of Appointment	12.08.1987
Qualification	B.Sc. (Chemistry)
Expertise in specific Functional areas	<p>Business Executive with more than three decades of experience in the pesticides Industry.</p> <ul style="list-style-type: none"> - He is on the technical committee and governing body of the Institute of Pesticide Formulation Technology. - President of the Pesticides Manufacturers & Formulators Association of India (PMFAI) - Member on the governing body of CHEMTECH foundation.
Name(s) of other Public companies in which Directorship held	<p>Amisco Agro-Chem Limited AIMCO Ecoscience Limited</p>
Name(s) of Companies in which Committee / Membership(s)/ Chairmanship(s) held as per Clause 49 of the Listing Agreement Chairman with the Stock Exchange)	<p>AIMCO Pesticides Limited</p> <ol style="list-style-type: none"> 1) Audit Committee -Member 2) Shareholders Grievance Committee Member 3) Remuneration Committee Member

AIMCO PESTICIDES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Fifth Annual Report together with the Audited Accounts of the Company for the period ended 30th September, 2012.

FINANCIAL HIGHLIGHTS

	Rs. In lacs	
	18 Months ended *30/09/2012	Year Ended 31/03/2011
Total turnover/income from Operations	19,861.53	4,899.32
Other Income	204.49	14.30
Total Revenue		
Profit/(loss) before Tax	20,066.02	
(504.14)	4,913.62	
(666.43)		
Provision for Taxation Current Tax	NIL	NIL
Deferred Tax	(306.95)	62.36
Profit /(loss)After Tax	(811.09)	(604.08)
Prior Period items	(52.51)	(4.96)
Loss for the year	(863.60)	(609.04)
Add: Balance b/f from earlier year	(1,658.24)	(1,049.19)
Add: Transfer from Capital Reserve	30.00	NIL
Balance carried to Balance Sheet	(2,491.84)	(1,658.24)

* Note: The current financial statements have been prepared for the period of eighteen months commencing from 1st April, 2011 and period ended 30th September, 2012 based on the permission granted by the Registrar of Companies (ROC), Mumbai, Maharashtra. Accordingly, the figures for the current period are not comparable with figures of the previous year ended 31st March, 2011.

Applicability of provisions of SICA Industrial Companies (Special Provisions) Act, 1985:

Considering, the present net worth of the Company which is being fully eroded, Company management has formulated a plan for its revival. The Plan includes on one hand exploration of new market for the products of the Company and on the other pursuing and negotiating for early resolution of one time settlement (OTS) plan submitted to the State Bank of India, the principal banker of the Company. Based on this negotiation, held so far, company's management is confident of obtaining a waiver of past interest and a rescheduling of repayment of the balance amount of principal outstanding.

Further pursuant to section 23(1) (b) of the SICA (SP) Act, 1985 read with accumulated losses of the Company which being exceeded more than 50% of the peak net worth, a report of the Directors thereon, as adopted by Board, would be sent separately to members.

OPERATIONS:

On account of variation of periodicity of financial statement of current year and that of last year, the figures are not absolutely comparable

During the period under review, your Company has enhanced its business operations significantly. The Management has committed to enhance business operations by adding new line of business activity to sustain market volatility. Your Company has attempted to capture untapped foreign markets with new product line and as result volume of sales would see momentum in succeeding years. Under given challenging circumstances, aided by the positive response received towards company management's efforts to increase the sales, your directors are hopeful of smooth execution of the revival plan as and when rolled out in future. With above refereed background, company has prepared financial statements on "Going Concern basis".

The Company has recorded a turnover of Rs. 19,861.53 Lacs, during FY 2011-12, consisting of 18 months period, a healthy sign of business growth of as compared to Rs. 4899.32 Lacs in previous period of twelve

months.

CURRENT YEAR OUTLOOK

Your Company has continued focusing on registering, orienting more products in its own brand name in exports market. It's company's endeavor to develop new markets as well as concentrating more on improvement of volume of its sales in current market so the sale can be maximized. On account of new export registrations, your Company expects growth in the export sales in the coming year.

DIVIDEND

The Board of Directors could not recommended any dividend for the current financial period ended 30th September, 2012 , on account huge losses.

NEW PROJECTS/ PRODUCTS

The Company lays emphasis on Research and Development (R&D) for improvement in existing processes for better productivity and development of new products. Over the years, continuous R & D has helped the Company to adapt to changing and difficult times and has been contributing with the current needs of the Company by maximum utilization of its existing resources. It has endeavored to generate revenues by way of development of new products such as Azoxystrobin and various developments in processes.

OVERSEAS SUBSIDIARIES/ ASSOCIATE COMPANIES

In order to venture into foreign market, your Company has acquired majority stake of AIMCO Pesticides (Australia) Pty Ltd, a company registered in Australia, during the period under review and would begun operations at appropriate point of time.

CORPORATE GOVERNANCE

The Company equity shares are listed at Bombay Stock Exchange Limited. As per Listing Agreement with the Stock Exchange, the Company has taken utmost care to follow norms of good corporate governance mechanism. On account of continued losses, could not able to appoint an additional independent director on company's board, during the financial year under review. Even under financial crises, your Company has continued with its basic philosophy to adhere with Corporate Governance norms, to assure stakeholders' satisfaction and is thus, committed to attain the highest level of transparency, accountability and compliance of law in all facets of operations. A report on Corporate Governance is attached to this report. A Management Discussion and Analysis Report and a Report on Corporate Governance are included in the Annual Report. A certificate from the auditors of the company is annexed to this report.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. Pradeep P. Dave, who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Your Directors also recommends reappointment of Mr. Pradeep Dave, as Managing Director of Company.

The audit Committee comprises of three Directors out of which one is an independent Director. The Company is required to have at least two independent directors, to comply with Clause 49 of the Listing Agreement. The Company is in process to appoint a suitable candidate(s) as an independent Director(s).

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanatory statement relating to material departures;
- 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 as on 30th September, 2012 and of the Profit & Loss Account of the company for the year under review;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

AIMCO PESTICIDES LIMITED

- iv. These accounts have been prepared on a going concern basis.

FIXED DEPOSITS

The amount of outstanding Fixed Deposit held as on 30th September, 2012 was Rs.104.27 Lacs. In wake of net worth of the Company which being negative and fully eroded, an amount of deposit already availed/obtained and laying with the company, which were more than permitted by section 58A and 58AA, led to violation of relevant provision of the Companies Act, 1956. In context to auditor comment, your company would take appropriate steps to repay all outstanding fixed deposit in reasonable timeframe. Your company has stopped obtaining any more deposit.

GREEN INITIATIVE:

The Ministry of Corporate Affairs (MCA), has taken a "Green Initiative in Corporate Governance" vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, respectively, by allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various communications / documents (including Notice of General Meetings, Audited Financial Statements, Directors Report, Auditors Report and all other documents including Postal Ballot documents) to its Members through electronic mode, to the registered e-mail address of the Members.

Your Company, has committed towards such an initiative, and in the best interest of all stakeholder, proposed in last annual report that henceforth all communications / documents, as may be allowed from time to time including Annual Report, would be dispatched in electronic form to its members, through their registered e-mail address provided / updated by them from time to time and as may be made available to the Company by the Depositories, which will be deemed to be your registered e-mail address for serving the necessary communications / documents. Your Directors also request you to register your e-mail address with your DP for the purpose of serving documents by the Company in electronic mode, if your e-mail address, if not registered with your Depository Participant (DP) so far.

GENERAL:

The Management Discussion and analysis Report discusses the operations of the Company in detail and forms part of this Annual Report.

AUDITORS

M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants, Mumbai, the Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made will be within the limits as stipulated under section 224(1B) of the Companies Act, 1956. The members are requested to consider appointment M/S. Contractor, Nayak and Kishnadwala, as statutory Auditors at the ensuing Annual General Meeting.

The comments made by the Auditors in their report are self-explanatory. The management responses to those observations are given herein below except that no further explanation is required.

1. As pointed out by the Statutory Auditors, vide f(i) in their report, that the company has not obtained confirmation of balances from its Sundry Debtors, Sundry Creditors and advances. The Company has made best of its efforts to obtain the same before signing the accounts for current financial year as well as for last financial year. Further the management of the company confirms that balances shown in the books are true and correct as per their knowledge.
2. As pointed out by Auditors, the inventories have been valued at cost and not at lower of cost or net realizable value, being inconsistent with AS- 2, read with Section 211(3C), your company is conservative in doing so, and still of the view that, realizable value would be more than actual cost as recorded in books.
3. Although the Company has not made any provisions for debtors outstanding for more than 3 years, which are in view of auditors [f(iii)] are doubtful of recovery. Your management, considering circumstances, would take appropriate steps within reasonable time, along with ITS proposal with SBI, if a management effort fails to make out recovery in that context.
4. No provision is made for advances of Rs. 62.63 Lacs, being paid to various vendors in earlier period. Your management would take appropriate steps within reasonable time frame, relevant efforts in that regard did not materialize.

5. No provisions have been made for interest payable on funded interest term loan, which is estimated at Rs. 185.10 Lacs. In view of proposed one time settlement (OTS), in pipeline, management felt it appropriate not to make any provision.
6. The Applications to the Central Government for the approval of the reappointment and payment of managerial remuneration for the Managing Director and Whole - Time Directors, as well as payment of commissions to ex-directors of the Company has been made in prescribe time limit. Confirmation approval of which is still awaited. Since the application is being made long back, under pre-online facility, MCA officials, could not able to proceeds with old applications.
7. Due to financial crunch, company could not deploy whole time Company Secretary, under given circumstances; the Company is looking for a full time Company Secretary as required under section 383A of the Companies Act, 1956.
8. The other comments, financial statements are self explanatory and don't call for any clarification.

ENVIRONMENT

Your company undertakes constant and persistent efforts to upgrade environmental performance and is putting its best efforts to augment the treatment and disposal of effluents satisfying the relevant norms of the pollution control authorities. Effluents from the plants are treated so effectively that it meets not only the legal parameters but also meets with Company's stringent internal standards. The Company shall make due arrangements for information, education, training and retraining to all employees about health and environment objectives at different levels and to interested parties and the general public whenever required..Your Company is the member of the Lote Common Effluent Treatment Plant & our effluent discharge is always confirming to the CETP norms.

HUMAN RESOURCES

Your Directors wish to place on record their deep appreciation to employees at all levels for their all-round efforts, dedication, commitment and loyal services which helped in achieving satisfactory performance during the year. The company has cordial and harmonious industrial relations. It's your company's endeavor to offer opportunities for individual growth, creativity and dedicated participation is organizational developments are being provided.

PARTICULARS OF EMPLOYEES

During the year under review, the company has no employee who was in receipt of Remuneration higher than the sum prescribed under the Section 217 (2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed hereto and forms part of this Report. Company has created special task force to address the issue of conservation of energy which keep continuous watch on company's energy consumption and suggest appropriate measures to conserve it.

ACKNOWLEDGEMENT

The Board is also grateful to Financial Institutions, Banks, Shareholders and Fixed Deposit Holders for their co-operation and assistance. Your Directors take this opportunity to thank State Bank of India, IDBI Ltd. & Department of Agriculture, and Government of Maharashtra for their continued assistance and co-operation. We would also like to acknowledge with gratitude the co-operation extended by our Suppliers, Customers, Distributors and Investors etc. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

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BY ORDER OF THE BOARD OF DIRECTORS
For AIMCO PESTICIDES LIMITED

MUMBAI
30.11.2012

RAMGOPAL KAJA
(CHAIRMAN)

AIMCO PESTICIDES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT:

1. CONSERVATION OF ENERGY

A. Energy Conservation Measures taken:

Company has created task force to keep continuous watch on the energy consumption, this task force is also authorized to look in to the matter of conservation of energy and recommend to the management measure of improvement in energy consumption, This task force keep continuous watch on improvement on steam to fuel ratio in Boiler so that energy can be conserved.

B. Additional Investments:

As per the recommendation of company's energy saving team, Effective steps will be taken. This year Company has planned for replacement of obsolete parts of the machinery so that efficiency of the machines gets improved and energy consumption shall get reduced.

C. Measures at (A) above have proved useful in reducing Fuel consumption of the Boiler. Measures at (B) above will bring down the Power & Fuel consumption.

D Total energy Consumption

I) Power & Fuel Consumption

	2011-2012	2010-2011
1) Electricity		
Purchase		
Units	6.26 Lacs	3.58 Lacs
Total Amount	Rs. 43.03 Lacs	Rs. 21.63 Lacs
Rate / Unit	Rs.6.88	Rs. 6.05
Solid fuel Quantity	2589.46 MT	1486.41 MT
Total Amount	Rs.65.35 Lacs	Rs. 28.10 lacs
Average Rate	Rs.2.52	Rs. 1.89

2. TECHNOLOGY ABSORPTION

A) R & D:

Specific areas in which R&D carried out by the company:

It is mainly carried out in the field of process developments / modification for Agrochemical, Fine chemicals & Pharmaceutical intermediates.

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

New process to manufacture Herbicide was commercialized. Production Efficiency are improved substantially

3. Future Plan of Action:

Contract R & D & Toll manufacturing for foreign & large local companies, new export market registrations are actively pursued.

4. Expenditure on R&D:

- | | |
|--------------|----------------|
| a) Capital | Rs. 8.03 lacs |
| b) Recurring | Rs. 17.94 lacs |
| c) Total | Rs. 25.97 lacs |

d) Total R&D expenditure as a percentage of total turnover :- 0.13 %

3. FOREIGN EXCHANGE EARNING & OUTGO.

A) Your company is Government registered Export House & has been taking keen interest for developing new export markets for its products.

B) Total Foreign Exchange used & earned.

During the year foreign exchange outgo was Rs 14,413.20 lacs. The foreign exchange earned on export was Rs.6,112.05 Lacs.

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For AIMCO PESTICIDES LIMITED

MUMBAI
30.11.2012

RAMGOPAL KAJA
(CHAIRMAN)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE & DEVELOPMENT:

In India, agriculture sector is principal source of livelihood of more than 58% of our population. To supplement such sector your company is primarily engaged in the business of agrochemicals. The overall performance of the Indian Agrochemical Industry is largely dependent on development of farming sector vis-a-vis timely arrival of monsoon. The year under review, witnessed the healthy growth of the overall Indian Agrochemical market backed by higher commodity prices leading to better farm income. With pattern of globalization, in Indian agrochemicals industry too has seen growing interest of multinational in this sector, apart from entry of few Indian Companies. The MNCs have focused on high-end specialty products whereas Indian players have focused on generic and off-patent products.

The economic scenario, tagged by higher inflation rate, posed challenges to farm labours due to the progressive government policies & economic growth of the rural India. The competition in export market was intense and the strengthening of rupee has eroded the margins. The Company will continue to focus on cost control mechanism and cost effective measures supplemented by dedicated and specified thrust to Branded formulation export.

OPPORTUNITIES AND THREATS:

The consumption of pesticides in India has seen just a marginal growth as compared to growth phenomenal growth witnessed in world economies, including those of third world economies. In India, even today, huge amount of food crops is lost due to Pest, rodent & other diseases. Over a period of time, Indian agrochemicals industry has built up large capacities and has many players resulting in high level of competition. Due to seasonal nature of the business and uncertainties involved in the coverage of monsoon, a large inventory is required to be maintained. The growth of Indian agriculture sector was supplemented by several agriculture oriented policy initiatives taken by the Government recently and resultant improving productivity in the Agriculture Sector and the availability of credit to the agriculture sector as priority sector, the prospects of Agrochemicals industry is expected to improve as a whole.

Further, the increased focus of the Indian farmers for the crops for exports, growth in irrigation, growth in food processing facilities & farmer supporting Government at the center are positive indicators for the long term potential of the Pesticides Industry. The increase in production & use of Bio-Fuels remains one of the most promising factors for future Pesticides business growth. The unfavorable climatic conditions, large inventory maintenance and extended credit due to seasonal nature of the agri-business, high raw material and energy costs due to high crude prices and cultivation of genetically modified crop, remain major threats for the Pesticides Business.

OUTLOOK:

The business outlook for the current year is very optimistic due to the good progress of the monsoon in India. Sales from the many new Indian & exports markets are expected this year due to the new registrations, approvals obtained. The Company is positive towards its progress in near future. The companies are increasingly training farmers regarding the right use of agrochemicals in terms of quantity, application and appropriateness for pest problems. With increasing awareness, the use of agrochemicals is expected to increase.

RISKS & CONCERNS:

The extreme changes in weather conditions with erratic monsoon remain the major risk & concern of the pesticides Industry. The benefits of the genetically modified crops to the farmers are not yet proved convincingly, so its effect to the pesticides industry is yet to be fully studied and understood but it has already started to reduce the Cotton Insecticides sales & increased herbicides sales. Non availability of key raw materials, regulatory changes in pesticides registration system to give protection to molecules which are already out of patent in India & world over, non availability of credit insurance & wild currency fluctuation also remains major risks. In today's modern economy with the changing preferences, the business environment is changing at a very fast pace. The multinational companies have been expending huge amounts on R&D for developing new molecules. The uncertainty in power supply poses a major risk as the industry is a power intensive. The company proposes to mitigate this risk to a greater extent through purchase of power through third party power supply agreement. Single manufacturing location and change in demography is calling for more restraint on environmental factor. The company is actively pursuing options for expanding its operations into industrial area.

Management of your Company always keeps stakeholders' interests in mind while taking all decisions such that their interests are not adversely affected. The Company has also put in place a risk management

AIMCO PESTICIDES LIMITED

framework to identify, assess, prioritize and alleviate risk. The risks are periodically assessed and reviewed and corrective actions are taken to mitigate effects.

INTERNAL CONTROL SYSTEM:

Your Company has appropriate internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations. The Company maintains an adequate and effective internal control system commensurate with its size and nature of business. These internal policies ensure efficient use and protection of company's assets and resources, compliance with policies and statutes as well as promptness of financial and operational report.

The company has proper and adequate systems of internal controls which ensure that all the assets are safeguarded and that all transactions are authorized recorded and reported correctly. The company maintains adequate and effective control system and suitable monitoring procedures with regard to the purchase of raw materials, stores, plant & machinery, equipment and other assets as well as sale of goods. The finance and commercial functions have been structured to provide adequate support and controls for the business of the company.

ENVIRONMENT AND SAFETY:

The company's environment policy follows strict compliance with the environmental legislations for prevention of pollution of air and water and to make continuous efforts for improvement in such environmental friendly performance. The company believes that its resources are conserved by minimization of process wastes and also by having an efficient environmental management system for treatment and safe disposal of such wastes. The company provides safe work place within the organization and ensures that safety consciousness is spread amongst all the employees.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE DEVELOPMENT:

Your Company believes that human resources are the most precious assets of the Company. Company's ongoing thrust is to maintain productive work culture and to orient the employees to effectively face the new and emerging challenges emanating from the competitive environment. Your Company is privileged to have the right blend of professionals and executives in the organization and makes sincere efforts to ensure numerous opportunities for their growth in the organization. The industry relations situation was cordial and harmonious and continues to be so at present. Extensive training was given to workers on personal effectiveness, corporate compliance, first aid, safe driving, emergency handling and fire fighting, health and employee safety and risk assessment.

The Company considers that its relationship with its employees as vital and ensures that employees feel valued and is endeavoring to create an environment and culture within which every employee can put his best efforts and maximize his contribution.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

The financial performance of the company has been steadily improving throughout the year. During the year under review, (consisting of eighteen months period), although not comparable, there has been an increase in sales from Rs. 4899.31 Lacs to Rs. 19861.53 Lacs. The Company suffered loss of Rs. 504.14 lac before considering reversal of deferred tax of Rs. 306.95 Lacs during period under review as compared to the last year's loss Rs. 666.43 Lacs.

The key objectives of future financial strategy of the company are

- To raise cost efficient funds for the growth plans of the company
- To provide financial flexibility in the Balance sheet for Contingencies
- To manage Foreign Exchange exposure effectively
- To develop strategy to focus on EPS accretion.

CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Many important factors including global and domestic demand-supply conditions, prices, raw materials costs and availability, change in government regulations, tax laws and other statutes, force majeure may affect the actual result which could be different from what the director's envisage in terms of future performance and outlook.