



APAR INDUSTRIES LTD.

POWERING AHEAD!

54 YEARS

OF POWERFUL PERFORMANCE

"TOMORROW'S
PROGRESS TODAY"



Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Corporate Information

BOARD OF DIRECTORS

Dr. N. D. Desai	<i>Chairman</i>
Dr. N. K. Thingalaya	
Mr. F. B. Virani	
Mr. Kushal N. Desai	<i>Managing Director</i>
Mr. C. N. Desai	<i>Joint Managing Director</i>
Mr. H. N. Shah	
Mr. Rajesh Sehgal	<i>w.e.f. June 27, 2011</i>
Mr. Sanjiv Maheshwari	<i>Additional Director w.e.f. August 24, 2011</i>

AUDIT COMMITTEE

Mr. H. N. Shah	<i>Chairman</i>
Dr. N. K. Thingalaya	
Mr. F. B. Virani	
Mr. Rajesh Sehgal	<i>(w.e.f. June 27, 2011)</i>

COMPANY SECRETARY

Mr. Sanjaya Kunder

AUDITORS

M/s. Sharp & Tannan
Chartered Accountants, Mumbai.

BANKERS

■ Union Bank of India ■ Syndicate Bank ■ ING-Vysya Bank Ltd. ■ IDBI Bank Limited ■ ICICI Bank Ltd.
■ State Bank of India ■ Standard Chartered Bank ■ Bank of Baroda ■ Axis Bank Ltd.
■ Credit Agricole – Corporate & Investment Bank

REGISTERED OFFICE

301, Panorama Complex,
R.C. Dutt Road,
Vadodara – 390 007.
Tel: (+91) (0265) 2339906, 2331935
Fax: (+91) (0265) 2330309
E-mail: com_sec@apar.com
Website: www.apar.com

CORPORATE OFFICE

Apar House, Corporate Park,
Sion – Trombay Road, Chembur,
Mumbai – 400 071.
Tel: (+91) (022) 25263400, 67800400
Fax: (+91) (022) 25246326
E-mail : corporate@apar.com
Website: www.apar.com

REGISTRAR & SHARE TRANSFER AGENT

MCS Limited
Neelam Apartment, 88, Sampatrao Colony,
B/H Standard Chartered Bank, Alkapuri, Vadodara – 390 007.
Tel: (+91) (0265) 2339397, 2350490
Fax: (+91) (0265) 2341639
E-mail: mcsltbaroda@yahoo.com

Financial Highlights for last five years (Consolidated)

(₹ in million)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
PROFIT AND LOSS ACCOUNT DATA					
Sales (Net of Excise)	35,966	30,330	22,355	26,371	17,658
% of Growth	19	36	(15)	49	17
Exports	10,256	7,442	6,236	7,899	6,874
Materials, Operating and other costs	33,335	27,746	20,901	25,717	16,467
Employee cost	478	397	321	256	185
Depreciation	218	205	185	147	140
Interest and Discounting charges*	1,155	445	332	412	371
Profit before tax, exceptional & Extraordinary Items	787	1,538	1,016	5	739
% of Growth	(49)	51	19,083	(99)	8
Taxation	27	578	224	23	118
Profit after tax (PAT)	761	960	792	(18)	621
Exceptional items	20	–	12	17	38
Extraordinary Items - net of tax	–	–	603	–	(323)
Associate profit/(loss)	–	–	–	(58)	(13)
Minority interest	(11)	(7)	67	40	(4)
Balance of Profit	730	953	244	(53)	889
% of Growth	(23)	290	–	(106)	84
BALANCE SHEET DATA					
Share Capital	385	323	323	323	323
Reserves & Surplus	4,848	3,191	2,511	2,476	2,521
Net worth	5,233	3,514	2,834	2,799	2,844
Minority interest	12	5	3	79	6
Loan Funds	2,095	1,359	1,617	1,615	1,009
Deferred Tax (Net)	131	89	72	63	54
Total Liabilities	7,471	4,967	4,525	4,556	3,913
Gross Block	3,550	3,283	3,091	2,794	1,469
Net Block	2,066	1,844	1,811	1,793	1,107
Investments including Goodwill on Consolidation	0	0	0	603	374
Net Current assets	4,773	3,080	2,106	2,148	2,403
Miscellaneous Expenditure (to the extent not written off or adjusted)	–	–	–	12	29
Total Assets	6,840	4,924	3,917	4,556	3,913
KEY RATIOS					
PAT to Sales (%)	2.03	3.14	1.09	(0.20)	5.03
Return on Net Worth (%)	17.15	30.03	30.57	(1.28)	37.53
Asset Turns (Revenue to total Assets)	6.12	6.86	5.32	6.27	4.74
Return on Capital Employed (%) **	13.48	22.01	23.17	4.99	24.60
Debt to Equity Ratio	0.26	0.21	0.36	0.41	0.07
Earning per Equity Share (Basic) ₹	19.15	29.48	7.56	(1.65)	27.48
Rate of dividend % p.a.	40%	60%	50%	–	55%
Book value per Equity Share ₹	120.65	107.35	87.63	86.22	87.08
Share Price as on 31st March (BSE)	161.85	214.90	197.50	78.05	205.70

* Interest and Discounting charges for FY 2010-11 and FY 2011-12 includes Bank charges for borrowing and Applicable net loss on foreign currency transaction and translation

** Excluding extraordinary items

Notice

NOTICE is hereby given that the **TWENTY THIRD** Annual General Meeting of the equity shareholders of **APAR INDUSTRIES LIMITED** will be held at the Auditorium of the Vanijya Bhavan, Central Gujarat Chamber of Commerce, Race Course Circle, Vadodara – 390 007 on Friday, the 9th November, 2012 at 12.00 Noon to transact the following business :

Ordinary Business:

1. To receive, consider and adopt Balance Sheet as at March 31, 2012 and Profit and Loss Account for the year ended on that date together with reports of Directors and Auditors thereon.
2. To declare dividend on equity shares of the Company.
3. To appoint a Director in place of Shri H. N. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Chaitanya N. Desai, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration.

Special Business:

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

“RESOLVED THAT Shri Sanjiv Maheshwari who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956 and Article 136 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, retiring by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314, 317 and Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956 as amended and pursuant to the approval and recommendation made by Compensation-cum-Remuneration Committee of the Board of Directors of the Company, Shri Kushal N. Desai be and is hereby re-

appointed as Managing Director and Chief Executive Officer (CEO) of the Company to act as such, for a further period of three years from January 1, 2012 to December 31, 2014, with substantial powers of management as of a Managing Director, as defined under Section 2(26) of the said Act, but subject to the superintendence, direction and control of the Board of Directors of the Company; on salary, perquisites and commission as laid down below with power to the Board of Directors / Committee authorised by the Board to vary, alter or determine the remuneration, terms of appointment thereon, from time to time:

1. Salary:

₹ 250,000 per month (present ₹ 183,013 p.m. after increase @10% P.A. to ₹ 125,000) from January 1, 2012 with annual increase of 10% each following year calculated on salary previously drawn.

2. Perquisites:

In addition to the above salary, he will be entitled to the following perquisites, which in the aggregate, will be restricted to the extent of 100% of an amount of his annual salary from time to time.

Unless the context otherwise requires, perquisites are classified into three categories as follows:-

Category “A”

- (i) Unfurnished residential accommodation or house rent allowance @ 50% of basic salary in lieu of housing accommodation.

The expenditure for taxes, levies, repairs, maintenance, society charges, security charges etc. incurred by the Company as tenant of the residential premises hired by the Company and provided to the Director will also be considered as perquisite to the said Director.

- (ii) The Company will also pay for utilities like power, gas, water, staff, etc. used / availed by the said Director at his residence, as may be permissible under law from time to time.

- (iii) The Company shall give / provide, leave travel assistance for self and family, medical reimbursement, club fees, personal accident insurance, and any other allowance or reimbursement as may be agreed upon between the Director and the Company, from time to time.

Provided that the above perquisites shall be valued as per the income tax norms / rules, wherever applicable.

In the absence of any such rules, the perquisites and allowances shall be evaluated at actual cost.

Category "B"

- (a) Contribution to provident fund and superannuation fund in accordance with the rules of the Company to the extent that these are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable as per the Company's rules at the end of the tenure.
- (c) Encashment of unutilised leave as per Company's rules.

The above will not be included in the computation of ceiling on perquisites.

Category "C"

Motor vehicle with driver for use on Company's business and telephone / mobile phones / other communication facility at residence will not be considered as perquisites. However, personal long distance telephone calls and use of motor vehicles for private purposes shall be billed and recovered from the concerned Director as per income tax rules.

In accordance with the provisions of Section 192(1A) read with Section 17 of the Income Tax Act, 1961, the Company shall bear and pay due income tax at applicable rates on the perquisite value as per the Income Tax Act/Rules in respect of non-monetary perquisites provided to the above Director.

He will be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out-of-pocket expenses incurred in the course of the Company's business.

3. Commission:

In addition to the above salary and perquisites, he shall also be entitled to receive Commission up to 1 % of net profit of the Company in each financial year as may be determined under the provisions of Section 198(1) and 309 of the Companies Act and the Board is authorised to approve and pay such commission pursuant to the recommendation of Compensation-cum-Remuneration Committee (CRC).

Provided the aggregate amount of remuneration covering basic salary, perquisites, and commission payable to the said Director and in aggregate to all such Directors should not exceed the prescribed percentages of the net profit of the Company in each year as provided under Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 as may be in force from time to time.

"FURTHER RESOLVED THAT in the event of absence or inadequacy of profit in any year during the currency of tenure, he shall be paid remuneration by way of salary,

perquisites and other allowances as specified above as minimum remuneration subject to the ceiling specified in the Companies Act in force from time to time."

8. To consider and if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314, 317 and Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956 as amended and pursuant to the approval and recommendation made by Compensation-cum-Remuneration Committee of the Board of Directors of the Company, Shri Chaitanya N. Desai be and is hereby reappointed as Joint Managing Director of the Company to act as such for a further period of three years from 1st January, 2012 to 31st December, 2014, with substantial powers of management as of a Managing Director, as defined under Section 2(26) of the said Act, but subject to the superintendence, direction and control of the Board of Directors of the Company; on salary, perquisites and commission as laid down below with power to the Board of Directors / Committee authorised by the Board to vary, alter or determine the remuneration, terms of appointment thereon from time to time:

1. Salary:

₹ 250,000/- per month (present ₹ 183,013/- p.m. after increase @10% P.A. to ₹ 125,000) from 1st January, 2012 with annual increase of 10% each following year calculated on salary previously drawn.

2. Perquisites:

In addition to the above salary, he will be entitled to the following perquisites, which in the aggregate, will be restricted to the extent of 100% of an amount of his annual salary from time to time.

Unless the context otherwise requires, perquisites are classified into three categories as follows:-

Category 'A'

- (i) Unfurnished residential accommodation or house rent allowance @ 50% of basic salary in lieu of housing accommodation.

The expenditure for taxes, levies, repairs, maintenance, society charges, security charges etc. incurred by the Company as tenant of the residential premises hired by the Company and provided to the Director will also be considered as perquisite to the said Director.

- (ii) The Company will also pay for utilities like power, gas, water, staff, etc. used / availed by the said Director at his



residence, as may be permissible under law from time to time.

- (iii) The Company shall give / provide, leave travel assistance for self and family, medical reimbursement, club fees, personal accident insurance, and any other allowance or reimbursement as may be agreed upon between the Director and the Company, from time to time.

Provided that the above perquisites shall be valued as per the income tax norms / rules, wherever applicable. In the absence of any such rules, the perquisites and allowances shall be evaluated at actual cost.

Category 'B'

- (a) Contribution to provident fund and superannuation fund in accordance with the rules of the Company to the extent that these are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable as per the Company's rules at the end of the tenure.
- (c) Encashment of unutilised leave as per Company's rules.

The above will not be included in the computation of ceiling on perquisites.

Category 'C'

Motor vehicle with driver for use on Company's business and telephone / mobile phones / other communication facility at residence will not be considered as perquisites. However, personal long distance telephone calls and use of motor vehicle for private purposes shall be billed and recovered from the concerned Director as per income tax rules.

In accordance with the provisions of Section 192(1A) read with Section 17 of the Income Tax Act, 1961, the Company shall bear and pay due income tax at applicable rates on the perquisite value as per the Income Tax Act/Rules in respect of non-monetary perquisites provided to the above Director.

He will be entitled to reimbursement of all actual expenses, including travelling, entertainment and other out-of-pocket expenses incurred in the course of the Company's business.

3. Commission:

In addition to the above salary and perquisites, he shall also be entitled to receive Commission up to 1% of net profit of the Company in each financial year as may be determined under the provisions of Section 198(1) and 309 of the Companies Act and the Board is authorised to approve and pay such commission pursuant to the recommendation of Compensation-cum-Remuneration Committee (CRC).

Provided the aggregate amount of remuneration covering basic salary, perquisites, and commission payable to the said Director and in aggregate to all such Directors should not exceed the prescribed percentages of the net profit of the Company in each year as provided under Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 as may be in force from time to time.

FURTHER RESOLVED THAT in the event of absence or inadequacy of profit in any year during the currency of tenure, he shall be paid remuneration by way of salary, perquisites and other allowances as specified above as Minimum Remuneration subject to the ceiling specified in the Companies Act in force from time to time."

9. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** in supersession of Resolution passed at the 17th Annual General Meeting of the Members of the Company held on 10th August, 2006, and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, as amended and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board') for borrowing in Indian rupees and / or foreign currencies for the purposes of business of the Company from time to time, any sum or sums of money, on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the monies already borrowed by the Company (apart from temporary loans including working capital facilities obtained or to be obtained from the Company's bankers in the ordinary course of business) including rupee equivalent of foreign currency loans (such rupee equivalent being calculated at the exchange rate prevailing as on the date of the relevant foreign currency agreement) may exceed, at any time, the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of the Company and its free reserves shall not at any time, exceed the sum of ₹ 500 Crores (Five Hundred Crores) only."

Registered Office:
301, Panorama Complex,
R. C. Dutt Road,
Vadodara 390 007.

Place: Mumbai
Date : 27th September, 2012.

**By Order of the Board,
For Apar Industries Limited**

Sanjaya Kunder
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
2. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, as per the provisions of SEBI Circular dated May 29, 2000. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
3. The Register of Members and Share Transfer Books for the equity shares of the Company shall remain closed from Tuesday, 6th November, 2012 to Friday, 9th November, 2012, both days inclusive.
4. Members desirous of obtaining information / details about the accounts are requested to write to the Company at least one week before the meeting, so that proper information can be made available at the time of meeting.
5. Shareholders who have not so far surrendered their old share certificates of Gujarat Apar Polymers Limited (GAPL) for exchange against the new share certificates of the Company i.e. Apar Industries Limited (AIL) are once again requested to forward their old share certificates to the Company for exchange. In terms of the Listing Agreement with the Stock Exchanges, the Registrar and Share Transfer Agent of the Company, MCS Limited has sent necessary reminders to the concerned shareholders in this regard. The old share certificates of GAPL have already been cancelled and are of no effect or value.
6. Members holding shares in dematerialised form may please note that while opening a depository account with Depository Participant (DP), they have given their bank account details, which will be printed on their dividend warrants. However, if any member wants to change / correct the bank account details, he / she should communicate the same immediately to the concerned Depository Participant (DP). Members are also requested to furnish the bank account details along with MICR code of their bank to their Depository Participant so as to enable the Company to ensure payment of dividend through Electronic Clearing Service (ECS).
7. The details of Directors seeking appointment / reappointment at the ensuing Annual General Meeting as required in terms of Clause 49 of the Listing Agreement of the Stock Exchanges are also annexed hereto and forming part of the Notice.
8. All documents referred to in the accompanying notice and the explanatory statements are open for inspection at the registered office of the Company during the office hours on all working days except Sundays between 11.00 A.M. and 4.00 P.M. up to the date of the ensuing Annual General Meeting and at the meeting, during the meeting hours.
9. Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
10. Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and, thereafter, no payments shall be made by the Company or by the IEPF in respect of any such amounts.

The amount of unpaid / unclaimed dividend up to the



financial year ended March 31, 2004 and the first and second interim dividend for 2004-05 on equity shares paid on 19.11.2004 and 01.04.2005 respectively have been transferred to IEPF. The unpaid / unclaimed dividend amount of equity shares of the Company paid on 07.10.2005 (final dividend – 2004-05) are due for transfer to the said fund in the month of December, 2012. Members who have not yet encashed their warrant (s) are requested to make their claims to the Company without any delay.

11. Members may avail of the nomination facility as provided under Section 109A of the Companies Act, 1956.
12. (a) As stated in Para No. 9 (d) of the Directors' Report, the Company has not attached the annual accounts, reports and other statements pursuant to Section 212 (1) of the Companies Act, 1956, in respect of – (a) Petroleum Specialties Pte. Ltd., Singapore (PSPL), wholly-owned subsidiary (WOS) of the Company; (b) Quantum Apar Speciality Oils Pty. Ltd., Australia, Subsidiary of PSPL and (c) Marine Cables & Wires Private Limited, WOS of the Company, with the annual report of the Company for the financial year ended March 31, 2012 in accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India (MCA). The Company has fulfilled all the conditions of the said Circular in the annual report attached herewith.
- (b) A Statement showing information in aggregate of the said subsidiary companies in compliance with the aforesaid General Circular of Ministry of Corporate Affairs has been attached with the financial statements.
- (c) The Company shall provide a copy of the annual accounts and related information / reports for the year 2011-2012 of the subsidiary companies as required under Section 212 of the Act to the shareholders on their request, free of cost, at any point of time. Further, the annual accounts of subsidiary companies shall be available for inspection at the registered office and

corporate office of the Company and that of the respective subsidiary company.

13. The required Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of special business is annexed hereto, forming part of the notice.
14. The annual report of the Company, circulated to the members of the Company, will be made available on the Company's website at www.apar.com.
15. The Company has already initiated / implemented the 'Green Initiative' during the year 2010-11, as per the Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices / documents and annual reports to shareholders. The e-mail addresses as made available in your respective Depository Participant (DP) accounts and downloaded from NSDL / CDSL will be deemed to be your e-mail address for serving notices / documents including those covered under Section 219 of the Companies Act, 1956 read with Section 53 of the Companies Act.

The Notice of AGM and the copies of audited financial statements, Directors' Report, Auditors' Report etc. shall also be displayed on the Company's website at www.apar.com and the other requirements of the aforesaid MCA circular shall be duly complied with. Members holding shares in electronic mode are, therefore, requested to ensure to keep their e-mail addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their e-mail addresses by sending an e-mail to investorservices@apar.com quoting their registered ledger folio number. Shareholders can register their e-mail address, by sending an e-mail at investorservices@apar.com quoting their folio no. / DP ID – client ID in order to facilitate the Company to serve the documents through electronic mode.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6 :

The agenda item no. 6 of the Notice relates to the appointment of Shri Sanjiv Maheshwari as Director of the Company, liable to retire by rotation.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Sanjiv Maheshwari is appointed as an Additional Director by the Board of Directors at its Meeting held on 24th August, 2011.

Mr. Sanjiv Maheshwari aged 49 years is holding degree in AICWA, Master of Management Studies (MMS) from Mumbai University. He has 14 years of experience of working with Sandoz (India) Limited, now called Novartis (India) Limited, one of the largest chemical companies in the world under various positions like corporate planning and budgeting, logistics, procurement, distribution, finance, production planning and supply chain management. He held the positions as vice-president - worldwide operations and CFO in Ness Technologies Inc. (a NASDAQ listed Company) and looked after the worldwide operations and finance activities of the Company. Since 2006, he is a general partner and CFO of Basil Capital, a Mauritius Venture Capital Fund, focusing on SME IT / ITes services sector. Mr. Maheshwari has an overall experience in corporate / divisional planning and budgeting, management information systems, finance and accounts, supply chain management, commercial, purchasing, negotiations, structuring, legal and tax, general administration.

In terms of Section 260 of the said Act, Mr. Sanjiv Maheshwari shall hold the office of Director only up to the date of ensuing Annual General Meeting (AGM). The Company has received valid notice and requisite deposit from a member of the Company under Section 257 of the said Act, proposing the candidature of Mr. Sanjiv Maheshwari for the office of Director.

In view of the above background and rich experience of Mr. Sanjiv Maheshwari in the field of corporate and finance, it will

be in the interest of the Company to continue him as Director of the Company retireable by rotation. The Directors therefore recommend the resolution for approval of the members.

None of the Directors of the Company except Mr. Sanjiv Maheshwari is in any way concerned or interested in the resolution.

ITEM NO. 7 AND 8:

The agenda item no. 7 and 8 of the notice relates to the approval for reappointment and revision of remuneration and providing facilities to Shri Kushal N. Desai as Managing Director and Chief Executive Officer (CEO) and Shri Chaitanya N. Desai as Joint Managing Director of the Company for a further period of three years from 1st January, 2012 to 31st December, 2014.

During the tenure of the said two Directors, the Company has :

- a. achieved substantial increase in the production and sales turnover.
- b. improved financial performance of the Company.
- c. undertaken the expansion of manufacturing facilities of all segments of Company's businesses.
- d. increased export market for all products of the Company.

Thus, the Company has immensely benefitted from the rich experience, hard work and expertise of management of industries by Shri Kushal N. Desai, Managing Director and Shri C. N. Desai, Joint Managing Director. Hence, for continuous growth of all the divisions of the Company, it would be in the best interest of the Company to reappoint them for a further period of three years w.e.f. 1st January, 2012.

Considering the present business environment and future business scenario, consequent to expansion of business operations and inflation in last five years, the present remuneration and commission paid to the said Directors are not comparable with the pay structure enjoyed by managerial personnel of other industry / companies having more or less