



Annual Report 2012

Alfa Laval (India) Limited

DIRECTORS

Ray Field, Chairman

Henrik Holm

Jose Hernanz, Managing Director

Manoj Barve, Director - Finance

K. B. Gorane, Director - Operations

SECRETARY

V. Chandrasekhar

BANKERS

- Bank of India
- Standard Chartered Bank
- Bank of Maharashtra
- Industrial Development Bank of India Limited
- The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISERS

Crawford Bayley & Co.

AUDITORS

S.R. Batliboi & Associates

REGISTERED OFFICE

Mumbai Pune Road, Dapodi, Pune 411012

Phone : (020) 27107100, 66119100

HEAD OFFICE

Office No. 301, 302, 401, 402, Global Port,
Mumbai Bangalore Highway,
Baner, Pune 411045

Phone : 020 67341100

Home Page: www.alfalaval.com

SHARE TRANSFER AGENTS

Link Intime India Private Limited

Block No. 202, 2nd floor, Akshay Complex,
Dhole Patil Road, Pune 411001

Phone : 020 26160084, 26161629

Fax : 020 26160503

Email : pune@linkintime.co.in

MANUFACTURING SITES

- Dapodi, Pune 411012
- E-7/E-8, MIDC Estate,
Satara - 415004
- Gat Nos. 30 to 33 & 74 to 82
Sarole Veer Road, Sarole 412205
Tal. Bhore, Dist. Pune

SALES & SERVICE NETWORK

Bengaluru	Kanpur
Baroda	Kochi
Chandigarh	Kolkata
Chennai	Mumbai
Dhaka, Bangladesh	New Delhi
Hyderabad	Visakhapatnam
Indore	
Jamshedpur	

CUSTOMER SERVICE CENTER

Plot No. R-674, MIDC Rebale
TTC Industrial Area, Post Ghansoli,
Navi Mumbai 400701

C-6, Industrial Estate
S.No. 39, Kapparada Village
Dwarakanagar, Visakhapatnam

As a measure of economy the practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. Members are, therefore, requested to bring their own copies of the Report to the Meeting



Directors' Report

Dear Shareholders,

During the year under review, the Company has achieved a turnover of Rs. 10,511.80 M (2011: Rs. 11,126.59 M) and a profit after tax of Rs. 1,305.37 M (2011: Rs. 1,305.37 M). The Company has also achieved a dividend yield of 10% (2011: 10%) and a dividend payout ratio of 10% (2011: 10%).

OPERATIONS AND FINANCIAL RESULTS

The order intake during the year under review at Rs.11,273.68 M was marginally higher as compared to the previous year's order booking of Rs.11,126.59 M mainly on account of the economic slowdown. Consequently, the sales revenues at Rs.10,511.80 M for the year under review were lower by about 10%. With the other income of the Company at Rs.289.18 M, total income for the

year was at Rs.10,800.98 M (2011:Rs.11,950.74 M). In the light of the sales revenues falling short, the overall profitability was affected though the expenditure was kept under a tight leash. The financial performance of the Company for the year 2012 was as under:-

(Rs. in Million)

Particulars	2012		2011	
Gross profit for the year after meeting all operating expenses but before depreciation, interest and taxation		1,897.10		2,070.13
Less:				
a) Finance Costs	26.93		26.69	
b) Depreciation	182.88		139.34	
		209.81		166.03
Profit before tax		1,687.29		1,904.10
Less: Provision for taxation				
a) Income tax	598.37		658.30	
b) Deferred tax	(61.00)		(59.57)	
		537.37		598.73
Profit after taxation		1,149.92		1,305.37

DIVIDEND

In the light of the intention already expressed by the Board of Directors of the Company in December 2011 and the ongoing exit offer, the Board of Directors of the Company do not recommend any dividend on the equity shares for the year ended 31st December 2012.

APPROPRIATIONS

In view of the Board not recommending any dividend for the year under review, transfer of any amount to General Reserve was not considered. Accordingly the amount of Rs.3,911.93 M (2011:Rs.2,762.00 M) is being retained in the Profit and Loss account.

DELISTING OF EQUITY SHARES

The Promoters of the Company, Alfa Laval Corporate AB, Sweden, initiated a proposal for voluntary delisting of the equity shares of the Company from Bombay Stock Exchange and National Stock Exchange of India Limited in accordance with Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and accepted 10,32,788 equity shares validly tendered in the Reverse Book Building process at the exit price of Rs.4,000/- per equity share. Consequently, the Promoter's shareholding in the Company increased to 94.45% of the total paid-up equity share capital of the Company as on the date of acceptance of the offer. Consequent to the success of the delisting offer, the Company stood delisted from the records of the abovesaid stock exchanges with effect from 19th April, 2012. Thereafter, the Exit Offer for the remaining public shareholders commenced on 19th April, 2012 and is due to close on 18th April, 2013.

As on 31st January, 2013, Alfa Laval Corporate AB, Sweden, holds 17,748,535 equity shares constituting 97.73% of the total paid-up equity share capital of the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of foreign exchange spent and earned are given in Note Nos.37 and 38 respectively forming part of the Accounts.

PROSPECTS

Notwithstanding the uncertainty over policy reforms and economic recovery across the globe, the Company, in such testing times, looks forward to a year similar to the year under review barring unforeseen contingencies.

The Company will continue to invest in expansion of its capacities and for enhancing the effectiveness of its factories for which a sizeable capital expenditure is proposed for the current year mainly for enhancing the manufacturing efficiency besides development of infrastructure to achieve optimum productivity.

CONSERVATION OF ENERGY

Efforts are continued to monitor the power consumption with a view not only to generate savings in the energy bills but also to reduce the wastage of energy in all forms.

ABSORPTION OF TECHNOLOGY

The Company has been periodically introducing newer models of decanters, separators and heat exchangers while phasing out their older models for a variety of applications with suitable technological inputs from the Principals. During the last five years, technology absorption in respect of separators, heat exchangers and decanters for a variety of applications has been successful leading to indigenisation of certain high value critical components.

DIRECTORS

Mr. Ray Field retires by rotation and being eligible, offers himself for re-election.

M/s. Ashok M Advani, Kewal Handa and Ravi Krishnamurthi resigned from the Board of Directors of the Company with effect from 25th April, 2012. The Board places on record their warm appreciation of the services rendered by M/s. Ashok M Advani, Kewal Handa and Ravi Krishnamurthi during their tenure as Board members.

Mr. Giuseppe Falciola resigned from the Board of Directors of the Company with effect from the close of the business hours of the Company on 21st June, 2012 after a tenure of about 6 years as Chairman of the Board. The Board places on record their sincere appreciation of the contribution of Mr. Giuseppe Falciola to the development of the Company and for his efforts towards adherence to corporate governance norms.

Mr. Henrik Hoim was appointed as an Additional Director with effect from 21st June, 2012. As an Additional Director, Mr. Henrik Hoim holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director afresh.

Mr. Manoj Barve who was appointed as an Additional Director with effect from 21st June, 2012, was appointed as a Wholetime Director with the designation Director-Finance with effect from the same date subject to necessary statutory approvals. As an Additional Director, Mr. Manoj Barve holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director afresh.

Mr. KB Gorane who was appointed as an Additional Director with effect from 21st June, 2012, was appointed as a Wholetime Director with the designation Director-Operations with effect from the same date subject to necessary statutory approvals. As an Additional Director, Mr. KB Gorane holds office upto the date of



the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director afresh.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm that:-

In the preparation of the annual accounts for the year ended 31st December, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;

The accounting policies, which have been selected, have been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2012 and of the Profit of the Company for the year ended on that date;

Proper and sufficient care have been taken 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;

The annual accounts for the year ended 31st December, 2012 have been prepared on a going concern basis.

EMPLOYEES

Employee relations continue to be cordial. The Board wishes to place on record their appreciation for the services rendered by the employees of the Company at all levels.

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the information relating to the statement of particulars of employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

AUDITORS

The Auditors, M/s. S.R. Batliboi & Associates, Chartered Accountants, retire, are eligible for re-appointment and have expressed their willingness to serve, if re-appointed.

ACKNOWLEDGEMENT

The Board places on record their appreciation of the contribution of the customers, suppliers and all other stakeholders towards the performance of the Company during the year under review.

For and on behalf of the Board of Directors,

Jose Hernanz
Managing Director

Manoj Barve
Director-Finance

Place : Pune
Dated : 21st February, 2013

NOTICE

Notice is hereby given that the 75th Annual General Meeting of the shareholders of Alfa Laval (India) Limited will be held at Conference Hall No.6, A Wing, 5th Floor, MCCIA Trade Tower, Senapati Bapat Road, Pune 411 016 on Tuesday, 30th April, 2013 at 11.00 a.m. to transact the following business:-

1. To receive, consider, and adopt the audited Balance Sheet as at 31st December, 2012, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Mr. Ray Field who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Henrik Holm who under Article 117(a) of the Company's Articles of Association holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a joint notice in writing from some shareholders signifying their intention to propose him as a candidate for the office of Director and who is eligible for appointment.
4. To appoint a Director in the place of Mr. Manoj Barve who under Article 117(a) of the Company's Articles of Association holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a joint notice in writing from some shareholders signifying their intention to propose him as a candidate for the office of Director and who is eligible for appointment.
5. To appoint a Director in the place of Mr. KB Gorane who under Article 117(a) of the Company's Articles of Association holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a joint notice in writing from some shareholders signifying their intention to propose him as a candidate for the office of Director and who is eligible for appointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that consent of the Company be and it is hereby accorded, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, to the appointment of Mr. Manoj Barve (hereinafter called "Mr. Barve") as a Wholetime Director with the designation "Director - Finance" of the Company for a period of 3 years with effect from 21st June, 2012, on the terms of remuneration subsisting on the said date and as set out under Item 6 of the Explanatory Statement annexed to this notice;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Manoj Barve as Director-Finance of the Company, the remuneration as specified therein shall be paid and allowed to Mr. Barve as minimum remuneration for such financial year;

AND RESOLVED FURTHER that the Managing Director of the Company be and is hereby authorized to do all such acts, deeds, matters and things including entering into an agreement with Mr. Manoj Barve as may be considered necessary, desirable or expedient to give effect to this Resolution."

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

"RESOLVED that consent of the Company be and it is hereby accorded, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, to the appointment of Mr. KB Gorane (hereinafter called "Mr. Gorane") as a Wholetime Director with the designation "Director - Operations" of the Company for a period of 3 years with effect from 21st June, 2012, on the terms of remuneration subsisting on the said date and as set out under Item 7 of the Explanatory Statement annexed to this notice;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Gorane as Director-Operations of the Company, the remuneration as specified therein shall be paid and allowed to Mr. Gorane as minimum remuneration for such financial year;

AND RESOLVED FURTHER that the Managing Director of the Company be and is hereby authorized to do all such acts, deeds, matters and things including entering into an agreement with Mr. KB Gorane as may be considered necessary, 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 an Ordinary Resolution:-

"RESOLVED that consent of the Company be and it is hereby accorded, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, to the reappointment of Mr. Jose Hernanz (hereinafter called "Mr. Hernanz") as Managing Director of the Company, for a period of 1 year from 1st January 2013 on the terms as set out under Item 8 of the Explanatory Statement annexed to this notice;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Hernanz as Managing Director of the Company, the same remuneration as specified therein shall be paid and allowed to Mr. Hernanz as minimum remuneration for such financial year ;

AND RESOLVED FURTHER that the Chairman be and he is hereby authorized to do all such acts, matters, deeds and things including entering into a fresh agreement with Mr. Hernanz as may be necessary or expedient to give effect to this resolution."

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

"RESOLVED, pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, that the Company hereby accords its approval to the revised remuneration for Mr. Jose Hernanz, Managing Director with effect from 1st January, 2013 as per the terms set out under Item 9 of Explanatory Statement annexed to this Notice;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Jose Hernanz as Managing Director of the Company, the remuneration as specified above, shall be paid and allowed to Mr. Hernanz as minimum remuneration for such financial year;

AND RESOLVED FURTHER that the Chairman be and he is hereby authorized to do all such acts, deeds and things including entering into a supplementary agreement with Mr. Jose Hernanz as may be necessary or expedient to give effect to this resolution."

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

"RESOLVED, pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, that the Company hereby accords its approval to the revised remuneration for Mr. Manoj Barve, Director-Finance with effect from 1st April, 2013 as per the terms set out under Item 10 of Explanatory Statement annexed to this Notice;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Manoj Barve as Director-Finance of the Company, the remuneration as specified above, shall be paid and allowed to Mr. Barve as minimum remuneration for such financial year;

AND RESOLVED FURTHER that the Managing Director be and he is hereby authorized to do all such acts, deeds and things including entering into an agreement with Mr. Manoj Barve as may be necessary or expedient to give effect to this resolution."

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

"RESOLVED, pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, that the Company hereby accords its approval to the revised remuneration for Mr. KB Gorane, Director-Operations with effect from 1st April, 2013 as per the terms set out under Item 11 of Explanatory Statement annexed to this Notice;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. KB Gorane as Director-Operations of the Company, the remuneration as specified above, shall be paid and allowed to Mr. Gorane as minimum remuneration for such financial year;

AND RESOLVED FURTHER that the Managing Director be and he is hereby authorized to do all such acts, deeds and things including entering into an agreement with Mr. KB Gorane as may be necessary or expedient to give effect to this resolution."

12. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:-

"RESOLVED, pursuant to Section 17(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, that consent of the Company be and it is hereby accorded to amend the clause 3(n) of the Objects clause in the Memorandum of Association of the Company by substituting it with the following new clause 3(n):-

- 3 (n) To carry on any other business whether manufacturing or otherwise including imparting at a price, training in general and in particular to its customers and their employees or consultants, associates, agents, distributors, dealers and all other sales channels in India or from outside India, on the operation, maintenance and other aspects of separation equipment, heat exchangers, filtration equipment, evaporators, dryers, pumps and all other equipment supplied by the Company in the course of its business calculated directly or indirectly to enhance the value of the business of the Company or render profitable any of the Company's property or rights for the time being.

RESOLVED FURTHER that the Directors and the Secretary of the Company be and they are hereby severally authorized to sign the relevant documents and to do all such acts, deeds and things as may be necessary to give effect to this resolution."

13. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**By Order of the Board of Directors
Alfa Laval (India) Limited**

V. Chandrasekhar
Company Secretary

Dated : 21st February, 2013

Regd. Office:
Mumbai-Pune Road
Dapodi, PUNE - 411 012

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 16th April, 2013 to Tuesday, 30th April, 2013, both days inclusive.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 3 to 12 is annexed hereto.
4. Shareholders who have not yet encashed the dividend warrants in respect of the final dividend for the year ended 31st December, 2005 or of the dividend in respect of any subsequent financial years are requested to send their claims to the Head Office of the Company at 301, 302, 401, 402, Global Port, Mumbai Bengaluru Highway, Baner, Pune 411 045. It may be noted that the dividend remaining unclaimed or unpaid for more than a period of 7 years from the date of transfer to unpaid dividend account will be transferred to the Investor Education and Protection Fund established by the Central Government and upon such transfer, no claim shall be entertained in respect thereof.



Explanatory Statement (pursuant to Section 173 of the Companies Act, 1956)

Item 3

Mr. Henrik Holm was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 21st June, 2012. In terms of Section 260 of the Companies Act, 1956 and Article 117(a) of the Company's Articles of Association, Mr. Henrik Holm holds office only upto the date of the ensuing Annual General Meeting but he is eligible for appointment as Director afresh.

A joint notice has been received from some members of the Company as required under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Henrik Holm for the office of Director. The Board commends the resolution. Mr. Henrik Holm has signified his consent to act as Director, if appointed.

None of the Directors except Mr. Henrik Holm is interested in this item of business.

Item 4

Mr. Manoj Barve was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 21st June, 2012. In terms of Section 260 of the Companies Act, 1956 and Article 117(a) of the Company's Articles of Association, Mr. Manoj Barve holds office only upto the date of the ensuing Annual General Meeting but he is eligible for appointment as Director afresh.

A joint notice has been received from some members of the Company as required under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Manoj Barve for the office of Director. The Board commends the resolution. Mr. Manoj Barve has signified his consent to act as Director, if appointed.

None of the Directors except Mr. Manoj Barve is interested in this item of business.

Item 5

Mr. KB Gorane was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 21st June, 2012. In terms of Section 260 of the Companies Act, 1956 and Article 117(a) of the Company's Articles of Association, Mr. KB Gorane holds office only upto the date of the ensuing Annual General Meeting but he is eligible for appointment as Director afresh.

A joint notice has been received from some members of the Company as required under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. KB Gorane for the office of Director. The Board commends the resolution. Mr. KB Gorane has signified his consent to act as Director, if appointed.

None of the Directors except Mr. KB Gorane is interested in this item of business.

Item 6

The Board of Directors of the Company ("the Board") at their meeting held on 21st June, 2012 appointed Mr. Manoj Barve as a Wholetime Director with the designation "Director-Finance" for a period of 3 years with effect from 21st June, 2012 on a composite remuneration upto Rs. 4,300,552/- per annum comprising of a basic salary, commission based on performance, perquisites and allowances like house rent allowance, special allowance, reimbursement of medical expenses including hospitalization for self and family, leave travel allowance, insurance, contribution to provident fund, superannuation or annuity fund, gratuity as per the rules of the Company, provision of car through lease or an allowance together with all running and maintenance expenses at actuals, telecommunication facilities; fees and subscription of one club and leave as per the rules of the Company.

The said appointment of Mr. Manoj Barve on the above terms of remuneration effective 21st June 2012 need to be approved by the shareholders of the Company under the provisions of the Companies Act, 1956. The draft agreement between the Company and Mr. Manoj Barve is available for inspection by the shareholders of the Company at its Head Office at 301,302,401,402, Global Port, Mumbai Bengaluru Highway, Baner, Pune 411045 between 10 am and 12 noon on any working day (except Saturday).

The Board commends the resolution at Item 6 of the accompanying Notice for the approval of the shareholders of the Company.

Save and except the interest of Mr. Manoj Barve in the appointment as aforesaid, no other Director of the Company is concerned or interested in this item of business.

Item 7

The Board of Directors of the Company ("the Board") at their meeting held on 21st June, 2012 appointed Mr. KB Gorane as a Wholtime Director with the designation "Director-Operations" for a period of 3 years with effect from 21st June, 2012 on a composite remuneration upto Rs. 3,823,130/- per annum comprising of a basic salary, commission based on performance, perquisites and allowances like house rent allowance, special allowance, reimbursement of medical expenses including hospitalization for self and family, leave travel allowance, insurance, contribution to provident fund, superannuation or annuity fund, gratuity as per the rules of the Company, provision of car through lease or an allowance together with all running and maintenance expenses at actuals, telecommunication facilities; fees and subscription of one club and leave as per the rules of the Company.

The said appointment of Mr. KB Gorane on the above terms of remuneration effective 21st June 2012 need to be approved by the shareholders of the Company under the provisions of the Companies Act, 1956. The draft agreement between the Company and Mr. KB Gorane is available for inspection by the shareholders of the Company at its Head Office at 301,302,401,402, Global Port, Mumbai Bengaluru Highway, Baner, Pune 411045 between 10 am and 12 noon on any working day (except Saturday).

The Board commends the resolution at Item 7 of the accompanying Notice for the approval of the shareholders of the Company.

Save and except the interest of Mr. KB Gorane in the appointment as aforesaid, no other Director of the Company is concerned or interested in this item of business.

Item 8

The Board of Directors of the Company ("the Board") at their meeting held on 17th August, 2012 reappointed Mr. Jose Hernanz as the Managing Director of the Company for a period of 1 year with effect from 1st January, 2013 on the terms of remuneration subsisting on the said date as already consented to by the shareholders of the Company at the 73rd Annual General Meeting held on 28th April, 2011.

The said reappointment of Mr. Jose Hernanz effective 1st January, 2013 need to be approved by the shareholders of the Company under the provisions of the Companies Act, 1956. The draft agreement between the Company and Mr. Jose Hernanz is available for inspection by the shareholders of the Company at its Head Office at 301,302,401,402, Global Port, Mumbai Bengaluru Highway, Baner, Pune 411045 between 10 am and 12 noon on any working day (except Saturday).

The Board commends the resolution at Item 8 of the accompanying Notice for the approval of the shareholders of the Company.

Save and except the interest of Mr. Jose Hernanz in the reappointment as aforesaid, no other Director of the Company is concerned or interested in this item of business.

Item 9

The Board of Directors of the Company ("the Board") at their meeting held on 21st February, 2013 reviewed the terms of remuneration of Mr. Jose Hernanz, Managing Director and revised the composite remuneration to not exceeding Rs.22,000,000/- per annum with effect from 1st January, 2013 comprising of the overseas salary, a local basic salary, performance related bonus, perquisites and allowances like concessional rent/rent free fully furnished and maintained residential accommodation together with all amenities, facilities as also the utilities such as gas, electricity and water charges, reimbursement of medical expenses including hospitalization for self and spouse, leave travel concession/leave travel allowance as applicable for self and spouse, insurance, provident fund as per applicable rules, company maintained car/s with driver; telecommunication facilities; fees and subscription of one club and leave as per the rules of the Company.

The resolution set out at Item 9 of the accompanying Notice together with this Explanatory Statement are and should be read as an abstract under Section 302 of the Companies Act, 1956. The draft supplementary agreement between the Company and Mr. Jose Hernanz is available for inspection by the shareholders of the Company at its Head Office at 301,302,401,402, Global Port, Mumbai Bengaluru Highway, Baner, Pune 411045 between 10 am and 12 noon on any working day (except Saturday).