

APCOTEX INDUSTRIES LIMITED

BOARD OF DIRECTORS

Atul C. Choksey	Chairman
S.K. Lahiri	Director & CEO
Girish C. Choksey	Director
Amit C. Choksey	Director
Manubhai G. Patel	Director
Bipin V. Jhaveri	Director
Dr. S. Rengachary	Director
Dr. S. Sivaram	Director
T. N. V. Ayyar	Director
Abhiraj Choksey	Executive Director

AUDIT COMMITTEE

Manubhai G Patel	Chairman
Girish G Choksey	Member
Bipin V Jhaveri	Member
Dr. S. Rengachary	Member

**GM – ACCTS., FIN. AND
COMPANY SECRETARY**

Anand V. Kumashi

AUDITORS

Shah & CO.
Chartered Accountants

BANKERS

State Bank of India

REGISTERED OFFICE & FACTORY

Plot No.3/1, MIDC Industrial Area,
P.O. Taloja - 410208, Dist. Raigad
Maharashtra
Telephone: (022) 27403500
Fax: (022) 2741 2052
E-mail – redressal@apcotex.com
Website : www.apcotex.com

CORPORATE OFFICE

N. K. Mehta International House,
178, Backbay Reclamation,
Babubhai M. Chinai Marg, Mumbai- 400 020
Telephone: (022) 2283 8302 / 04
Fax: (022) 2283 8291

REGISTRARS AND SHARE TRANSFER AGENTS

LINK INTIME INDIA PVT LTD
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078
Tel. No.- (022) 2596 3838 Fax – (022) 2594 6969.
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in



apcotex industries limited

NOTICE

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of **apcotex industries limited** will be held at **Plot no. 3/1, MIDC Industrial Area, Talaja - 410 208, Dist. Raigad, Maharashtra** on **Saturday, the 24th day of July 2010 at 3.00 p.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Accounts for the year ended 31st March 2010 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Atul Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Amit Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr.S.Sivaram, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint M/s. Shah & Co., Chartered Accountants as Auditors of the Company, and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314 and other applicable provisions of the companies Act, 1956 or any amendment or substitution thereof and subject to the approval of the Central Government, if any, required, the Company hereby approves the appointment of Shri Abhiraj Atul Choksey, as “Managing Director” of the Company, for a period of 3 (Three) years, effective from 1st May 2010, upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by the Chairman thereof which agreement is hereby specifically approved with authority to the Board of Directors, including committee(s) thereof to alter and / or vary the terms and conditions of the said appointment within limits, if any, prescribed in the Act, and / or schedules thereto.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company shall pay to Shri Abhiraj Choksey, remuneration by way of salary, perquisites and allowances, not exceeding the ceiling laid down in Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors, after obtaining suitable recommendation of its Remuneration Committee.”

“RESOLVED FURTHER THAT the Board of Directors be and they are hereby authorised to enhance, enlarge, alter or vary the scope and quantum of salary, perquisites, allowances and incentive of Shri. Abhiraj Choksey, which revision should be in conformity with any amendments to the relevant provisions of the

Companies Act and / or the rules and regulations made thereunder and / or such guidelines as may be announced by the Central Government from time to time.”

**BY ORDER OF THE BOARD
for apcotex industries limited**

ANAND V. KUMASHI
GM – Accounts, Finance &
Company Secretary

Date: 27th April 2010

Registered Office:

Plot no. 3/1,
MIDC Industrial Area,
Talaja - 410 208,
Dist. Raigad, Maharashtra

NOTES:

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act 1956 is annexed hereto.
2. A member entitled to attend and vote, is entitled to appoint a proxy to attend and, on a poll, vote instead of himself/herself. A proxy need not be a member. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, the 16th day of July 2010 to Friday, the 23rd day of July 2010** (inclusive of both days).
4. Members are requested to notify the changes, if any, in their addresses to the Company's Registrars immediately.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
6. Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31.3.2002. Members who have not collected dividends for any accounting year upto and including 31.3.1995 are requested to make an application to the Registrar of Companies, Maharashtra, CGO Complex, Belapur, Navi Mumbai, for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government Rules, 1978).
7. Members desirous of getting any information relating to the accounts and operations of the Company are requested to address their queries to the Company at least seven days in advance of the Annual General Meeting so that the information required may be made readily available at the meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

Item No.7

The Board of Directors of the Company at their meeting held on 27th April 2010, have, in accordance with the provisions of Articles of Association of the Company and subject to the approval of the shareholders in the General Meeting and that of the Central Government, if required, under the provisions of the Companies Act, 1956, decided to appoint Shri Abhiraj Atul Choksey, as "Managing Director" of the Company, for a period of 3 (Three) Years, effective from 1st May 2010.

Shri Abhiraj Choksey is a Bachelor of Science in Economics from Wharton Business School and also Bachelor of Science in Engineering from the Engineering School, both of University of Pennsylvania in U.S.A. He has several years of experience in the field of finance, system engineering, strategy formulation, administration etc, having worked in a consulting firm in USA and a software company in the Country.

Shri Abhiraj Choksey is a relative of Company's Chairman, Shri Atul Choksey and by virtue of this appointment; he will hold an office or place of profit in the Company in accordance with the provisions of Section 314(1) of the Companies Act, 1956. This requires approval of the Company in the General Meeting by way of a Special Resolution.

The terms and conditions of the remuneration as set out in the draft agreement to be entered into by the Company with the said Shri Abhiraj Choksey, are as under:

Salary: Rs.82,000 (Rupees Eighty Two Thousand Only) per month, with an increment to be determined by the Board of Directors, including Committee thereof, effective from the 1st day of April each year.

Allowances: House Rent Allowance and Bonus as per the rules in force in the Company from time to time.

Special Allowance: Rs.1,35,000 (Rupees One Lac Thirty Five Thousand Only) per month, with rise to be determined by the Board of Directors, including committee thereof, effective from 1st day of April each year.

Variable Pay Plan as per the rules in force in the Company, from time to time.

Perquisites: Perquisites are classified into three categories "A", "B" and "C" as follows;

Part "A"

Housing

(1) Free furnished residential accommodation or (2) in case of his own flat on ownership basis, then House Rent Allowance of an amount as may be fixed by the Board of Directors, or (3) in case of occupation of the rented premises then reimbursement of actual rent paid in respect of such premises. In case of all the above amenities such as gas, electricity, water, servants, painting, repairs, upkeep and general maintenances of the premises as are desired by the Director to be provided at the Company's expenses. In case of (2) & (3) such furniture or benefits in respect of furniture as may be required by Director, to be provided at the Company's expense.

The expenditure incurred if any, by the Company on gas, electricity, water and furnishings, furniture etc to be made available to the Managing Director shall be valued as per the Income Tax Rules, as are in force from time to time.

Medical Expenses Reimbursement / Medical Insurance:

Payment of Medical Insurance premium and reimbursement of expenses actually incurred for self, wife, dependent, children including hospitalization expenses, nursing home charges, treatment expenses, surgical expenses etc any limit or scheme of the company.

Leave Travel Concession;

Leave Travel Concession for the Managing Director and his family, once in a year incurred in accordance with the Rules of the Company, in force from time to time.

Personal Accident Insurance;

Personal Accident insurance, the annual premium of which will not exceed Rs.10,000/- or coverage under the Group Personal Accident Insurance Policy taken / as may be taken by the Company every year during the tenure of this appointment.

Club Fees;

Fees of clubs subject to a maximum of two clubs.

Part "B"

Provident Fund:

Company's contribution towards Provident Fund, subject to a ceiling of 12% of the salary.

Gratuity, Pension and Superannuation:

Benefits in accordance with the rules and regulations in force in the Company from time to time.

Part "C"

Car:

Provision of a car and driver for both official and personal use of the Managing Director.

Telephone:

Provision of telephone at residence of the Managing Director. Personal long distance calls on telephone shall be billed by the Company to the Managing Director.

Other Benefits:

1. Leave: Leave with full pay and allowance in accordance with the rules and regulations in the Company in force from time to time. Leave encashment in accordance with the rules and regulations in the Company in force from time to time, to be permitted at the end of the term, after obtaining such approvals as may be necessary.
2. Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
3. Such other benefits and amenities as are provided to Senior Officers of the Company from time to time.



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The remuneration as aforesaid to be allowed to the Managing Director shall be subject to such limits for the remuneration as are laid down by the Government in the Companies Act, 1956, its Schedule XIII and/or amendments made/as may be made therein from time to time.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the Managing Director remuneration by way of salary, allowances and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the Company, after obtaining suitable recommendation of Remuneration Committee of the Board of Directors of the Company.

The scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made there-under and/or such guidelines as may be announced by the Central Government from time to time.

The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purposes of or on behalf of the Company.

The draft of the agreement to be entered into by the Company with Shri Abhiraj Choksey is available for inspection by the members at the Registered Office of the Company between 11 A.M. and 1 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing General Meeting.

Your Directors commend his appointment.

Except Sarvashri Atul Choksey, Girish Choksey, Amit Choksey and Shri Abhiraj Choksey himself, no other Director of the Company is interested in this resolution.

**BY ORDER OF THE BOARD
for apcotex industries limited**

ANAND V. KUMASHI
GM – Accounts, Finance &
Company Secretary

Date: 27th April 2010

Registered Office:

Plot no. 3/1,
MIDC Industrial Area,
Taloja - 410 208,
Dist. Raigad, Maharashtra

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting to you the Twenty-Fourth Annual Report of the Company and the audited Statements of Accounts for the year ended 31st March 2010.

COMPANY PERFORMANCE

FINANCIAL HIGHLIGHTS

Particulars	2009-10 (Rs. In Lacs)	2008-09 (Rs. In Lacs)
GROSS SALES	15681.96	11410.11
Gross Profit Before Depreciation, Interest and Tax after prior year adjustments	1504.68	948.49
Less: Depreciation	198.95	219.91
Interest	48.47	14.84
Provision for Tax	295.50	253.25
Adjustment for Deferred Tax Liability	128.97	12.10
Profit/ (Loss) for the Year	832.79	448.39
Add: Balance brought forward from Previous year	418.73	274.01
Disposable Profit (Loss)	1251.52	722.40
The Directors recommend the appropriation of the disposable profit as under:		
Dividend on Equity Shares	259.22	221.09
Tax on Dividend	44.06	37.57
Transfer to General Reserve	85.00	45.00
Balance carried to Balance Sheet	863.24	418.74
	1251.52	722.40

1. DIVIDEND

Your Directors have recommended a dividend of Rs.5.00 (Rupees Five) per Equity Share of Rs.10/- each (@50%). The Equity Dividend, if approved, will absorb a sum of Rs.259.22 lacs (excluding the dividend tax of Rs.44.06 lacs) out of net profit as above and will be paid to those shareholders whose names appear on the Register of Members on **16th July 2010**.

2. MANAGEMENT DISCUSSION AND ANALYSIS

The company manufactures and markets Styrene Butadiene Rubber and Synthetic Rubber Latexes.

I. CURRENT SCENARIO.

Your Company is one of the leading producers of polymer products namely Synthetic Latexes (VP Latex, XSB latex, Nitrile Latex) and Synthetic Rubber (HSR, SBR) in India. The Company has one of the broadest range of products based on Styrene – Butadiene chemistry available in the market today and cater mainly to the industrial segment. Our range of Synthetic Latexes is used among other applications, for tyre cord dipping, paper and paperboard coating, carpet backing, concrete modification/water proofing and textile

finishing. The various grades of Synthetic Rubber find application in products such as footwear, automotive components, v-belts, conveyor belts and hoses.

The company's major raw materials are petrochemicals and hence the business is vulnerable to high volatility of crude oil and its downstream product prices. Even though margins were under pressure, overall business climate improved during the year.

The company's performance was satisfactory due to appropriate price increases to offset the increased cost of raw materials, addition of new value added products to our current range particularly for the Paper Board Coating Industry and better operational efficiency.

The technology was developed and is being continuously upgraded through in-house Research and Development efforts to meet the changing needs of customers. Competition remains intense across most of the products.

The company manufactures and markets a range of polymer products viz. Styrene Butadiene Rubber, Synthetic Rubber Latexes and Acrylic based Latexes and over the next few years we expect good domestic growth in most of the industries we cater to – tyre cord dipping, paper and paperboard coating, carpet backing, concrete modification/water proofing, textile finishing and paint industries. We also envision good export prospects for some of our products.

II. OPERATIONS DURING THE YEAR.

During the year the Company achieved Gross Value Sales of Rs.15681.96 lacs and volume sale of 23428 MT, registering a growth of **37.44%** and **66.32%** respectively compared to that of the preceding financial year.

The prices of major raw materials Styrene and Butadiene softened during the beginning of the financial year and started firming up during the end of the financial year. Packaging materials also registered significant increase.

During the financial year the company exported goods worth Rs.908 lacs compared to exports of Rs.355 lacs during the previous financial year.

There was a continuous thrust from the management to develop a strong R&D and technical service team to better understand the changing customer needs, improve product quality, productivity and process controls through technology up-gradation.

Operating profits before tax and depreciation during the year has increased by **77%** to Rs.1160 Lacs from Rs. 649 Lacs during the previous financial year.

Other income, which includes dividend received on investments, export benefits and interest was at Rs.97 Lacs as compared to Rs.65 Lacs during previous financial year.

The profit after tax stood at Rs.833 Lacs as compared to Rs.448 Lacs in the previous financial year.

Your Directors consider Company's performance as satisfactory.



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III. OUTLOOK

From overall perspective, we expect 2010-11 to remain challenging in terms of volatilities in prices of major Inputs. However with overall growth of the economy, it will augur well for the Company.

The company will endeavour its best to bring in efficiencies at all levels to mitigate any adverse situation. Accordingly your Director view the prospect for the year 2010-11 with cautious optimism.

IV. RISK AND CONCERNS.

Some of the major raw materials are directly imported or have USD based pricing. If the INR weakens against the USD or becomes highly volatile the currency effect is expected to be adverse.

Rising inflation within the country will seriously affect disposable income levels of all consumers – both rural and urban. Uncertain consumer demand can also have an effect on the growth prospects of your company.

V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

The company has successfully implemented an ERP system suitable to the needs of the company. Internal checks and controls based on this system is in place and constantly being improved upon. Adequate system exists to safeguard company's assets through insurance and maintenance of proper records. The company has well defined procedures to execute financial transactions. The company is constantly improving its internal audit areas in the light of all encompassing ERP system introduced as mentioned above.

VI. DEVELOPMENT OF HUMAN RESOURCE / INDUSTRIAL RELATIONS.

The company continuously monitors its Human Resource requirement to ensure that it has adequate human skills commensurate with its needs.

Cordial relations exist between the employees at various levels and the management.

To upgrade Human skills and improve their competency the company continuously organizes and deputed employees to Seminars, Workshops.

CAUTIONARY STATEMENT.

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include raw material availability and prices, cyclical demand, movements in company's principal markets, changes in Government regulations, tax regimes, economic developments within and outside India and other incidental factors.

3. BUYBACK OF SHARES

The Board of Directors in their meeting held on 16th October 2009 approved the scheme of buyback of shares through market operation, which commenced from 21st December 2009, for buyback of minimum 2,50,000 and maximum 4,00,000 equity shares at a price not exceeding Rs.90/- per share aggregating to Rs.360 Lacs. The Company had purchased and extinguished 3,42,856 shares, comprising of 85.71% of maximum buyback offer size before the end of the financial year 2009-10, at a weighted average price of Rs.88.75 per equity share.

The share price of company's equity are traded well above the maximum price at which buyback offer was approved by Board of Directors i.e. Rs.90/- per share, since last couple of months. In view of this, the Board of Directors in their meeting held on 27th April 2010 have decided to pre-close the offer of buyback of shares since company has already bought more than minimum number of shares to be bought back as per buyback offer.

4. WIND POWER

The Company has commissioned its Wind Turbine Generators with a capacity of 1.25 MW, at village Sadawaghapur, Tal – Patan, Dist. Satara, Maharashtra on 31st March 2010, for captive consumption. The cost of project is Rs.650 lacs. The Wind Turbine Generator is expected to generate about 24,00,000 units per annum.

The electricity generated by Wind Turbine Generator will be used for captive consumption at Company's Plant at Taloja, Maharashtra.

5. STATUTORY DISCLOSURES

A. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information sought under the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure, forming part of this report.

B. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- ii. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- iii. That they 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.

- iv. That they have prepared the annual accounts on a going concern basis.

C. CORPORATE GOVERNANCE

Your Company has always strived to imbibe appropriate standards for good Corporate Governance.

Detailed reports on the Corporate Governance and Management Discussion Analysis, forms part of this report. A certificate from the Company's Auditors regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the said Report.

6. FIXED DEPOSITS MATURED BUT NOT CLAIMED

Company had no Fixed Deposits at the end of the financial year. The Central Bureau of Investigation (CBI) has instructed the Company, not to repay the proceeds of four fixed deposits amounting to Rs.48,000/- and accrued interest of Rs.22,491/- thereon. These deposits matured during the first week of December 2002.

One fixed deposits worth Rs.5,000/- matured, with accrued interest of Rs.224/- but were not claimed by the concerned depositors despite reminders.

7. INSURANCE

All insurable assets of the Company including inventories, buildings, plant and machinery etc., as also liability under legislative enactments, are insured.

8. ECOLOGY AND SAFETY

Members of the Safety Committee of the Company's Taloja Plant, have been regularly reviewing the safety measures and their implementation, to ensure adequate safety in material handling, control of pollution caused by liquid effluents, dust and emissions from chimney etc. Samples were periodically drawn and the reports submitted to the Pollution Control Board as required, ensuring compliance with the standards. Necessary application had been made to Maharashtra Pollution Control Board to operate the plant at Taloja till 31st December 2014. The Certificate is awaited.

9. PERSONNEL

Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, is not applicable to the Company as there are no employees drawing remuneration exceeding the prescribed limits.

The Board would like to place on record their appreciation of the contribution made by all employees during the year.

The industrial relations with the employees were cordial.

10. BANKS

Your Directors wish to place on record their appreciation of the support received from the Company's Bankers, State Bank of India.

11. DIRECTORS

Shri. S.K.Lahiri, Director & CEO of the Company retires from the service of the Company as on 03rd June 2010, after 27 years of association with the Company. Your Directors wish to place on record their appreciation for his service and contribution made.

Mr. Atul Choksey, Mr. Amit Choksey and Dr. S. Sivaram, retire by rotation and being eligible, offer themselves for reappointment.

12. AUDITORS

The Company's Auditors, M/s. Shah & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

FOR AND ON BEHALF OF THE BOARD



ATUL C CHOKSEY
CHAIRMAN

Mumbai: 27th April 2010



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ANNEXURE TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER AND FUEL CONSUMPTION

Electricity:

	2009-10	2008-09
a) Purchased Units ('000 KWH)	6170.414	4585.123
Total amount (Rs. In lacs)	336.254	222.613
Rate/Unit (Rs.)	5.45	4.860
b) Own Generation:		
Through Diesel generator		
Units ('000 KWH)	153.736	70.266
Units per ltr. of diesel oil	2.500	2.200
Cost/Unit (Rs.)	14.090	15.400

B. CONSUMPTION PER UNIT OF PRODUCTION

Synthetic Rubber including Latices	266	333
Electricity (KWH/MT)		

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R & D is carried out by the Company:
The R & D activities of the Company pertain to:
 - i. Development of new products to meet changing customer needs.
 - ii. Modification of existing products for up-gradation of performance.
 - iii. Evaluation of alternative raw materials and identifying sources for cost reduction and flexibility in the input materials management.
 - iv. Absorption of imported technology, if any.
 - v. Improvement in process technology.
2. Benefits derived as a result of the above R & D.
 - i. Company has commercialized a range of latices for paper/board coating industry, construction and carpet industry.
 - ii. Improvement in quality consistency of products.
 - iii. Customers are less dependent on imported products.
3. Further plan of action:
 - i. Continued efforts towards identifying additional end uses for existing products.
 - ii. Develop new products and upgrade existing products as per market requirement.
4. Expenditure on R & D during the Financial Year is as follows:

(Rs. in lacs)

Particulars	2009-10	2008-09
Capital	20.83	7.34
Recurring	90.10	42.55
Total	110.93	49.89

Total R & D expenditure as a percentage of Turnover **0.77%** 0.50%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

No new technology has been acquired requiring the above.

IMPORTED TECHNOLOGY

No technology import has been made in the recent past.

OTHERS

Necessary application for renewal of recognition of the in-house R & D facilities of the company has been made to the Department of Scientific & Industrial Research.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company is currently assessing export potential for its products in various markets. Details of foreign exchange earnings and outgo are given in Notes 11 & 12 of Schedule 'M2' to the accounts.

FOR AND ON BEHALF OF THE BOARD

Atul Choksey

**ATUL C CHOKSEY
CHAIRMAN**

Mumbai: 27th April 2010.

CORPORATE GOVERNANCE

Company's Philosophy On Code of Corporate Governance:

The Company believes in adopting good practices in the areas of Corporate Governance and follows the principles of transparency and disclosure in its operations.

Board Of Directors:

The Company presently has ten Directors. Two of them are whole-time directors and eight are non-executive directors. Out of eight non-executive directors, five are independent directors.

During the Financial year 2009-10, Meetings of the Board of Directors were held on the following days: -

a) 11th May 2009, b) 25th May 2009, c) 27th July 2009 d) 15th October 2009 e) 16th October 2009 and f) 22nd January 2010

None of the Directors on the Board hold the office of director in more than fifteen companies or membership of committee of the Board in more than ten committees or chairmanship of more than five committees.

The details are explained in the Table below:

Name of Director(s)	Designation/Category of Directorship	Board Meetings attended	Attendance at last AGM	No. of other Directorships held	No. of Committees of which Member / Chairman*
Atul C. Choksey DIN 00002102	Non-Executive – Chairman Promoter	6	Yes	8	-
S K Lahiri DIN 00027493	CEO & Director	4	Yes	-	-
Girish C. Choksey DIN 00246196	Non-Executive	5	Yes	5	2/2
Amit C. Choksey DIN 00001470	Non-Executive	1	No	5	1/1
Manubhai G. Patel DIN 00001662	Non-Executive, Independent	5	Yes	4	3/5
Bipin V. Jhaveri DIN 00001648	Non-Executive, Independent	6	Yes	6	2/2
Dr.S. Rengachary DIN 00126980	Non-executive, Independent	6	Yes	2	1/0
Dr. S. Sivaram DIN 00009900	Non-Executive, Independent	4	No	2	2/0
T.N.V. Ayyar DIN 00008493	Non-Executive, Independent	2	No	4	5/4
Abhiraj Choksey DIN 00002120	Executive Director	6	Yes	3	-

*Committee Membership of Audit Committee, Investors' Grievance Committee & Remuneration Committee are considered.

Code of Conduct

The Company has a Code of Conduct for Directors and members of Senior Management. The Code is available on the Company's Website. All Board members and senior management personnel have affirmed compliance with the code. A declaration to that effect signed by Mr. Sanjay K Lahiri CEO & Director is appearing in the Annual Report.

Audit Committee

The Audit Committee was constituted in April 2000. It Comprises of four directors viz. Mr. M.G.Patel as the Chairman, and Mr. Bipin Jhaveri, Mr. Girish Choksey and Dr. S. Rengachary as members. Mr. M.G.Patel is Non- Executive Independent Director.

The terms of reference of the Audit Committee include the matters specified in clause 49 (II) of the Listing Agreement with the Stock Exchanges. The terms of reference of Audit Committee include the following:

- Overseeing the company's financial reporting process and disclosure of its financial information to ensure that financial statements are proper, sufficient and credible.
- Discussing / reviewing with the management and /or auditors:
 - a) Company's Annual Plan;
 - b) Quarterly, half yearly and annual financial performance statements;
 - c) Adequacy of internal Checks and controls within the organization;
 - d) Observations of the Statutory and Internal Auditors in the course of their Audit;



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- e) Compliances with Stock Exchange and other Statutory / regulatory requirements;
- f) Management Discussion and Analysis of Company's periodical performance;
- g) Risks being faced by the Company and framework of management thereof from time to time;
- h) Applicability, compliance and impact of various Accounting Standards and guidelines issued by the Concerned Institute / Authorities to the financial Statements of Accounts of the Company;
- i) Accounting Policies followed by the Company and changes required in them from time to time;
- j) Significant related parties transactions, if any.
- Reviewing with the management and the Statutory and / or Internal Auditors:
 - a) Adequacy of internal checks and controls within the organization.
 - b) Scope of Internal Audit / Statutory Audit.
 - c) Findings of Internal Audit.
- Recommending to the Board of Directors appointment / reappointment of Statutory auditors and Internal Auditors.

During the year, seven meetings of the Audit Committee were held on:

a) 04th April 2009 b) 11th May 2009, c) 25th May 2009 d) 27th July 2009, e) 15th October 2009 f) 22nd January 2010 and g) 20th March 2010

Attendance at the Audit Committee meetings:

Name	Non-Executive / Independent	Numbers of Meetings held - Seven
		Attended
M. G. Patel	Non-Executive, Independent	7
Bipin Jhaveri	Non-Executive, Independent	7
Girish C. Choksey	Non-Executive	5
Dr. S. Rengachary	Non-Executive, Independent	7

Shareholders/Investors Grievances:

Mr. M. G. Patel, a non-executive independent Director, is the Chairman of the Shareholders Grievances Committee. Others members are Mr. Girish Choksey and Mr. Bipin Jhaveri.

Terms of Reference

- To review the existing Investors Redressal System and suggest measures for improvement.
- To review the report of Registrars and Share Transfer Agents about investor's grievances and action taken for redressal thereof.
- To suggest improvement in investor's relations.
- To consider and take on record the Certificate from practicing Company Secretary under Clause 47(c) of the Listing Agreement.
- To consider appointment / reappointment of Registrars and Share Transfer Agents and review terms and conditions of their appointments, remuneration, service charges, fees etc.
- To consider and take on record Secretarial Audit Certificates issued by practicing Company Secretary certifying aggregate number of equity shares held in depositories and in physical form tally with the total number of shares in Company's issued, listed and admitted share capital.

The details of correspondences / grievances received and redressed during the financial year 2009-10 by the Company through the Registrars, LINK INTIME INDIA PVT LTD. are as under;

Source	Correspondences	
	Received	Redressed / Attended
A. Complaints		
Directly from Shareholders	40	40
Consumer Forum	-	-
Department of Company Affairs	-	-
Through Advocates	-	-
SEBI	4	4
Stock Exchanges	-	-
NSDL	-	-
Any Other Government Body	-	-
Total (A)	44	44