

APCOTEX INDUSTRIES LIMITED

BOARD OF DIRECTORS

| | |
|--------------------------------------|-------------------|
| Atul C. Choksey | Chairman |
| Girish C. Choksey | Director |
| Amit C. Choksey | Director |
| Manubhai G. Patel | Director |
| Bipin V. Jhaveri | Director |
| Dr. S. Sivaram | Director |
| T. N. V. Ayyar | Director |
| Shailesh Vaidya (w.e.f. 21/01/ 2012) | Director |
| Dr. S. Rengachary (till 30/07/2011) | Director |
| Abhiraj A. Choksey | Managing Director |

AUDIT COMMITTEE

| | |
|-------------------------------------|----------|
| Manubhai G Patel | Chairman |
| Girish G Choksey | Member |
| Bipin V Jhaveri | Member |
| Dr. S. Rengachary (till 30/07/2011) | Member |

GM – ACCTS., FIN. AND COMPANY SECRETARY

Anand V. Kumashi

AUDITORS

Shah & CO.
Chartered Accountants

BANKERS

State Bank of India
Standard Chartered Bank

REGISTERED OFFICE & FACTORY

Plot No.3/1, M I D C Industrial Area,
P.O. Taloja, Dist. Raigad 410 208, Maharashtra
Telephone: (022) 2740 3500
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 (Formerly INTIME SPECTRUM REGISTRY LTD)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai-400 078
Tel. No.- 2596 3838,2594 69 70 Fax – 2594 6969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.com



apcotex industries limited

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of **apcotex industries limited** will be held at **Plot no. 3/1, MIDC Industrial Area, Taloja - 410 208, Dist. Raigad, Maharashtra** on Thursday, the 5th day of **July 2012** at **11.30 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Accounts for the year ended 31st March 2012 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. Amit C. Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Manubhai G. Patel, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Bipin V. Jhaveri, 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 an **Ordinary Resolution**:
"RESOLVED THAT Mr. Shailesh Vaidya, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as **Special Resolution**:
"RESOLVED THAT subject to the approval of Central Government, if required and of Financial Institutions, wherever necessary, consent of the Company be and is hereby accorded for payment of commission to Director of the Company other than the Managing / Whole Time Directors pursuant to and within limits as are or may be prescribed under the provisions of Section 198, 309, 349 and 350 and other applicable provisions of the Companies Act, 1956, in such amounts or proportion and in such manner as may be decided by the Board of Directors of the Company for each financial year and such payments shall be made out of the profits of the company for a period of five years commencing from 1st April 2012."

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

ANAND V. KUMASHI

GM – Accounts, Finance &
Company Secretary

Date: 10th May 2012

Registered Office:

Plot no. 3/1, MIDC Industrial Area,
Taloja - 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 29th day of June 2012** to **Wednesday, the 4th day of July 2012** (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. Dividend recommended by Directors, if approved by the members at the Annual General Meeting, will be paid / dispatched on or after 6th July 2012 to those members whose names appear on the Register of Members as on 29th June 2012. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of 28th June 2012, as per the details furnished by National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
7. The company is using National Electronic Clearing Services (NECS) for dividend remittance. Members holding shares in physical form are requested to notify/ send the following to the Company's Registrar and Share Transfer Agent at: **LINK INTIME INDIA PVT LTD., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup - (w), Mumbai-400 078**, immediately, any change in their address / mandate / bank details; and Particulars of their bank account, in case the same have not been sent earlier.
8. Members holding shares in the electronic form are requested to inform any change in address / bank mandate directly to their respective Depository Participants. The address / bank mandate as furnished to the Company by the respective Depositories viz. NSDL and CDSL will be printed on the dividend warrants.
9. In terms of Section 205A and 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investors Education and Protection Fund (IEPF). Accordingly, during the financial year 2011-12, the Company would be transferring the unclaimed or unpaid dividend for the financial year ended 31st March 2004 to the Investors Education and Protection Fund or before 23rd September 2011. Shareholders are requested to ensure that they claim the dividend from the Company before transfer of the said amount to the IEPF.

Annual Report 2011-2012

10. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in security market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
11. Recently, the Ministry of corporate Affairs (MCA), Government of India, through its Circular nos. 17/2011 and 18/2011 dated 21st April 2011 and 29th April 2011 respectively, has allowed companies to send official

documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with your depositories.

We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email address.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

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

Item No.7

The Board of Directors appointed Mr. Shailesh Shankarlal Vaidya as an Additional Director of the Company on 21st January 2012, with immediate effect, in accordance with Article 118 of the Articles of Association of the Company. By virtue of the said Article, he holds the office till the conclusion of the ensuing Annual General Meeting. Notice has been received by the Company from a shareholder proposing his appointment as Director of the Company under Section 257 of the Companies Act, 1956.

Mr. Shailesh Vaidya is a law graduate from Government Law College and became Solicitor in the year 1983. Since then has been practicing as Advocate and Solicitor. He became partner of M/s. Kanga & Company, a firm of Solicitors, during 1983.

He is presently serving as Member of the Managing Committee of Indian Merchant Chamber and as Chairman of Law, Review, Reforms and Rationalization Committee.

He has expertise in various Laws, regulations related to real estate and corporate matters. He is also associated with the Government Law College of Mumbai University and serves on the Board of Directors of various reputed companies as an independent director.

Your Directors are of the opinion that the Company will immensely benefit from Shri Shailesh Vaidya's expertise in various laws and commend his appointment.

Your Directors commend his appointment.

Except Mr. Shailesh Vaidya, no other Director of the Company is interested in this resolution.

Item No.8

The resolution set out at item No. 8 requires your approval by way of special resolution under Section 309 and other provisions of the Companies Act, 1956.

Your Directors recommend payment of commission within limits as are prescribed in the provisions of the Companies Act, 1956 to the non-executive Director(s) of the Company, for a period of five years w.e.f. **1st April 2012 to 31st March 2017**. The amount of commission payable for a year to such directors, would be fixed by the Board within the overall limits, prescribed under the Companies Act, 1956.

Only those Directors of the Company, who are not Managing/ Whole Time Director, may be deemed to be interested in the Special Resolution to the extent of commission as may be received by them in future.

BY ORDER OF THE BOARD
for apcotex industries limited



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

Date: 10th May 2012

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-Sixth Annual Report of the Company and the audited Statements of Accounts for the year ended 31st March 2012.

COMPANY PERFORMANCE

FINANCIAL HIGHLIGHTS

| Particulars | 2011-12 (₹ In lacs) | 2010-11 (₹ In lacs) |
|--|------------------------|------------------------|
| GROSS SALES | 27789.77 | 22165.76 |
| Gross Profit Before Depreciation, Finance Cost and Tax Expenses after prior year adjustments | 2307.92 | 2026.00 |
| Less: Depreciation | 278.64 | 264.76 |
| Finance Cost | 398.08 | 254.42 |
| Provision for Tax | 464.00 | 320.00 |
| Adjustment for Deferred Tax Liability | 20.82 | 114.46 |
| Profit/ (Loss) for the Year | 1146.38 | 1072.36 |
| Add: Balance brought forward from Previous year | 1402.43 | 863.24 |
| Add: Excise provision of dividend Distribution tax for F.Y. 2010-11 | 1.40 | -- |
| Disposable Profit (Loss) | 2550.21 | 1935.60 |
| The Directors recommend Appropriation of the Disposable profit as under: | | |
| Dividend on Equity Shares | 414.76 | 362.91 |
| Tax on Dividend | 67.28 | 60.28 |
| Transfer to General Reserve | 114.64 | 110.00 |
| Balance carried to Balance Sheet | 1953.53 | 1402.43 |
| | 2550.21 | 1935.60 |

1. DIVIDEND

Your Directors have recommended a dividend @ ₹ 8.00 (Rupees Eight) per Equity Share of ₹ 10/- each. For the Financial Year 2011-12, the Equity Dividend, if approved, will absorb a sum of ₹ 482.04 lacs (including the Dividend Tax of ₹ 67.28 lacs) out of net profits after tax, as above and will be paid to those shareholders whose names appear on the Register of Members on **29th June 2012**.

2. MANAGEMENT DISCUSSION AND ANALYSIS

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

I. CURRENT SCENARIO.

Your Company is one of the leading producers of polymer products namely Synthetic Latexes (VP Latex, XSB latex, Nitrile Latex, Acrylic Latex) and Synthetic Rubber (HSR, SBR) in India. The Company has one of the broadest ranges of products in the industrial segments it caters to. Company's Synthetic Latexes products are used among other applications, for tyre cord dipping, paper and paperboard coating, carpet

backing, concrete modification/water proofing, textile finishing, paints etc. Various grades of Synthetic Rubber find application in products such as footwear, automotive components, moulded items, v-belts, conveyor belts, hoses etc.

The Company's major raw materials are petrochemical products and business is vulnerable to high volatility in the prices of crude oil and its downstream products. Profit Margins were under pressure due to steep increase in the prices of raw materials during some periods in the year.

The Company has introduced a range of Acrylics products for Paper, Construction, Carpet industries which were well received in the market. Number of steps have been taken by the management to improve the operational efficiency of the Company.

For the last five years, the Company has been practicing Total Productive Maintenances (TPM), a method devised by Japanese Institute of Plant Maintenance (JIPM), to improve overall plant effectiveness and efficiencies. This has helped significantly, in improving plant operations and rationalize costs. **During the year, your company has been awarded TPM Excellency Award, category A by JIPM.**

In addition, during the year your Company has also been certified for ISO 14001 and OHSAS 18001 in addition to the ISO 9001:2008 certification.

The Company has been continuously upgrading its own technology through in-house Research and Development efforts to meet the changing needs of customers.

II. OPERATIONS DURING THE YEAR.

During the year the Company achieved Gross Value Sales of ₹ 27789.77 lacs, registering a growth of **25.37%** compared to that of the preceding financial year.

The prices of major raw materials Styrene and Butadiene firmed-up during the financial year but again started softening around the close of the the financial year.

During the financial year the company exported its products worth ₹ 2234.41 lacs compared to exports of ₹ 1028.87 lacs, a growth of 117.17%, 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.

Annual Report 2011-2012

During the year, operating profits, before tax and depreciation but including the other income from the operations and income from the Wind Turbine Generator installed at Sadawaghapur, Near Satara, Maharashtra, increased by **10.18%** to ₹ 1686.33 lacs as compared to ₹1530.48 lacs during the previous financial year.

Other income, which includes dividend received on investments, profit on sale of investments, Rental Income etc., was at ₹ 223.51 lacs as compared to ₹ 241.10 lacs during previous financial year.

The profit after tax stood at ₹1146.38 lacs as compared to ₹ 1072.36 lacs in the previous financial year.

Your Directors consider Company's performance as satisfactory.

III. OUTLOOK.

From overall perspective, the Company expect the current year to be challenging in terms of volatilities in prices of major inputs materials. Overall growth of the economy, introduction of new products and improving current market share, are expected to 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 prospects for the financial year 2012-13 with cautious optimism.

IV. RISKS AND CONCERNS.

The Company's business is dependent on two petrochemical products viz. Styrene and Butadiene. Both of the above input materials, though derived from crude oil, were not traded in any exchange within the country and abroad. No co-relation in their prices to crude oil price is observed. Hedging of the risk therefore is not possible.

Some of the raw materials are directly imported or have USD based pricing. To part finance the expansion plan at Taloja, the Company has borrowed during the financial year, External Commercial Borrowings (ECB) of US \$ 5 million. The Company has hedged Interest Rate Swap but has not hedged the currency. The exchange rate difference between the rate as at the close of the financial year and the actual disbursement has been recognized in the Foreign Exchange Translation Reserve account.

Rising inflation within the country may 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.

Internal checks and controls based on the ERP system is in place and is 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. WIND POWER

The Wind Turbine Generator installed at Sadawaghapur, Taluka – Patan, District Satara, Maharashtra, has generated gross revenue of about ₹ 112 lacs during the financial year (previous year ₹ 78 lacs), and is shown under Other Operating Revenue.

4. 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.



apcotex industries limited

B. DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

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

C. CORPORATE GOVERNANCE

Your Company has always strived to adopt 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.

5. 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 ₹ 48,000/- and accrued interest of ₹ 22,491/- thereon. These deposits matured during the first week of December 2002 and continue to remain with the Company.

6. INSURANCE

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

7. ECOLOGY AND SAFETY

Your company has been awarded ISO 14001 for Environmental and OHSAS 18001 for Safety and Health standards during the financial year 2011-12.

Company always ensures safe, healthy, and eco-friendly environment. Company continually works towards

identification and reduction of risk and prevention of pollution at its plants and surroundings.

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 are periodically drawn and the reports submitted to the Pollution Control Board as required, ensuring compliance with the standards.

Consent has been obtained from Maharashtra Pollution Control Board to operate the plant at Taloja till **31st December 2014**.

8. 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.

9. BANKS

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

10. DIRECTORS

Mr. Amit Choksey, Mr. M G Patel and Mr. Bipin Jhaveri, retire by rotation and being eligible, offer themselves for reappointment.

Shri Shailesh S Vaidya was appointed as additional director of the Company during the financial year, to hold the office of Directorship till the conclusion of the ensuing Annual General Meeting.

The background of the Director(s) proposed for appointment / reappointment is given under the Corporate Governance section of the Annual Report.

11. AUDITORS

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

FOR AND ON BEHALF OF THE BOARD

Atul Choksey

**ATUL C CHOKSEY
CHAIRMAN**

Mumbai: 10th May 2012

ANNEXURE TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER AND FUEL CONSUMPTION

Electricity:

| | 2011-12 | 2010-11 |
|---|----------------|---------|
| a) Purchased Units ('000 KWH) | 5515.94 | 6250.25 |
| Total amount (₹ In lacs) | 381.88 | 374.26 |
| Rate/Unit (₹) | 6.92 | 5.99 |
| b) Own Generation: | | |
| • Through Wind Turbine Generator at Sadawaghapur, Near Satara, Maharashtra. | 1595.70 | 1393.02 |
| • Through Diesel generator | | |
| Units ('000 KWH) | 7.28 | 32.36 |
| Units per ltr. of diesel oil | 2.50 | 2.70 |
| Cost/Unit (₹) | 15.41 | 13.30 |

B. CONSUMPTION PER UNIT OF PRODUCTION

Synthetic Rubber including Latices

Electricity (KWH/MT) 241 281

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT (R&D)

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

| Particulars | 2011-12 | 2010-11 |
|--|---------------|---------|
| Capital | 44.16 | 4.05 |
| Recurring | 142.04 | 132.69 |
| Total | 186.20 | 136.74 |
| Total R & D expenditure as a percentage of Total Revenue | 0.73% | 0.67% |

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

The recognition of the in-house R & D facilities of the company has been renewed by the Department of Scientific & Industrial Research upto **31st March 2013**.

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 Note 32 & 33 to the accounts.

FOR AND ON BEHALF OF THE BOARD

Atul Chopra

**ATUL C CHOKSEY
CHAIRMAN**

Mumbai: 10th May 2012



apcotex industries limited

CORPORATE GOVERNANCE

Company's Philosophy On Code of Corporate Governance:

The Company is committed to good Corporate Governance practices with the object of increasing benefits for all stakeholders viz. Shareholders, Customers, Suppliers, Employees, and Society in general.

Board of Directors:

The composition of the Board of Directors of the Company is governed by the provisions of Companies Act, 1956, the Articles of Association of the Company and the Listing Agreement with the Stock Exchanges. The Board is comprised of nine Directors, both executive and non-executive. Mr. Atul Choksey is the non-executive Chairman. The day-to-day operations of the Company are managed by Mr. Abhiraj Choksey its Managing Director.

Mr. Manubhai G Patel, Mr. Bipin Jhaveri, Mr. TNV Ayyar, Dr. S. Sivaram and Mr. Shailesh Vaidya, are non-executive, independent directors, who constitute fifty percent (50%) of the total strength of the Board.

The Directors of the Company are persons of eminence having vast and varied experience in manufacturing, polymers science, banking, financial and business administration. The Board of Directors meets as often as required but not less than four times a year and once in a calendar quarter. The Board of Directors of the Company receives minutes of all the Committee meetings namely Audit Committee, Shareholders / Investors Grievance Committee, Remuneration Committee. During the financial year four meetings of Board of Directors were held on **a) 30th April 2011, b) 26th July 2011, c) 25th October 2011, and d) 21st January 2012.**

Particulars of the Directorship of Board, and its committee as on 31st March 2012 and attendance at the Board Meetings of the Company are given 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 | Non-Executive – Chairman Promoter | 4 | Yes | 8 | - |
| Abhiraj Choksey | Managing Director | 4 | Yes | 3 | - |
| Girish C. Choksey | Non-Executive | 2 | Yes | 5 | 2/2 |
| Amit C. Choksey | Non-Executive | 4 | No | 6 | 0/2 |
| Manubhai G. Patel | Non-Executive, Independent | 4 | Yes | 5 | 2/3 |
| Bipin V. Jhaveri | Non-Executive, Independent | 4 | No | 6 | 4/2 |
| *Dr. S. Rengachary (Till 30/07/2011) | Non-executive, Independent | 1 | Yes | 2 | 1/0 |
| Dr. S. Sivaram | Non-Executive, Independent | 2 | No | 3 | 2/0 |
| T.N.V. Ayyar | Non-Executive, Independent | 1 | No | 3 | 4/3 |
| Shailesh Vaidya | Non-Executive, Independent | N.A. | N.A. | 12 | 8/1 |

*Committee Membership of Audit Committee and Investors' Grievance Committee are considered.

* Dr. S. Rengachary didn't seek reappointment in the previous annual general meeting.

Mr. Abhiraj Choksey – Managing Directors holds 1,29,604 shares in the Company.

Audit Committee

The Audit Committee was constituted in April 2000. During the year four meetings of the Committee were held on

a) 29th April 2011, b) 25th July 2011, c) 25th October 2011, and d) 21st January 2012

The Audit Committee comprises of four directors viz. Mr. M.G.Patel as the Chairman, and Mr. Bipin Jhaveri, Mr. Girish Choksey as members. Mr. M.G.Patel, Mr. Bipin Jhaveri are Non- Executive Independent Directors.

Attendance at the Audit Committee meetings are given below:

| Name | Non-Executive / Independent | Numbers of Meetings held - Four Attended |
|-------------------------------------|-----------------------------|--|
| M. G. Patel | Non-Executive, Independent | 4 |
| Bipin Jhaveri | Non-Executive, Independent | 4 |
| Girish C. Choksey | Non-Executive | - |
| Dr. S. Rengachary (Till 30/07/2011) | Non-Executive, Independent | 1 |

The terms of reference of the Audit Committee as set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956 includes 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.
- Recommend to the Board the appointment, re-appointment and replacement / removal of the Statutory Auditor and the fixation of audit fees.
- Approval of the payment to the Statutory Auditors for any other services rendered by them.
- Review with the management the annual financial statements before submission to the Board for approval with particular reference to:
- Matters required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause 2AA of Section 217 of the Companies Act, 1956.
- Any changes in accounting policies and practices and reason for the same.

Annual Report 2011-2012

- Major accounting entries involving estimates based on exercise of judgment by the management.
- Qualifications in the draft audit report.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliances with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Review with the management, performance of the Statutory and Internal Auditors, adequacy of internal control systems.
- Review with the management the quarterly financial statements before submission to the Board for approval.
- Review the scope of internal audit, reporting of the audit findings with management responses.
- Discuss with the internal auditors any significant findings and follow up thereon.
- Discuss with the statutory auditors before the audit commences about the nature and scope of audit as well as hold post-audit discussions to ascertain any area of concern.
- Review the Management Discussion and Analysis of the financial conditions and results of operations.
- Review of statement of significant related party transactions.
- Review of Risk Management Framework of the Organisation from time to time;
- 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;

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.

The meeting of shareholders Grievances Committee was held on 29th April 2011, to review the grievances received during the financial year from the shareholders / investors and the action taken thereon.

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 2011-12 by the Company through the Registrars, **LINK INTIME INDIA PVT LTD**, are as under;

| Source | Correspondences | |
|--|-----------------|----------------------|
| | Received | Redressed / Attended |
| A. Complaints | | |
| Directly from Shareholders | 60 | 60 |
| Consumer Forum | - | - |
| Department of Company Affairs | - | - |
| Through Advocates | - | - |
| SEBI | 3 | 3 |
| Stock Exchanges | - | - |
| NSDL | - | - |
| Any Other Government Body | - | - |
| Total (A) | 63 | 63 |
| B. Type of Requests from Shareholders | | |
| Request for change of Address | 156 | 156 |
| Request for transfer / Transmission of shares / deletion of Name | 31 | 31 |
| Request for change / correction of bank details | 104 | 104 |
| Request for revalidation / issue of new dividend warrants | 136 | 136 |
| Issue of Duplicate Share Certificates | 13 | 13 |
| Nomination | - | - |
| Miscellaneous | 87 | 87 |
| Total (B) | 527 | 527 |
| Grand Total (A+B) | 590 | 590 |

Mr. Anand V. Kumashi, GM – Accounts, Finance and Company Secretary, has been appointed as the Compliance Officer, as required by Clause 47 of the Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. He has been entrusted the task of meeting fully the requirements of the said clause and overseeing the share transfer work done by the Registrars and Share Transfer Agents; attending to grievances of the shareholders and investors; compliance with the statutory and regulatory requirements etc. of SEBI, and stock exchanges.

There are no pending legal matters, in which the Company has been made a party, before any Court(s) / Consumer Forum(s), SEBI, Department of Company Affairs relating to Investors' grievances / complaints.



apcotex industries limited

With reference to clause 47(f) of the Listing Agreement the Company has designated exclusive e-mail ID as redressal@apcotex.com for investors to register their grievances, if any. This has been initiated by the company to resolve investors' grievances, immediately. The Company has displayed the said e-mail ID on its Website for the knowledge of Investors.

Directors' Service Contracts' Details:

| Managing Director | Service Contract and Period | Severance Fees |
|---------------------|--|----------------|
| Mr. Abhiraj Choksey | Agreement dt. 18-05-2010: Period:01-05-2010 to 30-04-2013 | Nil |

The Remuneration paid to the Directors of the Company during the financial year, 2011-12 are as under:

| Name of Director | Sitting Fees | Commis- sion | Salary | Allowances | Contribution to Statutory Funds | Perquisites | Total |
|--|--------------|-----------------|-----------|------------|---------------------------------------|-------------|-----------|
| Managing Director Mr. Abhiraj Choksey | - | - | 12,98,016 | 27,60,509 | 3,50,462 | 3,06,124 | 47,15,111 |
| Non-Executive Director(s) Mr. Atul Choksey | 24,000 | 14,36,000 | - | - | - | - | 14,60,000 |
| Mr. Girish Choksey | 12,000 | - | - | - | - | - | 12,000 |
| Mr. Amit Choksey | 24,000 | - | - | - | - | - | 24,000 |
| Mr. M.G. Patel | 60,000 | 85,000 | - | - | - | - | 1,45,000 |
| Mr. Bipin Jhaveri | 60,000 | 85,000 | - | - | - | - | 1,45,000 |
| Dr. S. Rengachary | 12,000 | - | - | - | - | - | 12,000 |
| Dr. S. Sivaram | 18,000 | 85,000 | - | - | - | - | 1,03,000 |
| Mr. T N V. Ayyar | 6,000 | 25,000 | - | - | - | - | 31,000 |

Statement showing number of Equity Shares of ₹ 10/- each of the company held by the present Non Executive Directors as on 31st March 2012:

| Non-Executive Directors | No. of Shares | % to paid up capital |
|-------------------------|---------------|----------------------|
| Atul C. Choksey | 2,48,894 | 4.800 |
| Girish C. Choksey | 7,850 | 0.151 |
| Amit C. Choksey | 3,850 | 0.070 |
| Manubhai G. Patel | 137 | 0.002 |
| Bipin V. Jhaveri | -- | -- |
| Dr. S. Sivaram | -- | -- |
| T.N.V. Ayyar | -- | -- |

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. Abhiraj A. Choksey Managing Director is appearing in the Annual Report.

Particulars of Directors retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment

A) Name: **MR. AMIT C. CHOKSEY.**

Age: 58 years

Educational Qualification: Bachelor of Commerce

Experience: He has over 30 years of experience in managing industries manufacturing various types of Construction Chemicals, Speciality Water Proofing Compounds and Inorganic pigments. He is the Chairman and Managing Director of Mazda Colours Ltd, one of leading manufacturers and exporters of various types of pigments and intermediates.

The Board of Directors had appointed Mr. Amit Choksey as an Additional Director of the Company, liable to retire by rotation with effect from 21st November 1997. He was appointed as Director of the Company in the Annual General Meeting held on 3rd September 1998. Mr. Amit Choksey is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. Amit Choksey holds 3850 shares in the share capital of the Company

He is a director on the Board of Directors of the following Public Limited Companies, as at 31st March 2012.

| Company | Position | Committee Membership |
|--------------------------------------|----------|--|
| Cons Holdings Ltd | Director | Nil |
| Aeonian Investments Company Limited | Director | Investor Grievance Committee - Chairman |
| Mazda Colours Limited | Director | Remuneration Committee - Member |
| Sammelan Investments And Trading Ltd | Director | Nil |
| Sunshield Chemicals Limited | Director | Nil |