



**apcotex industries limited**

## **Annual Report 2013-14**



## 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 (upto 31/03/2014)	Director
Shailesh S. Vaidya	Director
Kamlesh S. Vikamsey	Director
Abhiraj A. Choksey	Managing Director

### **AUDIT COMMITTEE**

Manubhai G. Patel	Chairman
Girish C. Choksey	Member
Bipin V. Jhaveri	Member
Kamlesh S. Vikamsey	Member

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

Anand V. Kumashi

### **AUDITORS**

Kalyaniwala & Mistry  
Chartered Accountants.

### **BANKERS**

State Bank of India  
Standard Chartered Bank

### **REGISTERED OFFICE & FACTORY**

Plot No.3/1, MIDC Industrial Area, P.O. Taloja,  
Dist. Raigad 410 208, Maharashtra.  
CIN: L99999MH1986PLC039199  
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.

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai- 400 078  
Tel. No.: 2596 3838, 2594 6970 Fax – 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)





## NOTICE

**NOTICE** is hereby given that the Twenty Eighth Annual General Meeting of **apcotex industries limited** will be held at the Registered Office of the Company at **Plot no. 3/1, MIDC Industrial Area, Taloja - 410 208, Dist. Raigad, Maharashtra** on **Thursday, the 31<sup>st</sup> day of July 2014** at **10.30 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 2014 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. Girish Champaklal Choksey (DIN00246196), who retires by rotation and, being eligible, offers himself for reappointment.

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

**“RESOLVED THAT** M/s. Kalyaniwala & Mistry, Chartered Accountants (Firm Registration No.104607W) having their office at Kalpataru Heritage, 5th Floor, 127 M.G. Road, Mumbai 400 023, be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the 2018 Annual General Meeting of the Company, subject to ratification at every annual general meeting, on such remuneration as shall be fixed by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

5. To consider appointment of Mr. Manubhai G. Patel (DIN 00001662) as an Independent Director and for this purpose to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), Mr. Manubhai G. Patel (DIN00001662) who was appointed as Director liable to retire by rotation and whose term expires at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”

6. To consider appointment of Mr. Bipin V. Jhaveri (DIN 00001648) as an Independent Director and for this purpose to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other

applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), Mr. Bipin V. Jhaveri (DIN00001648) who was appointed as Director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”

7. To consider appointment of Dr. S. Sivaram (DIN 00009900) as an Independent Director and for this purpose to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), Dr. S. Sivaram (DIN00009900) who was appointed as Director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”

8. To consider appointment of Mr. Shailesh S. Vaidya (DIN 00002273) as an Independent Director and for this purpose to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), Mr. Shailesh S. Vaidya (DIN00002273) who was appointed as Director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”

9. To consider appointment of Mr. Kamlesh S. Vikamsey (DIN00059620) as an Independent Director and for this purpose to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:


**“RESOLVED THAT** pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), Mr. Kamlesh S. Vikamsey (DIN00059620) who was

appointed as Director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”

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

**“RESOLVED THAT** in supersession of the Ordinary Resolution passed at 25<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> July 2011 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or reenactments thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, such sums of monies as they may deem requisite for the purposes of business of the Company, (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) notwithstanding that such borrowings may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which the monies may be borrowed by the Board of Directors shall not exceed the sum of ₹ **120 crores (Rupee One Hundred Twenty Crores).**”

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

  
**ANAND V. KUMASHI**  
GM – Accts., Fin. &  
Company Secretary

**Date: 26<sup>th</sup> April 2014**

**Registered Office:**

Plot no. 3/1, MIDC Industrial Area,  
Taloja - 410 208,  
Dist. Raigad, Maharashtra  
CIN: L99999MH1986PLC039199  
E-mail: redressal@apcotex.com

**NOTES:**

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 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.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and

such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
4. The Register of Shareholders and Share Transfer Books of the Company will remain closed from **Wednesday, the 23<sup>rd</sup> day of July 2014 to Wednesday, the 30<sup>th</sup> day of July 2014** (inclusive of both days).
5. Shareholders are requested to notify the changes, if any, in their addresses to the Company’s Registrars immediately.
6. Shareholders 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.
7. Dividend recommended by Directors, if approved by the shareholders at the Annual General Meeting, will be paid / dispatched on or after **1<sup>st</sup> August 2014** to those shareholders whose names appear on the Register of Shareholders as on **23<sup>rd</sup> July 2014**. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of **23<sup>rd</sup> July 2014**, as per the details furnished by National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
8. The company is using National Electronic Clearing Services (NECS) for dividend remittance. Shareholders holding shares in physical form are requested to notify/send 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, details of any change in their address/mandate / bank details; and particulars of their bank account, in case the same have not been sent earlier.
9. Shareholders 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.
10. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends upto the financial year 2005-06 from time to time on due dates, to the Investors Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investors Education and Protection Fund (Uploading of Information regarding unpaid / unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28<sup>th</sup> June 2013 (date of last Annual General Meeting) on the website of the Company



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viz. [www.apcotex.com](http://www.apcotex.com), as also on the website of the Ministry of Corporate Affairs.

11. Members holding shares in the single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be obtained from Company's Registrars and Share Transfer agent viz. LINK INTIME INDIA PVT LTD
12. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in security market. Shareholders holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Shareholders holding share in physical form can submit their PAN details to the Company.
13. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April 2011 and 29<sup>th</sup> 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 102(1) of the Companies Act, 2013)

##### Item No.5 to 9

Mr. Manubhai G. Patel, retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. Mr. Bipin V. Jhaveri, Dr. S. Sivaram, are the independent directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. They are Independent Directors of the Company and have held the position as such for more than 10 years.

Mr. Shailesh S. Vaidya and Mr. Kamlesh S. Vikamsey are also Independent directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. They are also the Independent Directors of the Company but have held the position as such for less than 5 years.

It is proposed to appoint them as Independent Directors of the Company under Section 149 of the Companies Act, 2013 to hold the office for a period of 5 (Five) consecutive years i.e. for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.

The Company has received the declarations from the said Directors stating that they meet all the criteria of Independence,

as prescribed under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, the aforesaid Directors fulfill the conditions for appointment as Independent Directors as specified in the Companies Act, 2013.

The copy of the draft letters for respective appointments of Mr. Manubhai G. Patel, Mr. Bipin V. Jhaveri, Dr. S. Sivaram, Mr. Shailesh S. Vaidya and Mr. Kamlesh S. Vikamsey, as Independent Directors setting out the applicable terms and conditions, are available for inspection by members at the Registered office of the Company.

The particulars of the Independent Directors, nature of their expertise in specific functional area(s), names of companies in which they hold directorship, are provided in the Corporate Governance Report forming part of the Annual Report.

Each of Mr. Manubhai G. Patel, Mr. Bipin V. Jhaveri, Dr. S Sivaram, Mr. Shailesh S. Vaidya, and Mr. Kamlesh S. Vikamsey is interested in the respective resolution for his own appointment under Item nos. 5, 6, 7, 8 and 9 of the Notice. The relatives of the said Directors may be deemed to be interested in the resolutions set out respectively under Item nos. 5, 6, 7, 8 and 9 of the Notice to the extent of their respective shareholding in the Company.

Save and except the above, none of other Directors and Key Managerial Personnel of the Company and their respective relatives are in any way interested financially or otherwise, in the resolutions under Item nos. 5, 6, 7, 8, 9 of the Notice.

Your Directors commend the resolutions set out under Item nos. 5 to 9 of the Notice for the appointment of Independent Directors.

##### Item No.10

Pursuant to the provisions of clause (c) of sub-section(1) of Section 180 of the Companies Act, 2013, the Board of Directors can not borrow more than the aggregate amount of the paid-up share capital and free reserves of the Company, except with the consent of the shareholders of the Company. With a view to augment the funds required by the Company, the Board of Directors deems it advisable to raise long term finance by borrowing, whenever necessary. To obviate the need for the Company to obtain permission of shareholders every time before such transaction(s) take place, it is proposed to obtain a general sanction from the Shareholders by a Special Resolution.

None of the Directors is concerned or interested in the resolution under this item of the Notice.

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

  
**ANAND V. KUMASHI**  
GM – Accts., Fin. &  
Company Secretary

**Date: 26<sup>th</sup> April 2014**

**Registered Office:**

Plot no. 3/1, MIDC Industrial Area, Taloja - 410 208,  
Dist. Raigad, Maharashtra  
CIN: L99999MH1986PLC039199  
E-mail: [redressal@apcotex.com](mailto:redressal@apcotex.com)



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting to you the Twenty-Eighth Annual Report of the Company and the audited Statements of Accounts for the year ended 31<sup>st</sup> March 2014.

### COMPANY PERFORMANCE

#### FINANCIAL HIGHLIGHTS

Particulars	2013-14 (₹ In Lacs)	2012-13 (₹ In Lacs)	Growth %
GROSS SALES	<b>33035.43</b>	30262.47	9.16
Gross Profit Before Depreciation, Finance cost and Tax but after prior years' adjustments	<b>2756.42</b>	2350.27	17.28
Less: a) Depreciation	<b>676.81</b>	311.30	
b) Finance Cost	<b>414.49</b>	234.81	
Profit Before Tax	<b>1665.12</b>	1804.16	(7.71)
Less : a) Provision for Tax			
b) Adjustment for Deferred Tax Liability	<b>371.00</b> <b>(20.20)</b>	414.00 109.63	
Profit After Tax	<b>1314.32</b>	1280.53	2.64
Add: Balance brought forward from the Previous Year	<b>2560.10</b>	1953.53	
<b>Disposable Profit</b>	<b>3874.42</b>	3234.06	19.80
Recommended Appropriations:			
a) Dividend	<b>518.46</b>	466.60	
b) Tax on Dividend	<b>88.11</b>	79.30	
c) Transfer to General Reserve	<b>131.50</b>	128.05	
Balance carried forward to Balance Sheet	<b>3136.35</b>	2560.10	
	<b>3874.42</b>	<b>3234.05</b>	

#### 1. a. DIVIDEND

Your Directors have recommended a dividend @ ₹ 5.00 (Rupees Five) per Equity Share of ₹5.00/- each, for the financial year 2013-14. Dividend, if approved, will absorb a sum of ₹606.57 lacs (including Dividend Distribution Tax of ₹88.11 lacs) out of the net profits after tax, as above and will be paid to those shareholders whose names appear on the Register of Members on **Wednesday 23<sup>rd</sup> July 2014**.

#### b. SUB-DIVISION OF SHARES:

The Board of Directors in their meeting held on 3rd August 2013, fixed 17th August as record date for the sub-division of the Equity Shares of the face value of ₹ 10.00/-each (Rupees Ten) into 2 equity shares of the face value of ₹ 5.00/- each (Rupees Five) pursuant to the resolution passed at the Annual General Meeting held on 28th June 2013. After the record date, 51,84,496 (Fifty One Lac Eighty Four Thousand Four Hundred Ninety Six

equity shares of the nominal value of ₹10.00/- each (Rupees Ten) were sub-divided into 1,03,68,992 (One Crore Three Lacs Sixty Eight Thousand Nine Hundred Ninety Two) Equity Shares of the nominal value of ₹5.00/-each (Rupee Five) and sub-divided new physical share certificates were issued to the concerned shareholders and the old share certificate were deemed to have been automatically cancelled, pursuant to the resolution passed at the above mentioned Annual General Meeting. In the case of the members who held the equity shares in dematerialized form, the sub-divided shares were credited to their respective beneficiary accounts.

### 2. MANAGEMENT DISCUSSION AND ANALYSIS

The company manufactures and markets a range of Emulsion Polymers - Synthetic Latexes and Synthetic Rubber.

#### I. CURRENT SCENARIO.

Your Company is one of the leading producers of polymer products namely, Synthetic Latexes (Vinyl Pyridine Latex, Carboxylated Styrene Butadiene Latex, Acrylic Latex, Nitrile Latex etc.) and also Synthetic Rubber (High Styrene Rubber) in India. The Company has one of the broadest ranges of products in the industrial segments and caters to a wide range of industries. 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 its business is vulnerable to high volatility in the prices of crude oil and its downstream products.

The Company had introduced a range of Acrylics products for Paper, Construction and Carpet segments three years earlier, which have been well received in the market.

A number of steps have been taken by the management to improve the operational efficiency of the Company in different functions like marketing, human resource development, production process etc.

Your company is recipient of Total Productive Maintenance (TPM) Excellence in Consistent TPM Commitment Award- Category A by the Japan Institute of Plant Maintenance (JIPM) during the year under review. TPM has helped the company significantly in improving efficiencies in plant and in operations and rationalizing costs. During the year, your Company has successfully completed re-certification of the integrated ISO 9001, ISO 14001 and OHSAS 18001.



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

### II. OPERATIONS DURING THE FINANCIAL YEAR 2013-14.

During the year, the Company achieved Gross Value Sales of ₹ 33,035.43 lacs, registering a growth of **9.16%**, compared to that of the preceding year. The company exported its products worth ₹ 3,459 lacs compared to exports of ₹ 2,535 lacs during the previous year, a growth of 36%.

Overall, there was a satisfactory sales growth in the business of Synthetic Latexes. There was a sales de-growth in Synthetic Rubber business due to overall shrinking market witnessing competition from cheaper polymers as well as change in customer preferences.

There was a continuous thrust from the management to develop a strong research and development and technical service team to understand better the changing customer needs, improve product quality, and customer needs to improve product quality and introduce better controls, through technology up-gradation.

Profits before tax came-down by 7.7% to ₹ 1,665.12 lacs as compared to ₹ 1,804.16 lacs during the previous year due to higher interest and depreciation. However EBITDA increased by 17.3% from ₹ 2,350.27 lacs in the previous year to ₹ 2,756.42 lacs in FY 2014-15.

The profit after tax stood at ₹ 1,314.32 lacs as compared to ₹ 1,280.53 lacs in the previous year.

Your Directors consider Company's performance as satisfactory.

### III. OUTLOOK.

The Company expects the current year to be challenging one in terms of volatilities in prices of major inputs materials. Overall growth of the economy, introduction of new products, improving market share in the domestic market and export growth, are expected to augur well for the Company.

With company's continuous endeavour to enhance efficiencies at all levels and functions, your Directors view the prospects for the financial year 2014-15 with cautious optimism.

### IV. RISKS AND CONCERNS.

The Company's Board of Directors perceives the following risks as high risks areas:-

1. Currency / Foreign Exchange Risks
2. Procurement Risks
3. Business Risks

Major risks arise from two main raw materials viz. Styrene and Butadiene, downstream petrochemical products.

There is an availability risk associated with both since Styrene is not manufactured in the country and is 100% imported. Butadiene is manufactured by only two manufacturers in the country. No hedging instruments are available to hedge their availability and price volatility risk and therefore, the company manages the availability risks partly by monitoring overseas supplies and partly by varying inventory levels.

Hedging is available for Currency / Foreign Exchange risks and is resorted to selectively.

Some of the major raw materials are hazardous and inflammable. The Company has ensured that required Safety equipments and infrastructure are in place as per statutes and global safety standards. Your company is also certified for ISO 14001 and OHSAS 18001, which address all Environmental and Safety Systems and processes. In addition, all the safety measures like safety committee's constant supervision, periodical drills, risks awareness programmes, appropriate treatment of effluents generated, are regularly taken with constant attention from senior level of the management.

The Company has also insured its assets, loss of profits and standing charges for insurable risks.

### V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

Internal checks and controls covering operations of the Company are in place and are constantly being improved upon. Adequate system exists to safeguard company's assets through insurance on reinstatement basis and maintenance of proper records. The company has well defined procedures to execute financial transactions. Internal Audit is being conducted by an Independent firm of Chartered Accountants. The Partners of both, Statutory and Internal Auditors attend almost all the Audit Committee meetings called for consideration of quarterly financial results and other operating and regulatory items on the agenda.

### 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 efficiencies, the company continuously organizes workshops on different management areas and also deutes employees to external workshops and seminars.

### 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 ₹ 119.45 lacs during the financial year (previous year ₹118.90 lacs), and is shown under ‘Other Operating Income’.

### 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.

#### 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 adopt appropriate standards for good Corporate Governance.

Detailed reports on the Corporate Governance and Management Discussion Analysis, form 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 has 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 after due valuation of assets by an external agency. The Company also holds a Loss of Profit Policy for the financial year 2013-2014.

### 7. ECOLOGY AND SAFETY

Company ensures safe, healthy and eco-friendly environment at its Plant. Company continually works towards identification and reduction of risks and prevention of pollution at its plant and its 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 and processing, 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 indicating 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 limit.

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

The industrial relations with the employees were cordial through-out the year.



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### 9. DISCLOSURE IN TERMS OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. No complaints relating to sexual harassment were received during the year.

### 10. 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.

### 11. DIRECTORS

Mr. Girish C. Choksey retires by rotation and being eligible, offer them-selves for reappointment.

Mr. T. N. V. Ayyar, the independent director of the company, resigned from the office of Director with effect from 31<sup>st</sup> March 2014 after serving the board for a period of about 17 years. Your Directors wish to place on record their appreciation for his service and contribution made during his tenure as an independent director.

Provision of Section 149(10) of Companies Act 2013 which was notified effective from 1st April 2014 requires that the **Independent Directors** of Company shall hold office for a period of 5 years and shall not be liable to retire by rotation. In compliance with the new Companies Act 2013, your directors propose to appoint S/s M. G. Patel, Bipin V. Jhaveri, Shailesh S. Vaidya, Kamlesh S. Vikamsey and Dr. S. Sivaram as Independent Directors of the Company, not liable to retire by rotation and to hold the office for 5 (Five) consecutive years for a term upto the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019. Their consents for the purpose have been obtained by the Company.

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

### 12. COMMITTEES OF DIRECTORS:

Pursuant to provision of Section 135(1) of the Companies Act, 2013, your Directors have formed a Corporate Social Responsibility Committee of the Board of Directors, to formulate the Corporate Social Responsibility Policy of the Company and monitor the implementation of the same.

Pursuant to provision of Section 177(3) of the said Act, the Audit Committee of the Board of Directors has been reconstituted with terms of reference pursuant to various provisions of the Companies Act, 2013 and the amended listing agreement with the Stock Exchanges.

Pursuant to provision of Section 178(1) of the said Act, the Remuneration Committee of the Board of Directors, has been reconstituted and named as 'Nomination and Remuneration Committee', with terms of reference pursuant to various provisions of the Companies Act, 2013 and the amended listing agreement with the Stock Exchanges.

Pursuant to provision of Section 178(5) of the said Act, the Shareholders Grievances Committee of the Board of Directors, has been reconstituted and named as 'Stakeholders Relationship Committee', with terms of reference pursuant to various provisions of the Companies Act, 2013.

### 13. AUDITORS

Pursuant to provisions of Section 139(1) of the Companies Act, 2013, the Auditors of the Company shall be appointed for a period of 5 (five) years who will hold the office till the conclusion of the sixth annual general meeting after their appointment.

M/s. Kalyaniwala & Mistry, Chartered Accountants (Firm Registration no.104607W) were appointed as Statutory Auditors of the Company to hold the office till the conclusion of the ensuing annual general meeting.

Your Board recommends the appointment of the firm M/s. Kalyaniwala & Mistry, Chartered Accountants, Mumbai, as Statutory Auditors of the Company for a period of 5 years, including the financial year 2013-14, to hold the office till the conclusion of the Annual General Meeting of the financial year 2017-18.

**FOR AND ON BEHALF OF THE BOARD**

*Atul Choksey*

**ATUL C. CHOKSEY  
CHAIRMAN**

Mumbai: 26<sup>th</sup> April 2014