



**apcotex industries limited**

**Annual Report | 2014 - 2015**

## 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 (upto 10/10/2014)	Director
Dr. S. Sivaram	Director
Shailesh S. Vaidya	Director
Kamlesh S. Vikamsey	Director
Priyamvada Bhumkar (w.e.f. 31/10/2014)	Director
Abhiraj A. Choksey	Managing Director

### **COMPANY SECRETARY**

Anand V. Kumashi

### **AUDITORS**

Kalyaniwalla & 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

### **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  
Website: www.linkintime.co.in

### **AUDIT COMMITTEE**

Manubhai G. Patel	Chairman
Girish C. Choksey	Member
Bipin V. Jhaveri (upto 10/10/2014)	Member
Kamlesh S. Vikamsey	Member
Priyamvada Bhumkar (w.e.f. 31/10/2014)	Member

### **NOMINATION & REMUNERATION COMMITTEE**

Manubhai G. Patel	Chairman
Dr. S. Sivaram	Member
Atul C. Choksey	Member
Bipin V. Jhaveri (upto 10/10/2014)	Member
Kamlesh S. Vikamsey (w.e.f. 20/03/2015)	Member

### **STAKEHOLDER RELATIONSHIP COMMITTEE**

Manubhai G. Patel	Member
Girish C. Choksey	Member
Bipin V. Jhaveri (upto 10/10/2014)	Member

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Atul C. Choksey	Member
Shailesh S. Vaidya	Member
Abhiraj A. Choksey	Member

### **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



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## NOTICE

**NOTICE** is hereby given that the Twenty Ninth 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 **Friday, the 31<sup>st</sup> day of July 2015 at 4.00 p.m.** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statement for the year ended 31<sup>st</sup> March 2015 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 Champaklal Choksey (DIN 00001470), 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. Kalyaniwalla & Mistry, Chartered Accountants (Firm Registration No.104607W) having their office at Kalpataru Heritage, 5<sup>th</sup> Floor, 127 M.G. Road, Mumbai 400 023, who were appointed as the Statutory Auditors of the Company to hold the office from the conclusion of 2014 Annual General Meeting till the conclusion of the 2018 Annual General Meeting of the Company, be and is hereby ratified, to hold the office till the conclusion of the next 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 Mrs. Priyamvada A. Bhumkar (DIN00726138) as a Director, as an Independent Director of the Company 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** Mrs. Priyamvada A. Bhumkar (DIN 00726138), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31<sup>st</sup> October 2014 under Section 161(1) of the Companies Act (“the Act”) and The Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Mrs. Priyamvada A. Bhumkar for the office of Director be and is hereby appointed as a Director of the Company.”

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Act, The Companies (Appointment and Qualification of Directors) Rules 2014 (including any

statutory modifications or re-enactment(s) thereof for the time being in force), Clause 49 of the Listing Agreement and in pursuance of General Circular 14/2014 dated 9<sup>th</sup> June 2014, Mrs. Priyamvada A. Bhumkar (DIN 00726138), who has submitted a declaration that she meets the criteria of Independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director of the Company to hold the office for a term of five (5) consecutive years for a term upto 31<sup>st</sup> October 2019.

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

**Date: 8<sup>th</sup> May 2015**

**ANAND V. KUMASHI**  
Company Secretary

### Registered Office:

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

### NOTES:

1. The relevant statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. A statement giving the relevant detail of the Directors seeking appointment/ re-appointment, as required by Clause 49 of the Listing Agreement entered into with the stock exchanges are provided in the Corporate Governance Report.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself and a proxy need not be a member of the company.

The instrument appointing a proxy should be deposited at the registered office of the Company not less than forty eight (48) hours before the commencement of the meeting.

4. A person can act as a proxy on behalf of the members not exceeding fifty in number 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 a proxy and such person shall not act as proxy for any other person or shareholder.

5. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen



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signatures authorizing their representative(s) to attend and vote on their behalf at the meeting.

6. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID / folio no. and also requested to handover the same for admission to meeting hall where Annual General Meeting is proposed to be held.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of the names will be entitled to vote at the Meeting.
8. As a measure of austerity, copies of the Annual Report will not be distributed at AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
9. Relevant documents referred in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during the business hours upto the date of the Meeting.
10. The Register of Shareholders and Share Transfer Books of the Company will remain closed from **Friday, the 24<sup>th</sup> day of July 2015 to Thursday, the 30<sup>th</sup> day of July 2015** (inclusive of both days).
11. Dividend recommended by Board of Directors, if approved by the shareholders at the Annual General Meeting, will be paid / dispatched on or after **1<sup>st</sup> August 2015** to those shareholders whose names appear on the Register of Shareholders as on **24<sup>th</sup> July 2015**. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of **24<sup>th</sup> July 2015**, as per the details furnished by National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
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. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified) 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 31<sup>st</sup> July 2014 (date of last Annual General Meeting) on the website of the Company viz. [www.apcotex.com](http://www.apcotex.com), and also on the website of the Ministry of Corporate Affairs viz. [www.mca.gov.in](http://www.mca.gov.in).

14. Members holding shares in the single name and physical form are advised to make nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialised form are advised to make a nomination through their Depository Participants. The nomination form can be obtained from Company's Registrars and Share Transfer agent viz. **LINK INTIME INDIA PVT LTD.**
15. Shareholders are requested to notify the changes, if any, in their address, e-mail id., nomination details etc. to the Company's Registrars for physical shareholding and to Depository Participants for holding in electronic form, immediately.
16. 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.
17. 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.

### E-VOTING:

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means.

The e-voting period will commence at **9.00 am** on **27<sup>th</sup> July 2015** and will end at **5.00 pm** on **30<sup>th</sup> July 2015**. The Company has appointed Mr. Mahesh Hurgat, Practicing Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes casted by remote e-voting and voting at the Annual General Meeting by physical ballot form. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Members have an option to vote either through e-voting or through physical ballot form. If a member has opted for e-voting then he/she should not vote by physical ballot also and vice-versa. However, in case members cast their vote both via physical ballot and e-voting then e-voting shall prevail and voting done through physical ballot shall be treated as invalid.

For e-voting facility the Company has signed an agreement with NSDL for facilitating e-voting.

The instructions for members for voting electronically are as under:

The E-voting will begin at 9.00 am on 27<sup>th</sup> July 2015 and ends at 5.00 pm on 30<sup>th</sup> July 2015. During this period the members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 24<sup>th</sup> July 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

- a) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- b) Click on "Shareholder-Login" to cast your vote.
- c) Enter your credentials (i.e. User Id and password). Members, whose e-mail addresses are registered with the Company / Depository Participant, are being informed their user Id and password details by email. Please use this password as the initial password. Click login. If you are already registered with NSDL for e-voting then you can use your existing user Id and password for login.
- d) If you are logging in for the first time, Password Change Menu appears. Change the password of your choice with minimum 8 digits/ characters or a combination thereof. Please note the new password for all the future e-voting cycles offered on NSDL e-voting Platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- e) Home page of "e-voting" opens. Click on "e-voting": Active Voting Cycles.
- f) Select "EVEN (E-Voting Event Number)" of APCOTEX INDUSTRIES LIMITED. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
- g) Now you are ready for "e-voting" as "Cast Vote" Page opens.
- h) Members holding multiple folio's/ demat accounts shall choose voting process separately for each of the folio's/ Demat accounts.
- i) Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified.
- j) Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority Letter etc. together with the attested specimen signature(s) of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer Mr. Mahesh Hurgat, Practicing Company Secretary through email at: [mkhurgat@gmail.com](mailto:mkhurgat@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- k) Once the vote on a resolution is cast by a member, he shall not be allowed to change it subsequently.
- l) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the "downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- m) The voting rights of the member shall be in proportion to the paid up value of their shares in the equity capital of the company as on the cut off date, being 24<sup>th</sup> July 2015.
- n) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 24<sup>th</sup> July 2015, may obtain the User ID and password in the manner as mentioned below:
  - i) If e-mail address of the member is registered against Folio No. / DP ID / Client ID, then on the home page of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) the members may click "Forgot Password" and enter Folio No. or DP ID / Client ID and PAN to generate a password.
  - ii) Member may call NSDL toll free number 1800-222-990If the member is already registered with NSDL e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
- o) The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman.
- p) The result declared will be available on the website of the Company i.e. [www.apcotex.com](http://www.apcotex.com) and on NSDL's website: URL: <https://www.evoting.nsdl.com> within 3 days of passing of the resolutions and communications of same to BSE Ltd and NSE India Ltd.
- q) The results on the resolution shall be declared after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date, subject to receipt of requisite number of votes in favor of the resolution.

## ANNEXURE TO NOTICE

### STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013)

#### Item No.5

The Board of Directors in their meeting held on 31<sup>st</sup> October 2014 have appointed Mrs. Priyamvada A. Bhumkar as Additional Director of the Company pursuant to provisions of Section 161(1) of the Act and Articles of Association of the





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Company.

In terms of the provisions of Section 161(1) of the Act, Mrs. Priyamvada A. Bhumkar would hold the office upto the conclusion of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along-with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Priyamvada A. Bhumkar for the office of the Director of the Company.

Mrs. Priyamvada A. Bhumkar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. Section 149 of the Act inter alia stipulates the criteria of independence for getting appointed as Independent Director on the Board. As per the said Section 149, an Independent Director can hold the office for a term upto 5 (Five) years on the Board of the Company and not subjected to retirement by rotation.

The Company has received the declarations from the said Director stating that she meet all the criteria of Independence, as prescribed under Section 149(6) of the Act and under Clause 49 of the Listing Agreement.

Mrs. Priyamvada A. Bhumkar possess appropriate skills, experience and knowledge, inter alia in the field of finance, business strategy etc.

In the opinion of the Board, Mrs. Priyamvada A. Bhumkar fulfills the conditions for her appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mrs. Priyamvada A. Bhumkar is independent of the management.

Brief resume of Mrs. Priyamvada A. Bhumkar, nature of her expertise in specific function areas and names of companies in which she holds directorship and memberships /

chairmanships of the Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Considering the vast experience and knowledge, it will be in the interest of the Company that Mrs. Priyamvada A. Bhumkar is appointed as an Independent Director. Copy of the draft letter for appointment of Mrs. Priyamvada A. Bhumkar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered office of the Company.

Save and except Mrs. Priyamvada A. Bhumkar and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

BY ORDER OF THE BOARD  
For apcotex industries limited

ANAND V. KUMASHI  
Company Secretary

Date: 8<sup>th</sup> May 2015

**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-Ninth Annual Report of the Company and the audited Statements of Accounts for the year ended 31<sup>st</sup> March 2015.

### A. COMPANY PERFORMANCE

#### FINANCIAL HIGHLIGHTS

Particulars	2014-15 (₹ In Lacs)	2013-14 (₹ In Lacs)	Growth %
GROSS SALES	39114.46	33035.43	18.40
Gross Profit Before Depreciation, Finance cost and Tax but after prior years' adjustments	4704.83	2756.42	70.69
Less: a) Depreciation	897.71	676.81	
b) Finance Cost	324.25	414.49	
Profit Before Tax	3482.85	1665.12	109.16
Less: a) Provision for Tax	1018.50	371.00	
b) Adjustment for Deferred Tax Liability	(3.71)	(20.21)	
Profit After Tax	2468.06	1314.32	87.78
Add: Balance brought forward from the Previous Year	3136.36	2560.11	
<b>Disposable Profit</b>	<b>5604.42</b>	<b>3874.43</b>	<b>44.65</b>
Recommended Appropriations:			
a) Dividend	725.83	518.45	40.00
b) Tax on Dividend	147.77	88.11	67.70
c) Transfer to General Reserve	800.00	131.50	
Balance carried forward to Balance Sheet	3930.82	3136.37	
	<b>5604.42</b>	<b>3874.43</b>	

#### DIVIDEND

Your Directors have recommended a dividend @ ₹ 7.00 (Rupees Seven) (Previous year ₹ 5/- (Rupees Five)) per Equity Share of ₹ 5.00/- each, for the financial year 2014-15. Dividend, if approved, will absorb a sum of ₹ 873.59 lacs (including Dividend Distribution Tax of ₹ 147.76 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 **Friday 24<sup>th</sup> July 2015**.

### TRANSFER TO RESERVE

The appropriations for the year are:

(Rupees in lacs)

Particulars	Year ended 31 <sup>st</sup> March 2015
<b>Net Profit after tax for the year</b>	<b>2468.06</b>
Balance of Reserve at the beginning of the year	1603.72
Transfer to General Reserve	800.00
<b>Balance of Reserve at the end of the year</b>	<b>2403.72</b>

### B. 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, Styrene 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, non-wovens, 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. This financial year the lower prices of crude oil and downstream petro-chemicals was advantageous to the company since most input material costs decreased significantly towards the second half of the year. The Company was able to manage inventories well and secure good prices on input materials.

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, utilities etc.

Your company is recipient of Total Productive Maintenance (TPM) Excellence in Consistent TPM Commitment Award - Category A by the Japan





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Institute of Plant Maintenance (JIPM). TPM has helped the company significantly in improving efficiencies in plant and in operations and rationalizing costs. During the previous year, your Company has successfully completed re-certification of the integrated ISO 9001, ISO 14001 and OHSAS 18001. During the year under review your company has been allowed by Indian Chemical Council (ICC) to use "Responsible Care" logo for a period of one year till July 2015, which will be renewed thereafter after the audit.

### II. OPERATIONS DURING THE FINANCIAL YEAR 2014-15.

During the year, the Company achieved Gross Value Sales of ₹ 39114.46 lacs, registering a growth of 18.40%, compared to that of the preceding year. The company exported its products worth ₹ 6899.46 lacs compared to exports of ₹ 3470.88 lacs during the previous year, a growth of 98.78%.

The Synthetic Rubber Latex business has registered volume sales growth of 27.32%, and Synthetic Rubber business has registered volume growth of about 23%, as compared to the volume sale during the previous financial year.

There was a continuous thrust from the management to develop a strong research and development and technical service team to develop new products for export markets, explore new applications and understand better the changing customer needs.

Profits before tax registered a growth of 109% to ₹ 3482.85 lacs as compared to ₹ 1665.13 lacs during the previous year due to better realizations, lower raw material costs, product/customer mix and exports with good margins. EBITDA increased by about 71% from ₹ 2756.43 lacs in the previous year to ₹ 4704.83 lacs in FY 2014-15.

The profit after tax stood at ₹ 2468.06 lacs as compared to ₹ 1314.33 lacs in the previous year.

The Balance Sheet of the Company is also quite healthy with Debt/Equity ratio of 0.21, reasonable Working Capital cycle and Cash/Liquid Investments valued at ₹ 49.11 crore based on NAV as on March 31, 2015.

Your Directors consider Company's performance as satisfactory.

### III. OUTLOOK.

The Company expects FY 2015-16 to be more challenging since we already have a fairly high market share across all segments in India and overall growth of the economy has been slow. Introduction of new products and exports are short term future growth drivers for the Company. In the medium to long term the Company is exploring adding new capacities for current products, new adjacent businesses as well as opportunities for inorganic growth.

With company's continuous endeavour to enhance efficiencies at all levels and functions, your Directors

view the prospects for the financial year 2015-16 with cautious optimism.

### IV. RISKS AND CONCERNS.

The Company has laid down a well-defined Risk Management Framework covering the risk, risk exposure, potential impact and risk mitigation process. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Company has formed Internal Risk Management Committee, which periodically reviews all the risks in the organisation and identifies risk areas, monitors and reports the compliance and effectiveness of the policy and procedure to the Audit Committee and Board.

The Audit Committee and Board review the risks and suggest steps to be taken to control and mitigate the same through a properly defined framework.

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. There is an availability risk associated with both, since Styrene is not manufactured in the country and is 100% imported. Butadiene is currently consistently available from only one manufacturer in the country even though there are two other manufacturers. 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 internal auditor monitors and evaluates the efficiency and adequacy of internal control system in the organisation, its compliance with operating system, accounting procedures and policies of the Company. Based on the observations of the internal auditor, the process owners undertake the corrective action in their respective areas. Significant audit observations and corrective actions thereupon are presented to the Audit Committee.

The Partners of both, Statutory and Internal Auditor attend all the Audit Committee meetings.

## 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 deputed 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.

## C. WIND POWER

The Wind Turbine Generator installed at Sadawaghapur, Taluka – Patan, District Satara, Maharashtra, has generated gross revenue of about ₹ 102.13 lacs during the financial year (previous year ₹ 119.45 lacs), and same is netted-off against the power cost.

## D. DISCLOSURES UNDER COMPANIES ACT, 2013

### I. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information sought under the provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure I, forming part of this report.

### II. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the annual return is enclosed in Annexure II.

### III. CHANGES IN THE SHARE CAPITAL

The paid-up Equity Share Capital as on 31<sup>st</sup> March 2015 was ₹ 518.45 lacs, comprising of 1,03,68,992 equity shares of ₹ 5/- each. During the year under review, the Company has not issued any shares or convertible instruments.

### IV. NUMBER OF BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on the Company business policy and strategy apart from other Board business. During the financial year under review, the Board of Directors met 5 (five) times. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The details of the Board meetings and the attendance of Directors are provided in the Corporate Governance Report.

### V. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of Mr. M. G. Patel, Mr. Kamlesh Vikamsey, Mr. Girish Choksey, Mr. Bipin Jhaveri (upto 10/10/2014) and Mrs. Priyamvada Bhumkar (w.e.f. 31/10/2014). Mr. M. G. Patel is the Chairman of the Committee. Mr. M. G. Patel, Mr. Kamlesh Vikamsey and Mrs. Priyamvada Bhumkar are the Non-Executive Independent Directors. More details on the committee are given in the Corporate Governance Report.

All the recommendations of the audit committee are accepted by the Board.

### VI. BOARD INDEPENDENCE

The definition of Independence of Directors is derived from Clause 49 of the Listing Agreement entered into with the Stock Exchanges and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013;

1. Mr. M. G. Patel
2. Dr. S. Sivaram
3. Mr. Shailesh Vaidya
4. Mr. Kamlesh Vikamsey
5. Mrs. Priyamvada Bhumkar