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ANNUAL REPORT
2012-13





Notice

SEVENTY FOURTH ANNUAL GENERAL MEETING 2012-2013

NOTICE is hereby given that the 74th Annual General Meeting of the Members of **DCW LIMITED** will be held at 10.00 a.m. on Thursday, 12th September, 2013 at the Registered Office of the Company (at Guest House No. 2) at Dhrangadhara - 363 315, Gujarat State, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Accounts for the year ended March 31, 2013 and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity shares of the Company.
3. a. To appoint a Director in place of Shri P.K. Jain, who retires by rotation and being eligible, offers himself for reappointment.
b. To appoint a Director in place of Shri S.K. Jalan, who retires by rotation and being eligible, offers himself for reappointment.
c. To appoint a Director in place of Shri R.V. Ruia, who retires by rotation and being eligible, offers himself for reappointment.
4. **To appoint Auditors and to fix their remuneration and in this connection, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :**
"RESOLVED THAT M/s. V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion

of the next Annual General Meeting, on a remuneration of Rs. 10,00,000/- (Rupees Ten Lakhs only) plus reimbursement of traveling and other out-of-pocket expenses; such remuneration to be exclusive of fees payable for services that may be rendered by them other than as Auditors."

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a "Ordinary Resolution":**
"RESOLVED THAT Smt. Sujata Rangnekar, who was appointed as an Additional Director of the Company with effect from 31st October, 2012 and who, in terms of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Smt. Sujata Rangnekar as a candidate for the office of Director, be and is hereby appointed, as a Director of the Company liable to retire by rotation."
6. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a "Ordinary Resolution":**
"RESOLVED THAT Shri D. Ganapathy, who was appointed as an Additional Director of the Company with effect from 7th November, 2012 and who,

in terms of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri D. Ganapathy as a candidate for the office of Director, be and is hereby appointed, as a Director of the Company liable to retire by rotation."

7. **To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a "Special Resolution":**
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the payment of remuneration to Ms. Malti Bhindi, related to some of the Directors, as President (Public Relations) of the Company, for period of five years with effect from October 1, 2012 at a remuneration of Rs. 2,50,000/- per month."

By Order of the Board of Directors

Chital Shah
Dy. Company Secretary

Mumbai, 6th August, 2013

Registered Office :
Dhrangadhara - 363 315
Gujarat.



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy Form should be lodged with the Company at the Registered Office at least 48 hours before the time of the Meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 3rd September, 2013 to Thursday, 12th September, 2013, both days inclusive.
4. Shareholders are requested to promptly notify any changes in their address to the Company's Registrar & Share Transfer Agents, Bigshare Services Pvt. Ltd., (Unit: DCW Limited), E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.
5. **In pursuance of the Green initiative taken by Ministry of Corporate Affairs regarding sending of Annual Report to the members of the Company as required under section 219 of the Companies Act, 1956 through electronic mode, members of the Company are requested to register their email addresses and changes therein from time to time with the Company or with the Depository.** However, if any member insists on physical copy of the Annual report, the same will be sent to them.
6. The unclaimed dividends upto the Company's financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed their dividend warrants for the said years are requested to claim the amount by submitting an application in prescribed Form No. II to the Registrar of Companies, Gujarat Housing Board Building, Opp. Rupal Park, Near Ankur Char Raste, Navrangpura, Ahmedabad 360 013.

Pursuant to Sections 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a fund called 'Investor Education and Protection Fund' (the Fund) set up by the Central Government.

Accordingly, the Company has transferred all the unclaimed dividends to the said Fund and no claim will lie against the fund or the Company in respect of the any such Dividends transferred.

The dividend for the year ended 31st March, 2013 as recommended by the Board, if sanctioned at the meeting, will be paid on or before 17th September, 2013 to those members whose names appear in the Company's Register of Members as on 2nd September, 2013. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

Members who have not encashed their dividend warrants within the validity period may write to the Company's Registrar and Share Transfer Agents, Bigshare Services Pvt. Ltd., E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072 for obtaining payment in lieu of such warrants.
7. Payment of Dividend through ECS:
 - (a) Members holding shares in physical form are advised to submit particulars of their Bank Account viz. Name and address of the branch of the Bank, 9 digit MICR Code of the Branch, type of account and account number latest by 2nd September, 2013 to the Company's Registrar and Share Transfer Agents, Bigshare Services Pvt. Ltd., E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
 - (b) Members holding shares in demat form are advised to inform their particulars to their respective Depository Participant.
8. Members are requested to bring their copy of Annual Report to the Meeting.
9. Members desirous of obtaining any information concerning accounts of the Company are requested to address their questions to the Dy. Company Secretary, so as to reach at least 7 days before the date of meeting, to enable the information required to be made available at the Meeting, to the extent possible.



10. Re-appointment of Directors:

At the ensuing Annual General Meeting, Shri P.K. Jain, Shri R.V. Ruia and Shri S.K. Jalan, Directors, retire by rotation and being eligible, offer themselves for reappointment.

Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of Directors retiring by rotation / appointment of new Director in the ensuing Annual General Meeting are given below: -

Profile of the Directors retiring by rotation and being eligible for re-appointment / proposed new Directors

Shri P.K. JAIN :-

Shri Pramod Kumar Jain is a Director of the Company since 1992. He is B.A. (Hon.) Economics and has an experience of 54 years in the industry. He was appointed as the Managing Director of the Company in the year 1996. He looks after the operations and working of the Soda Ash Division of the Company.

Shri Pramod Kumar Jain is a Director of Kishco Ltd. Sahu Brothers Pvt.Ltd., Vikrant Holdings & Trading Pvt. Ltd.,

Bhagwan Ram Investments & Leasing Pvt. Ltd. and Jain Sahu Brothers Properties Pvt. Ltd.

SHRI R.V. RUIA: -

Shri R. V. Ruia is a commerce graduate and having about 26 years experience in manufacturing industry. He is a Director of Bajaj Hindustan Ltd., Special Paints Ltd., Ravinay Trading Co. Ltd., Dawn Apparels Pvt. Ltd., Ruia Industries Pvt. Ltd. RNR Trading Pvt. Ltd. and Breezwell Homes and Holdings Pvt. Ltd., Innocent Infrastructure Pvt. Ltd. and Altamount Holdings & Trading Co. Pvt. Ltd. Shri R.V. Ruia is not holding any shares in the Company and he is not related to any other Director of the Company.

SHRI S.K. JALAN :-

Shri S. K. Jalan has vast knowledge and experience in the manufacturing industry. Shri S. K. Jalan is a Director of Acrastyle Swritchgear Ltd. England, Acrastyle Ltd., England, Acrastyle power (India) Ltd., Boistur Commercial Ltd., Bombay Gas Co. Ltd., Hamilton & Co. Ltd., The Indian Merchants Chamber, The United Provinces Sugar Co. Ltd., and RPIL Signalling Systems Ltd. Shri S.K. Jalan is not holding any shares in the

Company and he is not related to any other Director of the Company.

SMT. SUJATA RANGNEKAR

Smt. Sujata Rangnekar is B.Com., A.C.A., L.L.B. She is a Sales Tax consultant. She was the President of The Sales Tax Practitioners Association of Maharashtra in the year 1999-2000. She was also the President of the Sales Tax Tribunal Bar Association for a term 2002-2004. She is the regular column writer and contributor to leading journals on Sales Tax. Ms. Sujata Rangnekar is not holding any shares in the Company and she is not related to any other Director of the Company.

SHRI D. GANAPATHY

Shri D Ganapathy is M.A., LL.B. He held senior positions in the Human Resource Department of well known companies. Presently he is a Consultant for Human Resources. The Company will be benefited by the knowledge and experience of Mr. D. Ganapathy. Shri D. Ganapathy is Director of Crescent Finstock Ltd. and Doubledot Finance Ltd. Mr. D. Ganapathy is not holding any shares in the Company and he is not related to any other Director of the Company.



Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5

Ms. Sujata Rangnekar was appointed as a Additional Director by the Board of Directors of the Company at their meeting held on 31st October, 2012. Ms. Sujata Rangnekar holds office upto the date of this Annual General Meeting. Smt. Sujata Rangnekar is B. Com., A.C.A., L.L.B. She is a Sales Tax consultant. She was the President of The Sales Tax Practitioners Association of Maharashtra in the year 1999-2000. She was also the President of the Sales Tax Tribunal Bar Association for a term 2002-2004. She is the regular column writer and contributor to leading journals on Sales Tax.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying her intention to propose the candidature of Ms. Sujata Rangnekar as Director at the forthcoming Annual General Meeting.

Ms. Sujata Rangnekar is concerned or interested in the resolution since it pertains to her appointment.

None of the other Directors are anyway concerned or interested in the Resolution.

Item No.6

Mr. D. Ganapathy was appointed as an Additional Director by the Board

of Directors of the Company at their meeting held on 7th November, 2012. Mr. D. Ganapathy holds office upto the date of this Annual General Meeting. Shri D Ganapathy is M.A., LL.B. He held senior positions in the Human Resource Department of well known companies.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. D. Ganapathy as a Director at the forthcoming Annual General Meeting.

Mr. D. Ganapathy is concerned or interested in the resolution since it pertains to his appointment.

None of the other Directors are anyway concerned or interested in the Resolution.

Item No. 7

The Company, in the previous Annual General Meeting held on 28.09.2012, had approved payment of remuneration to Ms. Malti Bhindi as President (Public relations) of the Company for period of five years with effect from 1st October, 2012 viz. a salary of Rs. 3,25,000 per month in grade of Rs. 3,25,000/- - 25,000/- - 4,25,000 together with perquisites and benefits subject to the approval of the Central Government. The Ministry of

Corporate Affairs has by their letter no. SRN B60683182/1/2013-CL.VII dated 14th June, 2013 directed the Company to pay remuneration to Ms. Malti Bhindi within the limits of Section 314(1B) of the Companies Act i.e. not exceeding Rs. 2,50,000 per month. As an abundant caution, a specific approval from the members of the company is now sought for payment of remuneration of Rs. 2,50,000 per month to Ms. Malti Bhindi as the earlier approval was for a higher amount.

Dr. Shashi Chand Jain, Shri Pramod Kumar Jain, Shri Bakul Jain, Managing Directors and Shri Mudit Jain, Executive Director of the Company, being related to Mrs. Malti Bhindi, are deemed to be concerned or interested in the said resolution.

None of the other Directors are in any way concerned or interested in the said resolution.

By Order of the Board of Directors

Chital Shah
Dy. Company Secretary
Mumbai, 6th August, 2013

Registered Office :
Dhrangadhra - 363 315
Gujarat.



Corporate Directory

BOARD OF DIRECTORS

Dr. Shashi Chand Jain
Chairman and Managing Director

Shri. Pramod Kumar Jain
Managing Director

Shri. Bakul Jain
Managing Director

Shri Mudit Jain
Executive Director

Shri. F. H. Tapia

Shri. Sushil Kumar Jalan

Shri Sodhsal Singh Dev of Dhrangadhra

Shri Berjis Desai

Shri R. V. Ruia

Ms. Sujata Rangnekar

Shri D. Ganapathy

BANKERS

Punjab National Bank

State Bank of India

City Union Bank Ltd.

ING Vysya Bank Ltd.

AUDITORS

V. Sankar Aiyar & Co.,
Chartered Accountants, Mumbai.

REGISTERED OFFICE

Dhrangadhra – 363 315, Gujarat.

HEAD OFFICE

“Nirmal” 3rd Floor,
Nariman Point,
Mumbai – 400 021.

BRANCH OFFICE

Indra Palace, 1st Floor,
H-Block, Connaught Circus,
New Delhi – 110 001.

WORKS

Soda Ash Division : Dhrangadhra – 363 315,
Gujarat.

Caustic Soda Division : Arumuganeri P.O.,
Sahupuram – 628 202,
Tamil Nadu.

PVC Division : Arumuganeri P.O.,
Sahupuram – 628 202,
Tamil Nadu.

Salt Works : Kuda, Gujarat.
: Arumuganeri P.O.,
Sahupuram 628 202,
Tamil Nadu.

74th

Annual Report
2012 – 2013

Note : The Balance Sheet, Profit and Loss Account and Key Financial Data are also presented in US \$ on Page Numbers 17, 18 & 19 respectively.



TO THE MEMBERS

Your Directors present their 74th Annual Report and Audited Accounts for the Financial Year ended 31st March, 2013 –

1. Financial Results

	31-322013 (Rs. in lacs)	31-3-2012 (Rs. in lacs)
Gross Sales	143730.66	128064.48
Gross Profit	21331.90	9663.18
Less : Provisions		
Depreciation	5290.88	5097.29
Profit Before Tax	16041.02	4565.88
Tax: Current Period	3255.00	900.00
Previous Period	12.67	-
MAT Credit available for set off / Utilized	371.00	(900.00)
	3638.67	-
Profit After Current Tax & Tax Adjustments	12402.35	4565.88
Deferred Tax	1913.50	1499.00
Profit after Tax	10488.85	3066.88
Add: Balance brought forward	2291.81	2074.70
Profit available for Appropriation	12780.66	5141.58
Appropriations:		
General Reserves	4000.00	2000.00
Proposed Dividend	755.25	731.16
Dividend	128.39	118.61
Distribution Tax		
Balance carried forward	7897.02	2291.81

2. Dividend:

Your Directors recommend payment of Dividend at Re.0.36 per equity share of Rs. 2 each.

3. Operations:

The sales for the year are Rs.1437.31 crores during the year compared to Rs. 1280.64 crores in the previous year, registering an increase of 12%. The Gross Profit for the year (before depreciation) is Rs. 213.31 crores against Rs. 96.63 crores in previous year. The profit before tax amounted to Rs.160.41 crores as against Rs. 45.66 crores in the previous year. The profit after provision of current tax is Rs. 124.02 crores against Rs. 45.66 crores, of last year and profit after deferred tax is Rs.104.89 crores against Rs.30.67 crores of last year, Deferred Tax is only a provision as per accounting guidelines and not an outflow. Better realization on export of

Directors' Report

Synthetic Rutile has largely helped in increase of profits

4. Exports:

The Company's exports are Rs.419.50 crores as compared to Rs. 255.82 crores in the previous year. On account of better realisation on Synthetic Rutile value of exports has gone up.

5. Divisionwise Performance:

a) PVC Division:

The turnover of the division is Rs.486.28 crores as compared to Rs. 524.15 crores in the previous year. The demand for PVC continues to show positive growth. The Government has identified irrigation, power and infrastructure, as thrust areas and increased activity in these sectors are likely to boost demand of PVC Resin.

b) Caustic Soda Division:

The turnover of the division is Rs. 725.34 crores as compared to Rs. 552.30 crores in the previous year, an increase of 31%. The turnover of the division has gone due to better realisation.

c) Soda Ash Division:

The turnover of the division is Rs.208.12 crores as compared to Rs. 194.79 crores in the previous year registering an increase of 7%. The increase in turnover is due to better

realization and increase in sale of both Soda Ash and Soda bicarbonate.

6. PROJECTS UNDER IMPLEMENTATION

6.1.1 Projects Under Implementation

6.1.1.1 CALCIUM CHLORIDE PLANT

The Calcium Chloride project is having technical problem. It may not be possible to produce calcium chloride, the plant and the equipment erected for this plant will be used in the soda ash manufacture.

6.1.2 SYNTHETIC IRON OXIDE PIGMENT AND CALCIUM CHLORIDE PROJECT :-

The work on Synthetic Iron Oxide Pigment (SIOP) project is in advanced stage of implementation. The company has appointed UDHE India Ltd., to provide engineering services. The mechanical completion of the plant is expected to be completed by the third quarter of 2013-14. The facility once established will enable the company to utilise its waste and produce a commercially viable product. This plant is expected to start commercial production by fourth quarter of 2013-14. Calcium Chloride will be produced from the effluent of Synthetic Iron Oxide Pigment Plant.

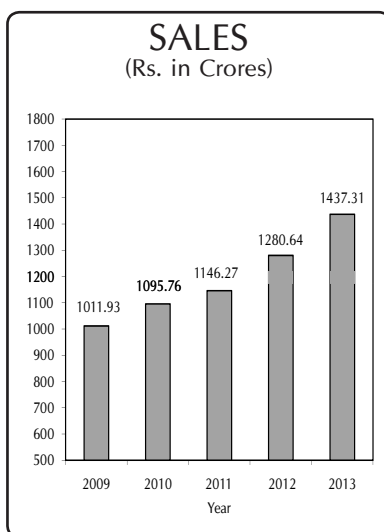
Both Synthetic Iron Oxide Pigment and Calcium Chloride facility have been given 100% EOU status.

Besides employing DCW's in-house developed technology, the company has made an agreement with Rockwood Italia (Group Company of Rockwood Pigments' USA) for manufacture of both yellow and red iron oxide pigment. Waste stream of Iron Oxide plant will produce Calcium Chloride and Pure Water.

An off take agreement has been signed with Rockwood Italia for sale of 50% Iron Oxide Pigment to them. Balance 50% of the product can be sold at company's option.

6.1.4 PVC Automation-Cum-Balancing Equipment Program

The company's PVC Automation-Cum-Balancing Equipment program is under progress, which will increase PVC capacity from





existing 90000 TPA to 140000 TPA. The expansion is expected to be completed by Third Quarter of 2013–14.

7. Corporate Governance

The report on Corporate Governance is annexed to this report.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is set out in the Annexure forming part of this Report.

9. Particulars of Employees:

Information in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is set out in the Annexure forming part of this Report.

10. Environment and Safety Measures

The Company is committed to Industrial Safety and Environment Protection and these are on going processes at the Company's various plants. The Sahapuram Unit has been granted ISO 14001 Certificate for complying with environment protection and safety.

11. Directors:

Shri. P. K. Jain, Shri. S. K. Jalan and Shri R. V. Ruia, Directors, retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

Smt. Vandana Jain, Executive Director of the Company, has resigned from the Board with effect from 6th August, 2012. Dr. V. H. Joshi, Director of the Company, has resigned from the Board with effect from 16th October, 2012. Smt. Vandana Jain has been with the Company since 2006 and Dr. V. H. Joshi has been with the Company since 1990. The Board has put on record its appreciation for the valuable service rendered by them during their tenure.

Mr. Mudit Jain has been appointed

as an Additional Director and also as Whole Time Director designated as 'Executive Director' with effect from 6th August, 2012.

Smt. Sujata Ranganekar and Shri. D. Ganapathy, were appointed as Additional Directors with effect from 31st October, 2012 and 7th November, 2012 respectively and will hold office upto the date of forth coming AGM. The company has received notices from members signifying their intention to propose their appointment as Directors.

Resolutions have been incorporated in the Notice convening the forthcoming Annual general Meeting for the appointment of Smt. Sujata Rangnekar and Shri D. Ganapathy.

12. Auditors and Auditors' Report:

M/s V. Sankar Aiyar & Co., Chartered Accountants – Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment.

13. Cost Audit:

In accordance with the directions received from the Department of Company Affairs, the company has appointed M/s. N. D. Birla & Company, Ahmedabad and M/s. R. Nanabhoy & Company, Mumbai for conducting the Cost Audit of the Company's Soda Ash and Caustic Soda Divisions respectively for the financial year 2011–12. Their appointments

were approved by the Ministry of Corporate Affairs. They have conducted the cost audit for the financial year 2011–12 of respective divisions.

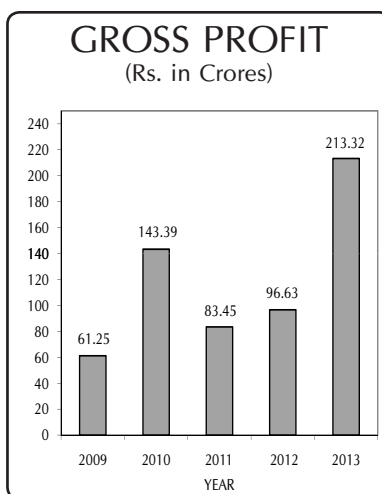
The due date for filing of consolidated cost audit report was 28th February, 2013 and the same has been filed on 14th June, 2013. The Company has reappointed M/s. N. D. Birla & Company, Ahmedabad and M/s. R. Nanabhoy & Company, Mumbai for conducting the cost audit of the Company's Soda Ash and Caustic Soda Divisions respectively for the financial year 2012 – 2013. Their appointments were approved by the Ministry of Corporate Affairs. They have conducted the cost audit for the financial year 2012 – 2013 of respective divisions and would file the cost audit reports with the Central Government before the due date. The due date for filing of cost audit report is 27th September, 2013.

14. ISSUE OF CONVERTIBLE WARRANTS TO PROMOTER GROUP ON PREFERENTIAL BASIS:

Pursuant to the approval granted by the shareholders of the Company at their Annual General Meeting held on November 24, 2011, the Company had allotted on January 9, 2012, 1,36,36,363 convertible warrants on preferential basis to Promoter Group; each warrant convertible into one Equity Share of Rs. 2 each, at a premium of Rs. 9 per share, in one or more tranches, within a period of 18 months from the date of allotment of warrants. Out of these warrants 69,45,455 warrants were converted into Equity shares on January 31, 2012. 39,23,393 warrants were converted into Equity Shares on 23rd April, 2012. 12,36,363 warrants were converted into Equity Shares on 22nd October, 2012 and 15,31,152 warrants were converted into Equity Shares on 24th December, 2012. None of the warrants are now pending for conversion into Equity Shares.

15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT OUTLOOK :

The Company has diversified operations with three business segments viz. PVC, Chloro Alkali





and Soda Ash. It is thus reasonably protected from the vagaries of individual business cycles of these products.

PVC Division:

The Company, one of the country's five producers of PVC resin, has maintained its market share of nearly 7%. On 10th May'13, the government has increased import duty on PVC from 5% to 7.5%. This will reduce competition from imported PVC.

Caustic Soda Division:

The Company continues to be a major player in South India with a market share of approximately 15%. The demand for caustic soda is expected to grow at a steady rate, specially with increased demand from alumina manufacturers. Use of HCL & Chlorine to maintain Caustic Production at full level is in place.

Soda Ash Division:

The Soda Ash Industry continues to grow at a compounded rate of 4% – 5% per annum and this trend is expected to continue. Imposition of Antidumping duty on import of Soda Ash from countries like Iran, Pakistan, China, Ukraine, Kenya, European Union and the US by Govt., of India, will protect the industry against dumping of Soda Ash from these countries.

16 PROPOSED PROJECT

16.1 Chlorinated Poly Vinyl Chloride (C-PVC)

The Company has signed Technology License agreement with Arkema of France for putting up Chlorinated Poly Vinyl Chloride (C-PVC) Plant at its Sahupuram Facility, in Tamilnadu. The UHDE India Ltd., will do detailed engineering for the project. This project is estimated to take 12–15 months for implementation.

16.2 Producer Gas Plant :-

The Producer Gas Plant to produce gas from coal is expected to be operational by June'2013. This will replace high cost Furnace Oil resulting in lower cost of heating in various units of the company.

17. Internal Control Systems:

The Company has an adequate internal control procedure

commensurate with the nature of its business and size of its operations. Internal Audit is conducted on a regular basis by a reputed firm of Chartered Accountants.

The reports of the internal audit along with comments from the management are placed for review before audit committee, to consider its adequacy.

18. Human Resources:

The Company has been following a standard procedure for recruitment of best personnel for all the departments and is making continuous efforts to retain and groom them to meet its present and future requirements. The current strength is 2174 employees. The Company sponsors employees for various seminars on finance, operations, marketing and human resource development to update their skills and develop close co-ordination with their counterparts in industries. This is basically done to enhance their skills in order to achieve an optimum output from them.

19. Cautionary Note:

Statement in this report describing the company's objectives, projections, estimates, expectations and predictions may be "forward looking statements". Actual results could differ materially from those expressed or implied due to variation in prices of raw materials, demand and realization of finished goods, changes in Government regulations, tax regimes, economic developments

and other incidental factors.

20. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors have:

- Followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of financial year and of the profit of your Company for that period;
- 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 your Company and for preventing and detecting fraud and other irregularities and
- Prepared the Annual Accounts on a going concern basis.

21. Insurance

All the properties of the Company are adequately insured.

22. Industrial Relations:

The relations between the employees and the management were cordial and an atmosphere of understanding prevailed throughout the year.

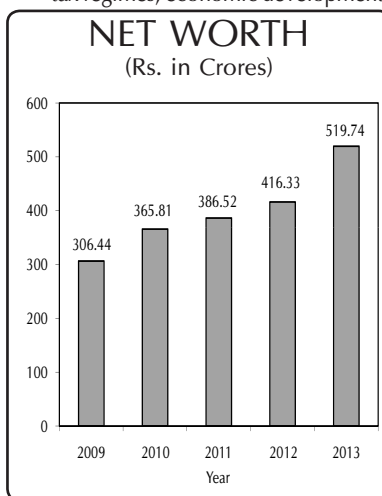
23. Acknowledgement:

The Board places on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks.

On behalf of the
Board of Directors

Dr. Shashi Chand Jain
Chairman and
Managing Director

Mumbai, 14th May, 2013.





ANNEXURE TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Corporate Governance:

The Company believes in the practice of good Corporate Governance. A continuous process of delegation of powers commensurate with accountability coupled with trust, faith and transparency has been embedded in the day to day functioning. The Company will endeavor to improve on these aspects on an ongoing basis.

2. Board of Directors:–

- **Size of the Board**

The Board of Directors of the Company consists of 11 Directors.

- **Composition, category and their attendance at the Board meetings during the year and at the last Annual General Meeting and also the number of other Directorships / Memberships of Committees are as follows:**

Category of Directorship	Name of the Director	Attendance Particulars at the		Other Directorships	Other Committee	
		Board Meetings	Last AGM			Chairman ships
Promoter/ Executive Directors	Dr. Shashi Chand Jain (Chairman & Managing Director)	5	No	4	1	–
	Shri Pramod Kumar Jain (Managing Director)	4	Yes	1	–	–
	Shri Bakul Jain (Managing Director)	5	Yes	2	–	1
	Smt. Vandana Jain* (Executive Director)	2	–	–	–	–
	Shri Mudit Jain** (Executive Director)	2	No	1	–	–
Non Executive and Independent Directors	Shri Sodhsal Singh Dev of Dhrangadhra	5	No	–	–	–
	Shri F.H. Tapia	5	No	–	–	–
	Dr. V.H. Joshi \$	0	Yes	–	–	–
	Shri Sushil K. Jalan	4	No	6	–	–
	Shri R. V. Ruia	3	No	3	–	–
	Shri Berjis Desai	4	No	9	14	3
	Ms. Sujata Rangnekar#	3	No	–	–	–
	Shri D. Ganapathy@	1	No	2	–	–

* Resigned from the Board w.e.f. 6th August, 2012

** Appointed as Whole Time Director designated as 'Executive Director' w.e.f. 6th August, 2012

\$ Resigned from the Board w.e.f. 16th October, 2012

Appointed as an Additional Director w.e.f. 31st October, 2012

@ Appointed as an Additional Director w.e.f. 7th November, 2012

Dr. S. C. Jain, Shri P. K. Jain, Shri Bakul Jain, Smt. Vandana Jain & Shri Mudit Jain are related to each other.